

OPEN

DECISION

ITEM X

DERBYSHIRE FIRE & RESCUE AUTHORITY

15th FEBRUARY 2018

REPORT OF THE CHIEF FIRE OFFICER AND CHIEF EXECUTIVE AND DIRECTOR OF FINANCE/TREASURER

REVENUE BUDGET 2018/2019 AND THE MEDIUM TERM FINANCIAL PLAN FOR 2018/2019 TO 2021/2022

1 Purpose of Report

1.1 To present proposals for the 2018/2019 Revenue Budget and the Medium Term Financial Plan (MTFP) for 2018/2019 to 2021/2022. It outlines assumptions, including pay and inflation increases, contained within the budget estimates. The report serves to inform and update Members on the following:

- The Local Government Finance Settlement 2018/2019;
- The Proposed Revenue Budget 2018/2019;
- Council Tax and Precepting Options;
- Feedback on Budget and Service Consultations;
- Financial Settlements for 2018/2019 and Future Years;
- The Four Year Financial Plan;
- The 'Fit 2 Respond' and IRMP Programme;
- The Robustness of Estimates and Level of Reserves.

1.2 This report builds on the Medium Term Financial Strategy presented to Members on the 7th December 2017 and is framed in accordance with the agreed Strategy from that meeting.

2 Recommendations

That Members:

- 2.1 Formally approve a net budget requirement of £37.7m for 2018/2019 based on the information as presented in Section 5 of the report, and summarised in Appendix 1.
- 2.2 Note the Local Government Settlement, Council Tax Base and Collection Fund positions as outlined in Section 6 of the report.
- 2.3 Determine the budget requirements and the precept increase of either **Option 1 – Increase of 1.98% or Option 2 – Increase of 2.98%** (based on the options outlined in section 6 of the report and Appendices 2a and 2b).

- 2.4 Notify the precept to the Billing Authorities, based on the determination of the precept.
- 2.5 Note the medium term financial position for 2018/2019 to 2021/2022 and, in particular, measures taken to balance the 2018/2019 budget, and the financial pressures in subsequent years (Sections 5 and 9 of this report).
- 2.6 Note the Director of Finance/ Treasurer's comments about the robustness of estimates, adequacy of reserves and potential liabilities that may arise in future years (Section 11 of this report).
- 2.7 Note a separate report on this agenda outlining the 2018/2019 to 2021/2022 Capital Programme, Prudential Code Report and Treasury Management Strategy.

3 Summary

How is the Service doing?

- 3.1 The Fire and Rescue Service continues to provide a responsive and high performing service to our communities as highlighted in last year's Annual Report: http://www.derbys-fire.gov.uk/files/9515/0166/8047/Annual_Report_2016-17.pdf
- 3.2 The Service has focused on achieving savings ahead of funding reductions and planned to build its level of reserves in doing so. This has placed the Service in a strong position to meet ongoing funding reductions and to continue to invest for the future.
- 3.3 Whilst austerity remains to 2019/2020 (at least), the continued challenges force innovation, as DFRS works to remove barriers to shared approaches to issues like estates, procurement and training, and mobilisation. Derbyshire Fire and Rescue Service is well placed to safeguard its emergency operations and to continue to protect public safety through 'Invest to Save' initiatives and an ongoing commitment to collaborative working.
- 3.4 The Authority has secured its strong financial position not least through its ability to make difficult decisions, particularly around savings to its establishment (Service restructure 2011, Review of Duty System, Swadlincote Fire Station, SLT Review 2016 and support establishment reductions 2016/2017 ongoing). It is clear that, in light of projected budget deficits, the Authority cannot rely on the continued use of reserves to balance the budget beyond 2018/2019. Members are referred to the long term projection of DFRS reserves in Appendix 4. This should be considered alongside the cessation of Capital Grant 2015/2016 onwards.

How are the public finances?

- 3.5 Continued reductions in central government funding have left many public sector organisations struggling to plug the growing funding gaps they face. Local government faces an overall funding gap of £5.8bn by 2020 (Local Government Association). Adult Social Care and rising demand leave increasingly little else to fund other services. Not unlike other public sector

bodies, Fire Service funding needs to address the increasing ‘elderly risk’ factor.

- 3.6 The outlook for public finances has deteriorated, particularly in light of the vote to leave the EU, with the Office for Budget Responsibility forecasting both lower nominal wage growth as a result of lower productivity, and higher inflation resulting from exchange rate depreciation. This latter effect is already becoming apparent through the Authority’s foreign currency purchases.
- 3.7 Beyond that, consumer confidence has remained robust as low interest rates have supported credit expansion and spending, with the Bank of England seemingly more positive about the British economy. The rest of Europe is also posting better economic growth figures, which should have a positive effect on the UK economy as an exporting nation.



On 22nd November, the Chancellor of the Exchequer, Phillip Hammond, presented his Autumn Budget 2017 setting out the Government’s plans for the economy and public finances.

- 3.8 The Autumn Budget in November 2017 confirmed a continuing challenging situation. The deficit is projected to be £25bn by 2022/2023. Productivity is still low and GDP per capita will be 3.5% smaller. £3bn has also been set aside for Brexit negotiations.
- 3.9 Day to day public service spending is due to be 3.6% lower in 2022/2023 than it is today. Excluding health the cut for the rest of public services is over 6%.

Headline Economic Forecasts for the UK

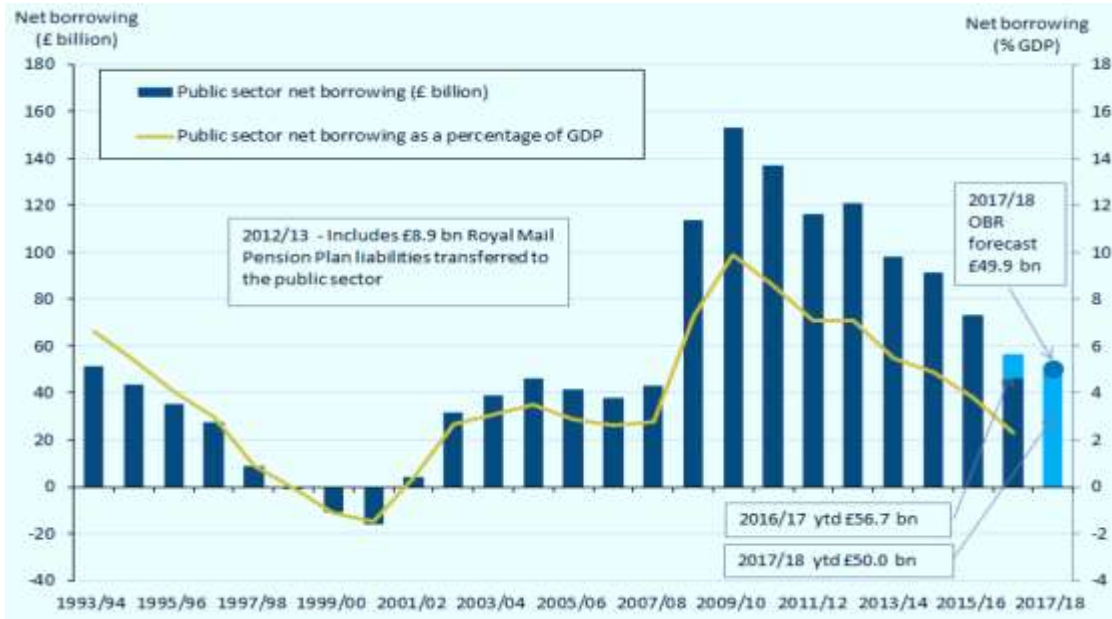
	2017	2018
GDP Growth	1.6%	1.5%
CPI	3.0%	2.3%
RPI	3.9%	3.2%
LFS Unemployment Rate	4.3%	4.3%
Current Account	£-88.3bn	£-76.8bn
PSNB	£49.2bn	£41.2bn

Source: HM Treasury December 2017

- 3.10 There are still significant pressures on public spending, coming from a growing and ageing population, with the need to spend on the state pension, and health and social care costs continuing to increase. Despite recent reforms to the state pension system, the OBR’s forecast suggests that between 2019/2020 and 2064/2065 spending on state pensions will increase by around

2.2% of national income. The amount of money owed by the Government stood at £1.8 trillion at the end of December 2017.

Public Sector Net Borrowing, April 1993 to December 2017
Debt Increased Rapidly Following the Banking Crisis in the Financial Year ending March 2008



In the financial year ending March 2017, the public sector borrowed £46.0 billion, or 2.3% of gross domestic product (GDP). This was £27.1 billion lower than in the previous full financial year and around one third of that borrowed in the financial year ending March 2010, when borrowing was £153.0 billion or 9.9% of GDP.

Source: Office for National Statistics

What does the Service still need to save?

3.11 Appendix 1 presents the budget forecasts for 2018/2019 to 2021/2022. The anticipated deficit, taking account of ‘Fit to Respond’ and ‘Integrated Risk Management Plan (IRMP)’ savings in previous years is summarised below. It is worth noting that the current 4 year settlement runs until 2019/20 and 2020/2022 are estimated at this stage:

	£
2018/2019	0*
2019/2020	0.94m
2020/2021	1.24m
2021/2022	1.47m

*Assumes a contribution from reserves

3.12 Members should note the measures taken to arrive at a balanced budget in 2018/2019 (see para 3.18 below) and the level of savings targeted over the period to 2021/2022.

- 3.13 Had the Authority not taken early action to secure sustainable savings through the Effectiveness Programme, 'Fit to Respond' programme and now the IRMP, then the projected deficit for 2018/2019 would be in the region of £9.1m, extending to a deficit of around £10.6m in 2021/2022.

What assumptions have been made in developing the budget and what do they mean for us?

Precept options

- 3.14 The figures are based on annual council tax increases of 1.98%. Latest modelling shows that comparatively, precepting (at 1.98%) provides an additional £0.45m to the Authority in 2018/2019, and over the period 2018/2019 to 2021/2022. The 2% referendum limit on council tax increases has been lifted for years 2018/2019 to 2019/2020 to 3% for standalone Fire and Rescue Services. This is considered further in paras 6.5 onwards.
- 3.15 The options on whether to raise precept have been presented to the Budget Development Group and consulted on with the Public. Options to precept at 2.98% are considered in more detail in Section 6. The Group also considered uncertainly in respect of:
- principal funding streams;
 - financial implications of being a new 100% business rates retention pilot;
 - inflation and operational pay award variables;
 - other budget assumptions;
 - the level of reserves the Authority holds; and
 - the medium term financial position.

Ability to contribute to reserves

- 3.16 Unlike in previous years, in arriving at a balanced position, the proposed budget does not provide for a Revenue Contribution to Capital in years 2018/2019, and 2019/2020. Provision for a £0.3m contribution in years 2020/2021 and 2021/2022 has been maintained. This will contribute towards future capital project costs such as continued investment in ICT, Property, and Transport. This is considered prudent in light of capital funding uncertainties but will be kept under review, particularly as more details are provided on potential funding for Government programmes.

Managing vacancies

- 3.17 In addition Members should note a £0.24m pay budget adjustment (reduction) to reflect the impact of the operational staff retirement profile and vacancy management generally. This has been applied across all years of the MTFP, so 2018/2019 through to 2021/2022, and is in line with prior year operational staffing budget underspends. Assumptions take account of the retirement profile and future plans for wholetime firefighter recruitment.

Budget growth and savings

- 3.18 The proposed budget incorporates savings of £0.15m in 2018/2019, as outlined in more detail in Section 10 of this report. The requirement for growth items amounts to some £0.55m (£1.39m 2017/2018). These are incorporated within the proposed budget, and are discussed in more detail in Section 5. The Authority's concerted approach to securing savings has protected the front line and supports the approach that 'extraordinary items', unexpected budget pressures, or costs arising from new statutory, legislative or corporate initiatives will be funded through reserves as necessary. The strategy of increasing reserves for Invest to Save and capital investment purposes ensures that the Service takes a long term approach to providing a resilient and sustainable Service (Section 10 refers).
- 3.19 ***After taking account of pay and other inflation, ongoing budget pressures, and savings items, Members should note that a contribution of £0.4m is required from the Strategic Risk Reserve in order to balance the budget in 2018/2019. This should be considered alongside the introduction of a Managed Vacancy reduction applied to operational pay budgets, and the removal of a Revenue Contribution to Capital in years 2018/2019 and 2019/2020.***

4 Local Government Finance Settlement 2018/2019

- 4.1 Derbyshire Fire and Rescue Service is funded through a combination of business rates, central government grants, top ups and tariffs, and council tax. The Service also generates other smaller sources of income through rents, fees and charges, investments and contributions.
- 4.2 This will alter in 2018/2019 and 2019/2020 with Derbyshire Fire being accepted as a pilot authority for 100% business rate retention, along with Derby City Council, Derbyshire County Council and other borough and district councils. Under this approach DFRS will forego Revenue Support Grant in place of a larger local share of Business Rate income.
- 4.3 The Local Government Finance Settlement is the annual determination of funding to local government. The Department for Communities and Local Government (DCLG) announced the Local Government Settlement for 2018/2019 on 19th December 2017, being the third year of the multi-year settlement, alongside figures for the period to 2019/2020.
- 4.4 The Settlement Funding Assessment for 2018/2019 is £13.4m, a reduction of £0.6m (4.2%) compared to the 2017/2018 allocation of £13.99m. The parliamentary debate on the Final 2018/2019 Local Government Settlement will take place shortly after Parliament returns from recess.
- 4.5 Baseline funding has been increased by the increase in the small business rates multiplier. The Autumn Budget announced that in 2018/2019 the small business rate multiplier would be linked to CPI rather than RPI. Compensation will be via a Section 31 (non ring fenced) grant based on NNDR1s and paid in 12 monthly instalments. Payments will then be reconciled by means of a one-off payment following the NNDR3s being received by DCLG. Derbyshire Fire

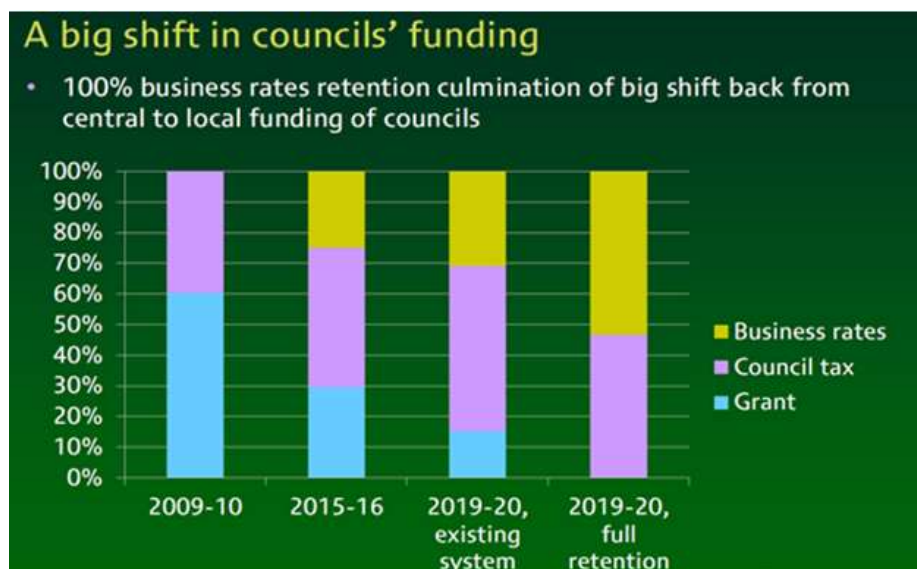
and Rescue Service benefits from Section 31 Grant of £180,000 as a result in 2018/2019 (£280,000 2019/2020).

Formula Funding (Revenue Support Grant and Business Rates) 2018/2019

4.6 The publication of the Draft Settlement marked the start of the consultation, which ran to 16th January 2018. Relevant headline announcements are as follows:

- Increased council tax referendum principals, from 2% to 3% in years 2018/2019 and 2019/2020.
- In addition to those already announced, ten new 100% business rates retention pilots accepted 2018/2019, to include Derbyshire Fire and Rescue Services.
- A national increase in the 2018/2019 core spending power of 1.5% compared to 2017/2018 (DFRS 1.1% before the application of Business Rates Pool income).
- Those authorities taking part in 100% Business Rates Retention pilots will not receive RSG as funding will be reflected in an increased baseline funding level.

4.7 The Government announced in the Autumn Statement 2015 that it would let English authorities retain 100% of business rates by the end of Parliament. It stated that this reform is intended to be fiscally neutral, with the main government grant (Revenue Support Grant) being phased out alongside additional spending responsibilities being devolved locally (see below).



Source: Institute for Financial Studies

- 4.8 The Secretary of State announced the Government's aim to localise 75% of business rates from 2020/2021 as part of the annual determination announcement. In London, areas of Greater Manchester and Liverpool, amongst others, agreements were reached to begin 100% rate retention pilots in 2017/2018.
- 4.9 The Authority's estimates include a Section 31 compensation grant of £240,000 in all years. The grant recompenses authorities for their individual reduction in non-domestic rating income arising through business rates measures announced at autumn statements.

The Localism Act and Council Tax Referendums

- 4.10 The Localism Act 2011 abolished Council Tax capping in England and instead introduced a power for local electorates to approve or veto excessive council tax rises. From 2012/2013 onwards, an authority setting a council tax increase which exceeds principles endorsed by the House of Commons alongside the local government finance settlement is required to hold a council tax referendum, the result of which is binding.
- 4.11 The Secretary of State announced that referendum principles will apply to council tax increases in excess of 3% for years 2018/2019 and 2019/2020. This is an increase on the 2017/2018 referendum limit of 2%, bringing council tax in line with current levels of inflation.
- 4.12 Options for precepts will be considered alongside the Authority's level of reserves, consultation and the Medium Term Financial Strategy and Financial Plan 2018/2019 to 2021/2022.

Specific Grants 2018/2019

- 4.13 It is anticipated within the Plan that the Home Office will continue to meet its commitment to provide New Burdens funding to Fire and Rescue Authorities for the provision of **FireLink**. The precise allocation is anticipated to be in line with previous years (FireLink £196,000, 2017/2018), subject to confirmation of the contractual CPI to be applied for the financial year 2018/2019.
- 4.14 In respect of **New Dimensions**, the Home Office made a commitment to this funding, subject to the outcome of the Mass Decontamination Capability review. The budget assumes that New Dimensions Fire Revenue Grant will cease in 2018/2019 further to the decommissioning of the Incident Response Units at Alfreton. The Service anticipates to receive New Dimensions funding in the region of £15,700 in 2017/2018 (£47,000 2016/2017).
- 4.15 DCLG typically circulate the Fire and Rescue Revenue Grant Determinations to Fire and Rescue Authorities in June, with payments then being made monthly across the year, the initial payment being retrospective. It is anticipated that 2018/2019 allocations will be published by the Home Office to a similar timescale.

- 4.16 **Emergency Services Mobile Communications Programme (ESMCP)** – the operational communications network that will replace Airwave, is expected to cost less than FireLink for equivalent usage. This will be provided by a major national programme (ESMCP) to provide a secure communications network for the Police, NHS and Fire. ESMCP is not a continuation of Firelink funding and it is likely that ongoing revenue costs will be funded through RSG. It is hoped that the current revenue deficit associated with Firelink, circa £0.1m per annum, will be addressed through a more equitable resource allocation. It should be noted that revenue costs will be proportional to the amount of voice and data usage on the network and that the lower anticipated costs are on a like for like usage.
- 4.17 In 2016/2017 the Service received grant funding of £831,000 from the Home Office to cover the associated project costs including security compliance, devices, software upgrades and network connections. Confirmation of full funding levels are yet to be received. The Service has earmarked that the balance of the Tri Control Reserve be used to contribute towards any unfunded costs, should they arise.

Capital Grant 2018/2019

- 4.18 The Authority secured one-off funding of £1.5m in 2015/2016, following the Services’ success in a bidding process for Transformational Funding towards the cost of the new joint headquarters. The Service does not anticipate any further Capital Grant funding in 2018/2019 onwards. The Capital Programme 2018/2019 to 2021/2022 is included in a separate report on this agenda. The financing of the Capital Programme is reflected in the Proposed Revenue Budget over the period.

5 Revenue Budget 2018/2019

- 5.1 The proposed 2018/2019 Revenue Budget is summarised below.

Table 1: 2018/2019 Net Budget Requirement

	£m
Base budget 2017/2018	37.1
Increases:	
Pay and Other Inflation	0.7
Ongoing Pressures on the Base Budget	0.6
Reductions:	
Ongoing Managed Vacancy Budget Reductions	-0.2
Ongoing Budget Reductions (Savings)	-0.1
Revenue Contribution to Capital	0
Balancing Contribution from Strategic Risk Reserve	-0.4
Net Budget Requirement 2018/2019	37.7

- 5.2 **Pay and Other Inflation** – the 2018/2019 proposed budget allows for pay inflation of 2% for all categories of employee. Other inflation of 2% has been applied. Inflation has not been applied to savings identified through the budget process.
- 5.3 Pay inflation in 2018/2019 provides for an additional 1% over and above 2017/2018 budgeted levels for Wholetime firefighters, On Call firefighters, and Control staff, assuming a pay award of 2% in 2017/2018 for operational employees. This adds an additional year on year burden of £0.2m to the pay budget over the period of the Medium Term Financial Plan.
- 5.4 The 2018/2019 staffing budget and Medium Term Financial Plan allow for on-going costs associated with **Pension Scheme Auto Enrolment** which requires the Authority to automatically enrol employees into a pension scheme every three years, effective from October 2013, and re-enrolment October 2016.

Ongoing Pressures

- 5.5 The 2018/2019 budget includes growth of **£0.55m** as outlined below.
- 5.6 **Vehicle Replacement Fund** – this fund provides for the resources needed to manage the future purchase of Service vehicles, and essentially represents a transfer to earmarked reserves. The fund was established to provide for the replacement of vehicles which were purchased outright in place of borrowing, in accordance with the corporate drive to reduce borrowing costs.
- 5.7 Growth of £150,000 is required in year 2018/2019 to bring the budget in line with the Capital Programme. No further growth has been included in years 2019/2020 onwards pending decisions around the medium term funding of the Capital Programme, when future borrowing decisions will be taken. A transfer of £630,000 from the reserve is anticipated in year 2018/2019 (and £300,000 in years 2019/2020 and 2020/2021). This will serve to reduce our need to borrow, and to reduce the associated revenue burden of borrowing. The estimated closing balance of the Vehicle Replacement Fund in 2017/2018 is £1.7m. This growth requirement should be considered alongside Leasing Budget and External Interest savings amounting to £190,000 over the period of the Medium Term Financial Plan.
- 5.8 **Direct Employee Expenses** - growth of £27,150 has been provided to fund the position of Training Centre Facilities Manager, as approved by the Workforce Planning Group during the 2017/2018 financial year. The post is for one year only.
- 5.9 **DPFP - LLP Rent** – this budget provides for the DFRS share of the running costs of both the Joint Headquarters and the Joint Training Centre, with a growth requirement of £296,000. The 2018/2019 rental budget for both buildings is £526,000. This provides for building costs such as Business Rates, Water, Energy, Contract Cleaning and Grounds Maintenance and

should be considered alongside an expected **Income / Dividend** in the region of £200,000 per annum.

- 5.10 **Clothes, Uniform and Laundry** – a growth requirement of £50,000 relates directly to the planned recruitment of uniformed personnel. It includes Protective Clothing (PPE) £30,000, and PPE Laundry and Dry Cleaning £15,000. This growth item also reflects the age and condition of the kit, and future budget levels will be reviewed during the 2018/2019 financial year.
- 5.11 **Trading Company Dividend – DFPF LLP** related income is expected to be in the region of £200,000 per annum over the period of the Medium Term Financial Plan. This growth item (reduced income) of £30,000 serves to establish a more realistic level of budget.
- 5.12 Members should note that in arriving at a balanced budget for 2018/2019 a **Revenue Contribution to the Capital Programme** has not been provided for in year 2018/2019 (or 2019/2020). Members are also reminded of the removal of Capital Grant of £1.049m per annum from 2015/2016 onwards. The Service will make every effort to secure Central Government funding towards future capital projects, should a resource similar to Transformation Grant funding be made available.
- 5.13 **After taking account of pay and other inflation, ongoing budget pressures, and savings items, Members should note that a contribution of £0.4m is required from the Strategic Risk Reserve in order to balance the 2018/2019 budget.**

6 Council Tax and Precepting Options

- 6.1 Following the introduction of the Business Rates Retention Scheme in April 2013, the district/borough and city councils are now required to take account of both Council Tax and Business Rates collected in determining their surplus / deficits.

Council Tax Base/Band D Equivalent Properties

- 6.2 The Council Tax Base represents the number of taxable properties in Derbyshire. There has been a significant increase in the number of taxable properties in Derbyshire compared to 2017/2018. The increase of approximately 1.5% results in additional income to the Authority of £0.33m before any council tax increase is applied. This information was confirmed in writing by the billing authorities by 21st January, the statutory deadline.

Council Tax and NNDR Surpluses

- 6.3 The Authority is entitled to a proportionate share of any surplus Council Tax income from the City and District Council Tax Collection Funds. For 2018/2019 this is estimated to be a surplus of £0.2m. This is of a similar level

to 2017/2018, with most districts estimating a surplus. Full details are shown in Appendices 2a and 2b.

Implications

- 6.4 Before taking account of Business Rates Pool Income, the net impact of the Financial Settlement, Specific Grant funding and changes to the Council Tax base and NNDR income is to increase the base budget for 2018/2019 by £0.2m (reduction of £0.6m 2017/2018). Given the level of funding reduction anticipated in future years, inflationary and pay award considerations, and the anticipated duration of public sector austerity, the Authority should consider the following precepting options. These should be considered alongside the Authority's level of reserves.

Option 1 – To increase Council Tax for a Band D property in 2018/2019 by 1.98% above 2017/2018 levels

- 6.5 This would increase Council Tax from its current level of £72.58 for a Band D property to £74.01, representing an increase of £1.43. The increase proposed in this option is below the current referendum threshold of 3% for Fire and Rescue Services.

Option 2 – To increase Council Tax for a Band D property in 2018/2019 by 2.98% above 2017/2018 levels

- 6.6 This would increase Council Tax from its current level of £72.58 for a Band D property to £74.74, representing an increase of £2.16. The increase proposed in this option is below the current referendum threshold of 3% for Fire and Rescue Services. It is proposed that the additional income of £0.2m generated by this option would be used to fund additional Service activities, as outlined in para 6.8 onwards, and would therefore have a neutral effect on budget deficits over the period of the Medium Term Financial Plan.
- 6.7 The table below shows the impact that both options will have on the range of council tax bands (A to H) and the subsequent increase in council tax payable in pounds and pence per annum. The decision around the level of increase in council tax will need to be taken in consideration of the Authority's level of reserves, the Medium Term Financial Strategy, and the Medium Term Financial Plan 2018/2019 to 2021/2022.

Cash Increase in Council Tax Bands from Options

Increase in Council Tax	Value of Council Tax Band per Annum (Range from band A to H)	Increase in Council Tax Band per Annum (Range from Band A to H)
%	£	
1.98	49.33 to 148.02	94p to £2.86
2.98	49.82 to 149.48	£1.43 to £4.32

Consideration of preferred Growth Options to support Option 2 – A 2.98% increase

6.8 At its meeting of 25th January, Members of Budget Development Group were asked to consider the possible use of an additional £0.2m ongoing generated through precepting at 2.98% in 2018/2019. Options outlined and discussed were in four categories:

- To fund new unavoidable costs and duties;
- To maintain current service delivery growth;
- To fund new community and fire safety work;
- To fund new corporate projects

6.9 The following items were included in these categories and summarised in the diagram below:

- Bridge inflationary pressures around operation pay award;
- Bolster strike cover resilience and enhance terrorism responsibilities;
- Sustain existing community safety work through temporary or permanent additional Community Safety Officer support and the introduction of new Business Safety Officer posts;
- Contribute towards a new PPE replacement fund to reduce the revenue burden associated with borrowing requirements;
- Sustain existing Vehicle Replacement Fund (years 2019/2020 onwards) to reduce the revenue burden of borrowing;
- Additional collaboration and / or ICT project support.

What could the additional ongoing 1% Precept (c.£200k) be used for?



6.10 At its January meeting, the Budget Development Group noted that these options were not mutually exclusive and the opportunity to invest in the development of the Service was welcomed. It is important to note that if the Government expect the Service to fund a greater than 2% pay rise or additional responsibilities as a result of the Grenfell enquiry, this will limit the opportunity to apply the funding to community safety work but will be a pressure that would be supported by the additional precept. More detail is included below in respect of **Option 3 – to fund new community and fire safety work.**

Community Safety Officers and the introduction of Business Safety Officers

6.11 An additional Community Safety Officer (CSO) in both the North and South areas of the County would enable the Service to address the growing backlog of work and increasing number of high risk, highly vulnerable people identified through closer working with partner agencies and an associated increase in referrals. The additional cost to the Service is in the region of £60,000 per annum.

6.12 Further, the introduction of 3 new Business Safety Officers, one in the North and two in the South of the County, would target the medium to lower risk (as graded as per our RBIP) commercial and industrial premises to engage with and provide technical fire safety advice. These would be fully trained CSO's and therefore have the ability to manage the premises where there is a cross over between domestic advice and statutory guidance. These are the premises which generally get missed by the warranted Fire Safety Officers as

they are not deemed our highest risk to the potential of loss of life (sleeping risks in unfamiliar environments), however they are at particular risk of fire, injury or fatality. They are also the premises whereby if the intervention and advice is not made around Statutory Fire safety then they become bigger issues which ultimately result in prohibitions and enforcement action, both tying up our Senior Fire Safety Officers and costing individuals/companies money which could have been avoided.

- 6.13 This solution would in turn meet the gap in the post Grenfell outcome. It will also provide a career path for our CSO's which could ultimately lead to them becoming fully qualified Fire Safety Inspecting Officers which would assist the Service in its succession planning. It would also ultimately help in diversifying the Fire Safety Officer cohort, which has additional benefits around greater understanding and engagement with our communities.
- 6.14 There is no doubt that there will be an increased emphasis around Fire Safety, more inspections and more requirement to be actively involved in planning, consultation and building of new and refurbished premises in the future as well as meeting the demands of a RBIP ensuring that compliance with standards is maintained in our higher risk premises. This will ultimately be an increase on the demand and time of our Fire Safety department in which we currently do not have the capacity to accommodate this.
- 6.15 Dame Judith Hackett's report is due to be published in spring 2018 and this forward thinking approach would prove to be proactive and considered preparation for any outcomes and additional burdens which may arise. The cost of 3 Business Safety Officers is in the region of £105,000 per annum.
- 6.16 **Precepting at 2.98% above 2017/2018 levels would enable the Service to put this option on a permanent footing (subject to no unavoidable pressures) and demonstrate an enhanced Fire Safety service to the more vulnerable members of Derbyshire's communities.**

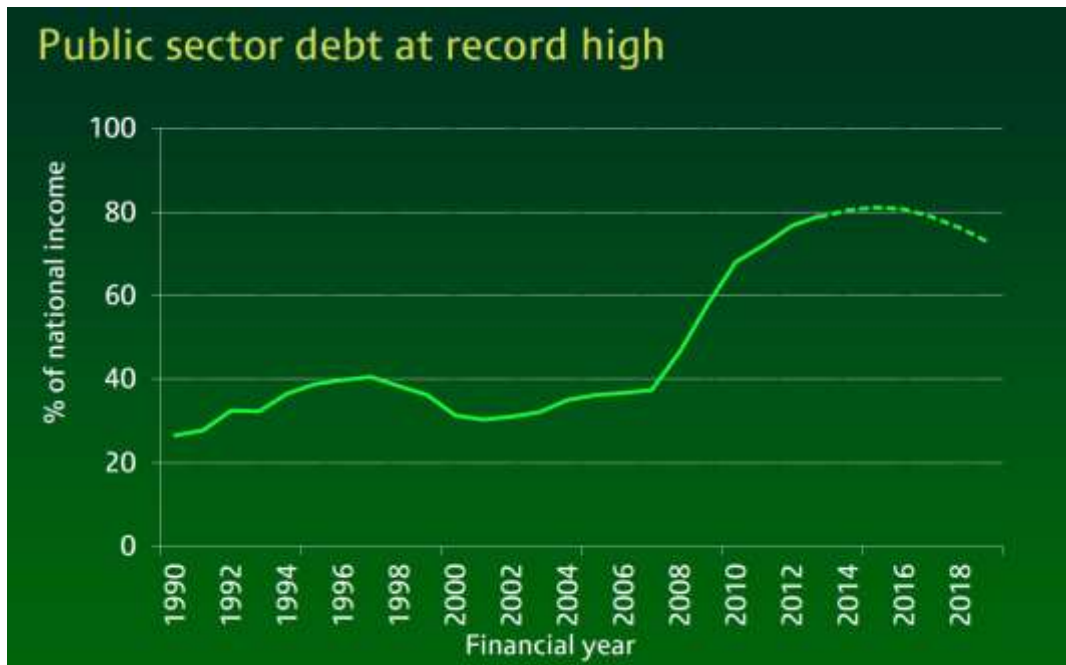
7 Consultation Feedback

- 7.1 Consultation has taken place with the public on The Medium Term Financial Strategy 2018/2019 to 2021/2022. This was conducted alongside the consultation on proposals to change firefighter duty systems at Glossop and Matlock fire stations which will also inform our Medium Term Financial Strategy. As part of the consultation, members of the Derbyshire community were asked for their comments on proposals to increase council tax by 1.98%, and 2.98% on 2017/2018 levels. The consultation was open until 26th January 2018. No specific comments were received but the outcome of the consultation on duty systems will be presented at the March Authority meeting.

8 Financial Settlements 2018/2019 and Future Years

- 8.1 The detailed position for 2018/2019 onwards, taking account of variables in all sources of funding, remains unclear. This is despite settlements for the period 2016/2017 to 2019/2020 being announced as part of an offer of multi-year settlements.

- 8.2 Further uncertainty arose through the DCLG's late adjustments to top ups and tariffs, and more specifically to indexing for Business Rates CPI / RPI adjustments.
- 8.3 Assumptions around Revenue Support Grant in future years do not provide for further reductions to this key funding stream. This is in keeping with budget assumptions applied by partnering bodies and consideration of budget assumptions by the Fire Finance Network. However Members should be aware that in light of continued austerity future reductions to RSG are not improbable.
- 8.4 Clearly future RSG funding will be impacted by DCLG decisions around the continued localisation of Business Rate income, and its future consideration of the Derbyshire Business Rate Pool.
- 8.5 The Medium Term Financial Plan reflects a reduction in grant of 25.6% (£1.4m) over the period to 2019/2020. This reduction should be considered alongside assumptions around business rate growth over the period, and council tax growth due to taxbase increases. The overall position is reflected in the Proposed Revenue Budget 2018/2019 to 2021/2022 as illustrated in Appendix 1.
- 8.6 Even prior to the referendum, the Office of Budget Responsibility, in its long term fiscal analysis, pointed out that the ageing of the UK population was projected to place significantly greater strain on public finances beyond 2019/2020. Increased spending on age related public services, in particular on health and social care, would be offset only slightly by an increase in tax receipts as a share of national income. Brexit may well increase the challenges facing public finances. Longer term implications remain uncertain and will depend upon the timing of a return to surplus, prospects for economic growth, and interest rates going forward.
- 8.7 Beyond the deficit, the Government will need to turn its attention to reducing its debts. When the deficit is eliminated, UK Government debt will need to be paid down.



Source: Institute for Fiscal Studies

- 8.8 Other factors that are likely to have a significant impact or pressures on the Authority are:
- 8.9 **Pay** – The Government have made it quite clear that pay restraint is vital to supporting front line service delivery and ensuring medium term financial stability, announcing a 0% cap on national pay awards across the sector immediately after the financial crash of 2008.
- 8.10 A 1% increase was awarded to all staff in 2017 (and 2016). However, it is anticipated that public sector pay rises could rise to 2% for 2018/19 and 2019/20 based on the Employers offer in the immediate term for support roles, this is discussed in more detail in Section 9. Of note, an increase of 1% across all categories of staff represents an annual budget pressure in the region of £250,000. A 1% rise for support staff equates to around £60,000. Pressures on operational pay budgets in particular, due to protracted pay award negotiations, should be noted.
- 8.11 **Pensions** – The increased cost of pensions arising from an ageing population, higher pension ages and the reform of ill health benefits are having a significant impact on the on-going cost of pension payments. Government plans to review the contribution by employers and the liability on the taxpayer, along with an expectation of increased contributions from higher earners, are likely to have a significant impact on the service in the future. Financial implications of the Part Time Workers (Prevention of Less Favourable Treatment) Regulations, Auto Enrolment and other pension's related legislation have been considered as part of the budget setting process.
- 8.12 The Medium Term Financial Plan also provides for a contribution to the local government pensions deficit of £167,000 in 2018/2019 (rising to £175,000 in 2021/2022). The likelihood of further budget pressures in the area of pensions, due to an ageing population and longevity assumptions, cannot be overlooked.

9 Four Year Financial Forecast 2018/2019 – 2021/2022

9.1 The table below details indicative budgets for the next four years based on a 1.98% in Council Tax 2018/2019 onwards. They assume no further increase in the Council Tax base, and a Collection Fund surplus of £0.2m 2018/2019 onwards. They take account of the national impacts of pressures highlighted in section 8 with more detailed assumptions discussed below.

Projected Four Year Financial Plan based on a 1.98% increase in Council Tax in year 2018/2019 onwards

	2018/2019	2019/2020	2020/2021	2021/2022
	£	£	£	£
Approved Base Budget Previous Year	37,125,230	37,677,080	38,353,560	39,258,580
Pay and Other Inflation	702,510	630,300	700,700	716,700
Ongoing Budget Pressures	553,150	0	0	0
Revenue Contribution to Capital	0	0	337,900	(2,200)
Managed Vacancy Budget Reductions	(240,000)	0	0	0
Ongoing Budget Reductions	(156,000)	(126,000)	(98,000)	0
Other Budget Adjustments	45,040	(116,670)	(35,580)	12,940
Reserve Funding to Balance	(352,850)	288,850	0	0
Proposed Net Budget	37,677,080	38,353,560	39,258,580	39,986,020
Council Tax Precept	(23,091,760)	(23,548,980)	(24,015,250)	(24,490,750)
Business Rates / Top up & Tariffs *	(14,390,050)	(9,499,100)	(9,629,340)	(9,659,440)
Revenue Support Grant	0	(4,170,000)	(4,170,000)	(4,170,000)
Council Tax / NNDR Surplus	(195,270)	(195,270)	(195,270)	(195,270)
Total Funding	(37,677,080)	(37,413,350)	(38,009,860)	(38,515,460)
(Surplus) / Deficit	0	940,210	1,248,720	1,470,560

* Includes Section 31 Grant funding

Projected Four Year Financial Plan based on a 2.98% increase in Council Tax in year 2018/2019 (1.98% in years 2019/2020 onwards)

	2018/2019	2019/2020	2020/2021	2021/2022
	£	£	£	£
Approved Base Budget Previous Year	37,125,230	37,677,080	38,353,560	39,258,580
Pay and Other Inflation	702,510	630,300	700,700	716,700
Ongoing Budget Pressures	553,150	0	0	0
Revenue Contribution to Capital	0	0	337,900	(2,200)
Managed Vacancy Budget Reductions	(240,000)	0	0	0
Ongoing Budget Reductions	(156,000)	(126,000)	(98,000)	0
Other Budget Adjustments	45,040	(116,670)	(35,580)	12,940
Reserve Funding to Balance	(352,850)	288,850	0	0
Proposed Net Budget	37,677,080	38,353,560	39,258,580	39,986,020
Council Tax Precept	(23,319,520)	(23,781,250)	(24,252,120)	(24,732,310)
Business Rates / Top up & Tariffs *	(14,390,050)	(9,499,100)	(9,629,340)	(9,659,440)
Revenue Support Grant	0	(4,170,000)	(4,170,000)	(4,170,000)
Council Tax / NNDR Surplus	(195,270)	(195,270)	(195,270)	(195,270)
Total Funding	(37,904,840)	(37,645,620)	(38,246,730)	(38,757,020)
(Surplus) / Deficit	-227,760	707,940	1,011,850	1,229,000
Ongoing Investment in the Service	227,760	232,270	236,870	241,560
(Surplus) / Deficit	0	940,210	1,248,720	1,470,560

* Includes Section 31 Grant funding

9.2 Further funding reductions, as notified in the 4 year settlement to 2019/2020, result in a deficit in the region of £0.9m at the end of the current settlement period and potentially £1.5m over the next four years if council tax is increased by 1.98% year on year. Year 2020/2021 and 2021/2022 projections should be considered to be indicative at this stage, as the 4 year settlement does not extend beyond 2019/2020. Workings reasonably assume that savings identified are secure.

Pay Budgets

9.3 In the Summer Budget (July 2015) it was announced that public sector pay rises would be capped at 1% a year for the next four years. However, real wages are growing at rates not seen since before the recession. This has inevitably led to pressure on public sector pay negotiations.

9.4 Public sector employees were offered a two year pay increase of 1% effective April 2016, with a further 1% in April 2017. This pay offer does not apply to firefighters, council chief executives, senior officers or teachers, who are covered by separate national pay arrangements. In anticipation of pressure on future public sector pay awards, general pay inflation has been included over the period of the Medium Term Financial Plan as follows:

2018/2019	2%
2019/2020	2%
2020/2021	2%
2021/2022	2%

9.5 As such, the budget allows for pay inflation of around £0.7m per annum. Pay inflation in the 2018/2019 budget is particularly high as it allows for the fact that the 2017/2018 operational pay budget was based on a pay award of 1%.

9.6 Members should note the very real pressures around pay negotiations and its potential to impact on future year's budgets. Provision for price increases are based on the following assumptions.

2018/2019	2%
2019/2020	2%
2020/2021	2%
2021/2022	2%

10 The Effectiveness Programme, Fit to Respond and IRMP Programme

10.1 The 'Effectiveness Programme' covered the period 2011/2012 to 2014/2015, it identified a number of initiatives designed to deliver sustainable ongoing savings and to address significant funding reductions whilst maintaining effective frontline service provision to the community. The Service achieved significant savings, as outlined below:

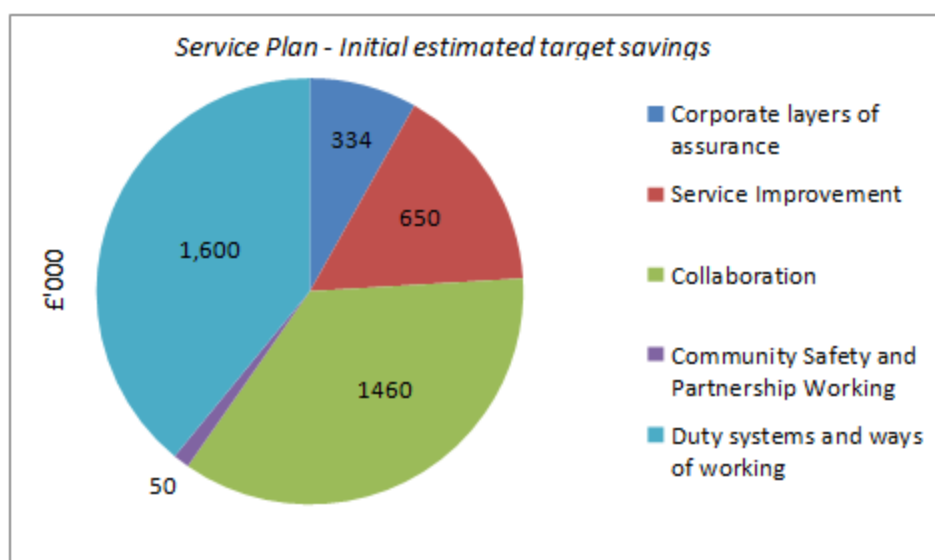
- Target Ongoing Savings £5.4m
- Total Savings £12.2m (ongoing savings £5.6m, one off savings £6.6m)
- Total Ongoing Savings £5.6m

10.2 Effectiveness Programme savings should be considered alongside savings monitored and delivered through Service Improvement and self-initiated savings, both cashable and non-cashable.

Fit to Respond Programme 2015/2017

10.3 During 2013/2014 the Service undertook a further comprehensive, service wide review, the purpose of which was to assess more far reaching opportunities for savings with more significant changes required in light of the saving requirements in the medium term. Taking account of all responses, Derbyshire Fire and Rescue Authority agreed to develop a new plan based on five Key Principles, to address eleven Key Outcomes underpinning the strategy for future service delivery. The Key Principles and Key Outcomes are outlined in the Service Plan 2014/2017 'Fit to Respond' (Year 3 of our 3 Year Plan).

An extract from the Service Plan 2014/2017 is shown below.



Since 2015, savings have been delivered against the themes above. A total of £3.5m has been saved over the period to 2017/2018.

IRMP Programme 2017-2021

The latest savings targets against the themes are shown below:

 <p><i>'Just in time'</i> <i>not just in case</i></p> <p>£300k</p> <p>Layers of Assurance and Service Improvement</p> 	<h1>Where's the rest coming from?</h1>	 <p>£650k (HQ 10 years)</p> <p>Collaboration</p>
 <p>Cost recovery/income generation ?</p>     	    <p>Transformation/Innovation/different delivery</p> 	    <p>IRMP - Duty systems and ways of working</p> <p>£650k</p> 

10.4 £0.4m of savings are on track to be delivered in the 2017/2018 financial year. Savings of £0.15m applied to the 2018/2019 Revenue Budget are outlined below.

10.5 This brings the total savings achieved by the Service over the period 2011/2012 to 2018/2019 to **£9.25m**.

Planned Budget Savings – 2018/2019 Onwards

10.6 The 2018/2019 budget includes savings of £0.15m as outlined below.

10.7 **Employee Budget** savings of £35,000 are in relation to the support establishment and consist of the full year effect of the Deputy Chief Executive post (support staff savings of £200,000 were secured in 2017/2018 in the areas of Principal Officers, Catering and Property).

10.8 **Premises Related** – savings of some £71,000 ongoing relate directly to the Littleover site, and have been generated through the collaborative workings on the Joint HQ. Savings are in the areas of **Rates, Energy Costs, Water, and Cleaning and Domestic Services**.

10.9 **Leasing Budget, External Interest and Minimum Revenue Provision** budget savings of £30,000 in 2018/2019 rise to £192,000 over the period of

the MTFP. This reduction in borrowing costs reflects decisions around the outright purchase of Service vehicles in the Capital Programme.

- 10.10 **Premises Rental** – additional income in the region of £20,000 will be generated through partnership workings, predominantly with EMAS.
- 10.11 The targeted ongoing budget savings, as shown across the Service Development themes for 2018/2019 are detailed in Appendix 3.
- 10.12 Members should note a £240,000 pay budget adjustment (reduction) to reflect the impact of the operational staff retirement profile and vacancy management generally. This has been applied across all years of the MTFP, so 2018/2019 through to 2021/2022, and is in line with prior year operational staffing budget underspends. Assumptions take account of the retirement profile and future plans for wholetime firefighter recruitment.

11 Robustness of Estimates and Reserves

- 11.1 The Local Government Act 2003 requires the Director of Finance/Treasurer to report to Members annually on the robustness of the estimates included in the budget and the adequacy of the proposed financial reserves. The Authority must take these into account when setting a precept.
- 11.2 The process involved in producing the estimates has taken into account all known quantifiable financial impacts on the Authority's budget. Inflation has been added on the basis of best estimates and the budget has been closely scrutinised.
- 11.3 A comprehensive analysis of reserves has been undertaken as part of the 2018/2019 budget setting process in order to identify any reserves that could be set aside to support schemes which will deliver savings and to help fund any short term deficit. To this end the Service has maintained an Invest to Save Reserve for the amount of £0.5m.
- 11.4 Expenditure in 2017/2018 has been subject to close monitoring and control in an attempt to increase the Authority's level of reserves in accordance with agreed policy to remain two years ahead of government cuts. The Forecast Outturn Report (February 2018) outlines a managed underspend of £0.9m which reflects strict controls over vacancy management and spend generally throughout the year.
- 11.5 The projected 2017/2018 underspend will be transferred to the Capital Financing Deferral Reserve at year end, which provides for future expenditure specific to capital projects such as Swadlincote Fire Station, and other Property, ICT and Transport related programmes. A contribution in the region of £7,275,000 from the Capital Financing Deferral Reserve during 2017/2018 to support capital spend should be noted.
- 11.6 Judgements about reserves, to what extent they should be used or set aside, can only be made at a local level. Uncertainty and risk is increasing, despite the recent reintroduction of multiple year settlements. Future budgets present

the dual challenge of further funding reductions and continued financial reform (transfer of ministerial responsibility, 100% business rates retention, localisation of council tax benefit and similar). This represents significantly greater uncertainty and risk than would normally be the case.

- 11.7 DFRS has achieved an increase in its level of reserves of some £10.5m (since 2011). This is in line with DFRS policy to reduce spending faster than the fall in funding and to build reserves in doing so, in order to enhance the financial resilience of the Service. Members must be aware however that recent enhanced levels of Capital spend mean that our level of reserves will reduce significantly. This should be considered alongside the removal of Capital Grant of around £1.049m in 2015/2016 onwards.
- 11.8 Members should note that at an appropriate time the balance of the Tri Control Reserve will be redirected to support future emergency services communication investment, such as the Emergency Services Mobile Communications Programme (ESMCP).
- 11.9 A contribution from the Strategic Risk Reserve required to balance the 2018/2019 budget should be noted.

Level of Reserves

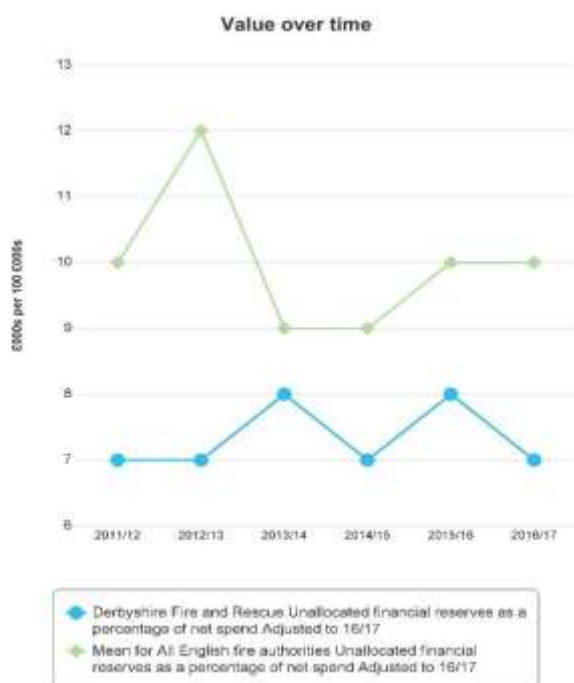
- 11.10 Estimated 2018/2019 Opening Reserves assume that £0.9m is transferred to the Capital Financing Deferral Reserve at year end 2017/2018, reflecting the projected underspend. The level of Reserves reported provide an update to the Authority's Efficiency Plan return submitted to the Home Office in October 2016, and the Medium Term Financial Strategy 2018/2019 to 2021/2022 reported to Members in December 2017.

Estimated Opening Reserves	2018/2019 £000s
Capital Financing Deferral	9,476
Revenue Earmarked Reserves	2,741
General Fund Balance	2,500
Invest to Save Reserve	452
Strategic Risk Reserve	645
Tri Control / ESN Reserve	2,040
Subtotal	17,854
Revenue Budget underspend 2017/2018	900
Total	18,754

**Excludes Capital Grant Unapplied £370,077*

- 11.11 A statement of estimated reserves 2017/2018 to 2021/2022 is included at Appendix 4.

- 11.12 A favourable level of reserves provides the Authority with a buffer against budget shortfalls in forthcoming years and provides for a greater degree of financial resilience which allows the Service to manage any reduction in workforce through retirements and natural turnover of staff. However, as Members will be aware, it is a finite fund and cannot be relied on indefinitely.
- 11.13 General Reserves are maintained at 6% of net expenditure which is consistent with published best practice and in line with the financial strategy. Uncommitted or General Reserves compare well with the average for Fire and Rescue Services over the last five years.



- 11.14 A risk assessment of key reserves is included below. See also the Medium Term Financial Strategy 2018/2022 for a robust and comprehensive analysis.

General Reserve

Purpose: To provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and extraordinary in nature.

Activity: Volatile – likelihood is unpredictable. Significant impact, provides the Authority with capacity to maintain operations in the event of significant one off large scale incidents and pressures.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority, on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

Strategic Risk Reserve

Purpose: To meet significant unforeseen pressures, changes in funding, major incidents including environmental and large scale incidents, strike action, business continuity and security implications. To provide temporary funding from reserves to cover delays or shortfalls in delivering IRMP programme savings and to provide an unallocated reserve to cushion the impact of funding cuts.

Activity: Volatile – such events are unpredictable but need to be provided for. Significant impact, provides the Authority with capacity to maintain operations in the event of significant one off large scale incidents and pressures.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority, on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

Invest to Save Reserve

Purpose: To provide funding to deliver structural change and pump prime projects which require investment to deliver savings in the longer term. The reserve further provides for service and delivery improvements, funding for which is not inherent in the base budget.

Activity: Uncertain – uncertainty in government funding and on-going effect of local government reform, years 2017/2018 and beyond. Significant impact, limited notice of changes in government policy and material sums of money are involved.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority, on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

Tri Control and ESMCP Reserve

Purpose: To provide for the uncertainty around the Tri-Control and ESMCP projects and emerging requirements. To build capacity to support alternative mobilising systems if required, the replacement for Airwave, the new Emergency Services Network and meet other national resilience proposals.

Activity: Volatile – uncertainty in government funding and diminishing opportunities to claim for New Burdens funding. Significant impact due to limited notice of changes in government policy and material sums of money are involved.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority, on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

Capital Financing Deferral

Purpose: To offset future borrowing costs and to fund future capital programme schemes. This reserve provides for expenditure specific to the Headquarters Relocation, the Training Centre Project, Swadlincote Fire Station, the ICT and Transport Capital Programme, and is particularly valid in light of future capital funding uncertainties.

Activity: Uncertain – uncertainty over capital grant and Transformation Funding beyond 2016/2017. Significant impact due to limited notice of changes in government policy and material sums of money are involved.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

Workforce Contingency Reserve

Purpose: To provide for employee related costs associated with internal restructuring or the disestablishment of posts due to partnering opportunities, to include voluntary and compulsory redundancy payments.

Activity: Uncertain – subject to organisational need and external funding pressures. Impact is not anticipated to be significant.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

III Health Pension – Refund of Taxation Earmarked Reserve

Purpose: To provide for the potential refund of taxation on RDS Injury Awards for the period prior to 2013.

Activity: Uncertain – subject to legal clarification.

Procedure for Management and control: the level and utilisation of the reserve is formally determined by the Fire Authority on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

BA Training House R&M Fund

Purpose: To provide for essential repairs and maintenance works to the fire house units at Kingsway Fire Station, due to the expensive nature of repair.

Activity: Uncertain – timing of requirement unknown. Potential for significant impact given associated high cost.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for Review: Annual.

Vehicle Replacement Fund

Purpose: Established to meet the replacement cost of vehicles purchased outright, in place of borrowing, for which no revenue contribution is in place.

Activity: An annual contribution is made to the reserve, which will be drawn upon in future as replacement needs arise. Significant impact due to high value asset replacement costs.

Procedure for management and control: the level and utilisation of the reserve is formally determined by the Fire Authority on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for review: Annual.

Protecting the Most Vulnerable

Purpose: Established to safeguard prevention activities currently undertaken with partner agencies in the main, and to support schemes and partners in providing health and wellbeing support to the most vulnerable members of our community.

Activity: Uncertain – depends largely on partnership activities. Small financial impact to DFRS, but potential for significant impact in the community, for example, a house fire to holder's premises.

Procedure for management and control: the level and utilisation of the reserve is determined by Fire Authority on the advice of, and information supplied by the Director of Finance / Treasurer.

Timescale for Review: Annual.

- 11.15 The 2018/2019 Opening Reserves are considered to be of an appropriate level to provide financial resilience in the medium term and will be key to the delivery of planned reform. However, the continuance of significant funding reductions in future years, the withdrawal of on-going capital grant and the need for continued investment in the Service must be considered.
- 11.16 The Authority is mindful of the need to continue to invest in service redesign, collaborative working and to obtain future sustainable savings through the streamlining and continuous improvement of its services. The Authority will rely heavily on its level of reserves to facilitate this, and should anticipate a reduction in its level of reserves accordingly over the immediate term. Appropriate, considered investment of the Authority's reserves will be applied.

12 Legal Considerations

- 12.1 The Authority has a statutory duty to notify its precept to Billing Authorities by 1 March 2016 and has no power to issue a supplementary precept.
- 12.2 Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to Members and the External Auditor if the Authority or one of its officers has made, or is about to make, a decision that involves incurring unlawful expenditure (not setting a balanced budget would be classed as being unlawful).

- 12.3 The Authority must also comply with the Accounts and Audit Regulations 2011 and ensure that the financial management of the Authority is adequate and effective, and has a Duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

13 Financial Considerations

- 13.1 This report is asking Members to consider the strategic financial direction of the Authority. Members will need to take account of national, local and corporate issues addressed in the report.

14 Inclusion and Equality Considerations

- 14.1 In considering the budget Members are under a legal duty to pay “due regard” to the need to eliminate discrimination and promote equality with regard to race, disability and gender, including gender reassignment, as well as to promote good race relations. From April 2011 this equality duty was extended to cover age, sexual orientation, pregnancy, maternity and religious belief.

This report has been approved by the following officers:

Strategic Leadership Team Meeting 29/1/18

Contact Officer: Simon Allsop

Contact No: 01773 305410

Background Papers:

Medium Term Financial Strategy 2018/2019 to 2021/2022

Revenue Budget monitoring 2017/2018 (April to September 2017)

Capital Monitoring and Prudential Update 2017/2018

Medium Term Financial Strategy 2018/2022

Revenue Budget Monitoring 2017/2018 (April 2017 to July 2017)

Capital Monitoring and Prudential Update 2017/2018

Revenue Budget 2017/2018 and the Medium Term Financial Plan for 2017/2018 to 2020/2021

Capital Monitoring 2016/2017 and 2017/2018 to 2020/2021 Capital Programme, Prudential Code Report and Treasury Management Strategy

Efficiency Plan 2016/2017