

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY**

**MEETING: 18th JANUARY 2016**

**Item 7**

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**SUBJECT: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT  
2016/2017**

**JOINT REPORT OF THE CHIEF FIRE OFFICER AND CHIEF EXECUTIVE AND  
THE FINANCE OFFICER**

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**1. PURPOSE OF THE REPORT**

- 1.1 To provide Members with information on the Provisional Local Government Finance Settlement for 2016/2017 announced on 17<sup>th</sup> December 2015, the main details of which are set out in Appendix 1 of this report for information; and for Members to note that an updated Medium Term Financial Strategy (MTFS) will be presented in February when the final Revenue Budget 2016/2017 is to be approved.
- 1.2 To note the comments (to be tabled because of timings) made on the Authority's behalf by the Chief Fire Officer and Chief Executive and the Finance Officer, with the agreement of the Chair and Deputy Chair, in respect of the Government's consultation on the Provisional Grant settlement for 2016/2017 as the deadline for responses to the CLG were required by the 15<sup>th</sup> January 2016.

**2. NATIONAL AND ECONOMIC CONTEXT**

- 2.1 The Chancellor confirmed in the Spending Review 2015 statement (SR15) on 25th November 2015 that Government economic policy remains unchanged, with the economy continuing to grow by circa 2.4% on average per annum over the next 5 year period. A budget surplus of £10.1bn is now expected in 2019/2020.
- 2.2 As reported to Members as part of the training sessions in December 2015, the SR15 included key announcements affecting Local Government funding through to 2020, including a 'flat' cash settlement when comparing 2019/2020 with 2015/2016 (after taking into account grant funding and locally raised income).



- 2.3 However, the 'flat' cash settlement by 2019/2020 uses assumptions on the level of income growth that Authorities can generate locally through business rates and council tax, with an assumed average 21.9% increase over the 4 year period. This will be difficult for some authorities with comparatively low council tax bases, such as this Authority, to achieve.
- 2.4 A Briefing Note of the Spending Review 2015 for members of the Authority is attached at **Appendix A** which sets out the relevant key points for information.

### **3 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/2017**

- 3.1 On 17<sup>th</sup> December 2015, the Secretary of State for Communities and Local Government the Rt Hon Greg Clark MP, announced the provisional local government finance settlement for 2016/2017.
- 3.2 Summary key headline figures for the Authority are set out in **Appendices 1a (i) and 1a (ii)** which shows the 2016/2017 position and a further 3 year projections up to and including 2019/2020.
- 3.3 More details are provided in the body of this report and in the attached Appendix 1. In summary the main conclusions from the Settlement, in overall terms, are:
- that the funding implications over the 4 year period are better than those forecast but remain challenging;
  - that overall resources, measured by the new Core Spending Power (which replaces the previously used Revenue Spending Power) that the government has introduced from 2016/2017, still shows that the Authority, with an overall cut of 2.8% over the 4 year period, continues to be disadvantaged by more than the national average cut in funding of only 0.5% and compared to the fire service sector of approximately 2.0%;
  - that, although the analysis set out in **Appendix 1b** shows in summary that the more deprived areas of the country, mainly the Metropolitan Fire Authorities, have seen some of the lowest overall percentage cuts to government funding because of a fairer approach adopted by government for 2016/2017 onwards, when locally generated resources are also taken into account the more deprived areas still show greater reductions to their overall resources than other more affluent parts of the country;



- +that the revised grant distribution methodology adopted from 2016/2017 does not address the inequities experienced by the Authority since 2011/2012;
- that grant funding cuts also do not take into account the effects of inflation, pay awards and cost pressures that the Authority also has to meet in addition to the cuts in grant funding;
- that the Authority still has to find further estimated savings to its budget over the next 4 years of at least £5.1m, based on the indicative funding projections provided by the government up to 2019/2020 however this figure could be as high as £7.4m (see Appendix 1 Paragraphs 1.25 and 1.26);
- that the government has assumed in its 4 year settlement year on year increases to Council Tax levels which effectively sees an end to Council Tax Freeze grant. This can also be seen a major shift in government policy as some of the cuts to local government are being passed on to the council tax payer through anticipated council tax increases (using CPI);
- that the government has also assumed very high and sustained levels of growth in the council tax base over the 4 year period in the Settlement which combined with business rate increases implies growth in local resources of 26.3% for the Authority;
- that work is continuing on analysing the Settlement because of the lateness of the announcement and specifically further clarification is required from government on the 'offer of a 4 year settlement', what the 'acceptance' entails, and what form / period of cover the required efficiency plan must take (which is a condition of taking up the 4 year settlement 'offer');
- that the government is to bring forward legislation to enable Police and Crime Commissioners (PCC's) to take on responsibility for fire and rescue authorities, subject to local support, and is to introduce a new statutory duty for emergency services to collaborate by early 2017, subject to parliamentary approval, on areas such as procurement, new stations and vehicle maintenance;
- that the government has issued guidance on the proposed flexible use of capital receipts. This allows Authorities to use capital receipts (from the sale of assets generated between 1st April 2016 to 31st March 2019) to fund revenue costs of projects designed to make on-going revenue savings and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years. In order to qualify, the Authority must prepare and publish an annual efficiency strategy, listing all qualifying projects and proposed receipt usage, which must be approved by the Authority;

- that the government is to continue to fund existing national resilience capabilities at a cost of £20m in 2016/2017; and
- that Fire Service revenue grant funding for Fire Link and New Dimensions has yet to be confirmed as these grants do not feature in the CSP measure and have not been released.

- 3.4 The Government has set optimistic growth targets for both council tax and business rates in its 4 year projections, meaning that the cuts to overall government grant funding has been effectively hidden from the ‘flat cash’ headlines contained in the Spending Review.
- 3.5 A continued risk to the Authority is that it remains reliant on business rate income from all of its district councils within Tyne and Wear. Any reduction in business rates because of failing businesses and/or the impact of backdated business rating appeals are now met equally by the government and local authorities. As a consequence, the Authority will not know its business rates income position until February once councils have determined their estimated business rates income for 2016/2017, as the statutory deadline for such determinations is 31st January 2016. Also when Business Rates becomes fully retained by authorities by 2019/2020 then this risk will fall fully on local government.
- 3.6 As mentioned earlier, the Revenue Spending Power has now been replaced by a new and different measure known as the Core Spending Power (CSP). In comparison, against the adjusted 2015/2016 settlement, the Authority will see a reduction to its Core Spending Power of £0.925m (1.9%) in 2016/2017 and a reduction over the 4 year period of 2.8%. These reductions can be compared to other categories of the fire service as follows:

	2016/17	Over the 4 year period
All England	-2.8%	-0.5%
<b>Tyne and Wear Fire Authority</b>	<b>-1.9%</b>	<b>-2.8%</b>
All Single Tier Fire Authorities	-1.7%	-2.0%
Metropolitan Fire Authorities	-2.1%	-3.6%
Single Tier non metropolitan Authorities	-1.6%	-1.3%

It is, at the time of writing this report, not possible to show the implications for all fire authority types as this information has not been made available.

- 3.7 The Settlement Funding Assessment (SFA) allocation, which makes up a large part of the Core Spending Power measure, is considered broadly

comparable to the previous needs based formula grant allocation. Analysis shows a much worse position for the Authority, in that general revenue support grant funding is being cut more deeply than the overall funding settlement would imply. **Appendix 1c** shows the details for the Authority compared to all other types of Fire Authority over the 4 year term, as this information has been possible to extract from the detailed information the government has released so far.

- 3.8 The SFA for the Authority has reduced by £1.647m (5.67%) in 2016/2017 and by £4.846m (16.68%) in total by 2019/2020. Of particular note is that Revenue Support Grant is reducing by over 41% resulting in a loss of RSG to the Authority of £6.148m by 2019/2020. Although the SFA reductions in percentage terms are not the highest across the fire service, it masks the fact that those authorities more reliant on government funding, such as this Authority, actually have a higher cut in funding in cash terms than those of other more affluent Authorities (where government grant tends to be a much lower proportion of their total income).
- 3.9 The Authority, as a consequence, is still seeing the 12<sup>th</sup> highest cut to its' RSG allocation in cash terms and, with a comparatively low council tax base, helps to explain why the variation in its' Core Spending Power of 2.8% is much greater than most other fire authorities across the country. This position is also consistent with that of all of the Metropolitan Fire Authorities who are, once again, some of the worst affected from the 4 year grant settlement announced.
- 3.10 In summary, the Settlement has confirmed that it will be necessary for the Authority to continue to implement its planned IRMP actions and to also consider the precept position, as the Authority seeks to address the projected shortfall in its budgets over the medium term, particularly as the government has already built into its 4 year projections an assumption that council tax will increase by CPI in terms of precept levels and has also assumed growth in the tax base year on year.

#### **4. FOUR YEAR SETTLEMENT**

- 4.1 The Government, unexpectedly, has provided projected indicative funding allocations up to 2019/2020. This was not expected because of the planned changes being proposed to the way that local government is to be financed (to be consulted upon) and the impact of the business rates revaluation for 2017/2018.



4.2 The settlement therefore shows the Provisional Settlement for 2016/2017 and indicative funding levels for each year up to 2019/2020.

4.3 The Settlement consultation document states:

Government is making a commitment to provide central funding allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

It is not yet clear exactly what the Government means by their 'offer', what the 'acceptance' entails, or what form / period of cover the efficiency plan, which must be published, has to take.

4.4 While the Government has published indicative figures through to 2019/2020, figures beyond 2016/2017 take no account of the proposed Business Rates Review and the move to 100% Retained Business Rates. The indicative figures and the Government's 'offer', therefore, need to be treated with caution at this stage until further details are known.

## **5. OUTLOOK FOR THE MEDIUM TERM**

5.1 While Government actions to allocate the cuts on a fairer basis are welcomed, the underlying historic inequity remains. Ultimately the Authority is still faced with reductions in RSG of £6.148m or 41.14% by 2019/2020, in addition to the need to meet significant inflationary and service demand spending pressures. The prognosis therefore remains challenging into the medium term.

5.2 The impact of the proposed changes to the local government funding system as a result of the Business Rates Review will be critical to understanding the future sustainability of the Authority. All opportunities will be taken to influence government thinking in this regard.

5.3 It is clear that funding of local government over the medium term will be subject to significant change, both in terms of sustained reduced funding from central government and the shift towards local self-sufficiency. It is clear that significant cuts are likely to continue, resulting in changes to the way the Authority may have to operate. This position also becomes more likely with the fact that central government is to press ahead with legislation to allow PCC's to take on responsibility for the fire service and that from 5<sup>th</sup> January 2016 the Home Office now have responsibility for the fire service.

## 6. RECOMMENDATIONS

- 6.1 The Fire Authority is requested to note:
- a) the implications of the provisional local government finance settlement for 2016/2017;
  - b) retrospectively approve the comments made on the Authority's behalf to the government's consultation on the Provisional Grant Settlement for 2016/2017;
  - c) that the Precept position for 2016/2017 is yet to be agreed;
  - d) that the final Revenue Budget for 2016/2017 will be presented to the Authority at its meeting in February together with an updated MTFS once provisional resources have been confirmed.

## APPENDIX 1

### 1. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/2017

- 1.1 On 17<sup>th</sup> December 2015, the Secretary of State for Communities and Local Government the Rt Hon Greg Clark MP, announced the provisional local government finance settlement for 2016/2017 and launched a consultation on the proposed settlement ending on 15<sup>th</sup> January 2016, after which the final settlement will be published in February 2016.
- 1.2 The Provisional Settlement continues to follow the funding format introduced from 2013/2014. However the Government's Revenue Spending Power (a combination of grant and other income) has now been replaced by the Core Spending Power (CSP) for 2016/2017 onwards. The new measure will see a reduction overall nationally of 0.5% over the 4 year period and an equivalent reduction to Fire Service funding of 2.0%. This compares to the Authority's funding reduction of 2.8% over the 4 year period which **Appendices 1a (i) and 1a(ii)** shows.
- 1.3 For 2016/2017 the Authority's CSP is to reduce by 1.9% or in cash terms by £0.925m. This compares to the national average reduction in CSP for all authorities in England of 2.8% and to the average reduction for all single tier Fire Authority's of 1.7%.
- 1.4 Under the Retained Business Rates funding arrangements for Local Government operated since April 2013, 50% of the Business Rates collected will be retained by local authorities. The Settlement does not contain any further information on the introduction of 100% business rates retention which the Government has promised by 2019/2020, but does confirm that there are no changes to the current Business Rates system for 2016/2017.
- 1.5 The Government has confirmed that it will pay in full for the extension of small business relief announced in the Spending Review and Autumn Statement 2015 through a separate Section 31 grant and has uplifted business rates income for RPI by 0.83%.
- 1.6 The Government has retained the safety net threshold for each authority to limit the losses on Business Rates income collected in any one year. However, this has been further increased to £13.160m, so it is very



unlikely that this threshold will ever be reached by the Authority. As such it serves very little purpose.

- 1.7 The Localism Act provides for the provision of referendums to veto excessive council tax increases. This effectively places a limit on council tax increases and if authorities exceed Government limits then the public must then vote to agree or veto any considered 'excessive' increase. The Government has retained the threshold council tax limit to hold a referendum at 2% in 2016/2017 and has announced that there will be no Council Tax Freeze grant funding available in 2016/2017.

### **Impact on Tyne and Wear Fire and Rescue Authority**

- 1.8 The Government's view of the Authority's Core Spending Power for Tyne and Wear Fire and Rescue Authority will reduce by £0.925m or 1.9% in 2016/2017 to £48.394m, compared to an adjusted £49.319m in 2015/2016.
- 1.9 The breakdown of the Core Spending Power (CSP) is shown in Appendix 1a. This adjusted Government measure represents the overall funding available to the Authority including Council Tax, locally retained business rates and some other minor government grants, but removes the SFA adjustment section 31 grant which is to be paid outside of the Core Grant funding system. Also excluded from the new measure is other fire service revenue grant funding, e.g. FireLink and New Dimensions monies, which still need to be clarified. The position for all elements of funding outside of the CSP will have to be reviewed once the final Local Government Settlement has been fully announced.

### **Changes in Core Spending Power in 2016/2017**

- 1.10 The changes include:
- Allocation of fire revenue grants, New Dimensions and Fire Link initiatives, does not form part of this new measure and these have yet to be announced / clarified;
  - Council Tax Freeze Grant ends;
  - The government's figures include a 3.6% estimated increase in council tax income for 2016/2017 through growth in the council tax base of 1.85% and an assumed precept increase using CPI of 1.75%;
  - The Settlement Funding Assessment (SFA) has been reduced by 5.67% which is a cash reduction of £1.647m. This cut is, however, less than that forecast in the Budget Planning Framework 2016/2017 reported to the Authority in November by £0.938m;

- The SFA Adjustment Section 31 grant will be paid separately outside of the Core Grant funding system. This funds the gap between the capped business rates at 2% and the applicable (higher) actual RPI that was prevalent in the past 2 financial years (2014/15 and 2015/16).

### **Settlement Funding Assessment (SFA) for 2016/2017**

- 1.11 The Settlement Funding Assessment (SFA) remains unchanged and is made up as follows:

**Retained Business Rates** - reliant on a 2% share of each district council's local share

**Revenue Support Grant** - determined by central government and the funding reductions are routed through this grant allocation each year

**Top Up Grant** - fixed and uprated by assumed RPI each year

- 1.12 The SFA total for 2016/2017 of £27.407m is, in summary, made up of:
- |  |          |
|--|----------|
| Retained Business Rates (Govt. assessment) | £4.163m  |
| Revenue Support Grant                      | £13.180m |
| Top Up Grant                               | £10.064m |

#### ***Retained Business Rates***

- 1.13 According to the government's SFA calculation, the forecast income from Business Rates for 2016/2017 for the Fire Authority is £4.163m. This represents the amount of business rates the Authority can expect, according to the government, in total from the five constituent councils in Tyne and Wear. Any variation to this figure has to be met by the Authority if it is short, but will gain proportionately from any additional income above the level assessed. The risk, however, is that with business rates appeals, both backdated and current year, government business rate projections could be optimistic. The Authority will not be notified of its business rates income until each district council has determined its total business rates for 2016/2017, which it must do by no later than 31<sup>st</sup> January 2016.
- 1.14 Consequently, the Authority's local share of business rates will be reported in February when the final budget is set; this may incur a risk to the Authority if their actual share is significantly different from the government assessed amount, as indicated above.
- 1.15 There is a risk to the Authority that each district council may not collect the level of income indicated. Any increase or decrease in the actual collection will be shared with the Authority. Final figures for 2015/2016 and projected

income for 2016/2017 will be notified to the Authority by 31<sup>st</sup> January 2016 and will be built in to the final revenue budget reported in February.

- 1.16 Furthermore, there is an added budget risk that the Authority will have to bear a share of the financial consequence of any successful business rates appeals. The Authority has no influence over this and cannot budget for this risk. The Authority, in common with local government, generally has supported the fact that the government should be meeting the full cost of all back dated appeals.

#### ***Revenue Support Grant***

- 1.17 The amount of Revenue Support grant to be received by the Authority is £13.180m. The Authority, as expected, is seeing this level of funding being scaled back further in order to achieve the Government's funding reduction requirements in future years, as this element is totally under the control of Central Government.

#### ***Top Up Grant***

- 1.18 The amount of Top Up Grant to be received as part of the Local Government Finance Settlement is £10.064m. As this element of the funding is fixed until 2019/2020 and increases by assumed RPI each year, this is one of the more certain elements within the funding regime. The level of fixed funding at just over £10m, however, is very low in comparison to the total funding the Authority will receive. September 2015 RPI of 0.83% has been applied to the grant which is less than the 2% assumed in the MTFS forecast (which assumed government would apply an increase of 2% regardless of actual RPI, as they have capped increases at 2% when RPI was above this level previously).

#### **Other Core Grant and Revenue Funding not in SFA**

- 1.19 The fire revenue grant allocations for 2016/2017 have not been included within the finance settlement. The grants have not been transferred into the SFA so further clarification is needed on both New Dimensions and Firelink funding. At this stage the PFI funding has not been released but the allocation for the Authority is not expected to change from previous year's grant allocations and has been assumed to continue.

### Council Tax Income (Precept)

- 1.20 The Authority continues to set its precept each year and relies on each district council within Tyne and Wear to collect the council tax income on its behalf. The Authority is awaiting the council tax base information from each council to be able to assess if this will have an impact on the precept collectable in 2016/2017.
- 1.21 The localisation of council tax arrangements introduced from 2013/2014 poses an additional risk each year for the Authority as the individual council tax schemes determined annually by each district council could impact on the Authority's collectable income. The extent of this will be clarified by the end of January 2016 and will be reported as part of the final revenue budget position in February.

### Council Tax Freeze Grant

- 1.22 The Government has announced that there will be no Council Tax Freeze grant funding from 2016/2017. It has also confirmed that past Council Tax Freeze Grant is protected within the indicative RSG allocations announced. This sees a shift in government policy as the 4 year settlement assumes Council Tax increases year on year (which makes assumptions in both the rate of growth in the tax base and also applies CPI increases in council tax levels).

### Summary of Resources for 2016/2017

- 1.23 The table below summarises the 2016/2017 provisional estimated resources position for Tyne and Wear Fire and Rescue Authority:

<b>Summary of resources position 2016/2017</b>	<b>Amount £m</b>
Projected Income from Council Tax Precepts	20.987
Top Up Grant	10.064
Revenue Support Grant	13.180
Business Rates (government assessed)	4.163
<b>Total Estimated Resources</b>	<b>48.394 #</b>
Potential Resources (Net Budget Requirement *)	48.394

# the total excludes any increase in the Precept at this stage.

\* Other specific fire service revenue grants have not been notified

### Capital Grant Funding

- 1.24 It is expected that there will continue to be no separate Capital Grant funding.

### MTFS updated using government projections

- 1.25 The table below shows a revised resources position for the Authority's projected budgets over the next 4 year term as a guide, using the Settlement data over the 4 year period according to the government.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Government Funding Cuts	1.773	1.998	0.843	0.340	4.954
Spending Pressures	1.682	0.920	0.606	0.550	3.758
<b>Total</b>	<b>3.455</b>	<b>2.918</b>	<b>1.449</b>	<b>0.890</b>	<b>8.712</b>
Less Council Tax increases / growth *	(0.722)	(0.855)	(0.912)	(0.974)	(3.463)
Less net efficiencies and other variations	(0.013)	(0.106)	0.000	0.000	(0.119)
<b>Funding Gap</b>	<b>2.720</b>	<b>1.957</b>	<b>0.537</b>	<b>(0.084)</b>	<b>5.130</b>
<b>Cumulative Gap</b>	<b>2.720</b>	<b>4.677</b>	<b>5.214</b>	<b>5.130</b>	

\*The Government has assumed an annual increase in the Authority's precept of (CPI) i.e. based on 1.75% on average over each of the 4 years, together with growth in the tax base of 1.81%, 2.32%, 2.43% and 2.53% in years 2016/2017 to 2019/2020 respectively.

However the Fire Authority's normal approach to forward planning on a financial basis does not include any increase for council tax and a prudent assessment of council tax growth based on historic trends with 1% per annum being projected over the next 4 years.

If growth of 1% per annum was applied rather than the government's assumptions in this Table and no council tax increase is applied then the budget gap shortfall increases from £5.1m to £7.4m.

Government has also made assumptions about business rates growth and yield in the Settlement Funding Assessments provided for the Authority for each year up to 2019/2020.

The outcome based on the government's projected resources position means the Authority is facing a shortfall in funding of just over £5.1m.

### MTFS resources position (November 2015)

- 1.26 The table below shows the projected MTFS resources position that was updated for cost pressures using existing resource funding estimates before the Spending Review and the Provisional Finance Settlement were announced, which can now be contrasted with the revised headline MTFS using the latest government resource estimates.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Government Cuts assumed *	2.711	2.363	2.162		7.236
Spending Pressures	1.682	0.920	0.606		3.208
<b>Total</b>	<b>4.393</b>	<b>3.283</b>	<b>2.768</b>		<b>10.444</b>
Less Council Tax and Business Rate growth **	(0.287)	(0.290)	(0.295)		(0.872)
Less net efficiencies and other variations	(0.013)	(0.106)	0.000		(0.119)
<b>Funding Gap</b>	<b>4.093</b>	<b>2.887</b>	<b>2.473</b>		<b>9.453</b>
<b>Cumulative Gap</b>	<b>4.093</b>	<b>6.980</b>	<b>9.453</b>		

\* Government funding cuts were based on the past funding trajectory used by the coalition government over the last parliament – the cuts to the fire service funding are less than these projections. The position is further improved, however, by the business rates assumptions included within the overall funding levels used by the government which are well in excess of the 2% assumptions expected, of 2.95% in 2018/2019 and 3.20% in 2019/2020. The Business Rates yield nationally also shows a significant increase from 2017/2018.

\*\*The figures in the above table do not include any increase in the council tax precept for 2016/2017 onwards as this is regarded as a decision for local policy makers and only 1% growth in the tax base was assessed as prudent in each year, with minimal growth in business rates but uplifted for assumed 2% RPI each year.



If growth of 1% per annum was applied rather than the government's assumptions used in the Table in 1.25 and no council tax increase is applied then the budget gap shortfall increases from £5.1m to £7.4m and can then be directly compared to the shortfall outlined above of £9.5m.

### **Comments on the differences in the Medium Term Financial Strategies**

- 1.27 If government assumptions are correct for both council tax and business rates growth, the outlook for the Authority is improved compared to the position reported in November 2015. However, there is still a shortfall in funding of at least £5.1m over the 4 year term.

Caution must also be exercised as it is not clear how the 4 year offer will operate and which elements of the Settlement are fixed and which elements will vary according local circumstances; the impact of the new funding system and if the business rates revaluation planned for 2017/18 has any further impact on the figures provided. It should also be noted that any national and / or local deviations to the government's income projections will impact directly and adversely upon the Authority's budget, especially if the projections prove to be optimistic.

It should also be noted that the Authority has IRMP actions that it still has to achieve which will help to reduce the projected budget gap.

Although certain cost pressures were updated in November and are reflected in the Table at Paragraph 1.25 above, there are still areas that need to be reviewed and revised. These will be updated and reflected in the MTFs to be presented to members in February.

For financial planning purposes it may also be prudent to take a more cautious approach to the additional income projections provided by government, as the growth assumptions are considered very challenging in comparison to current planning. The figures also do not take into account the ability for Authorities to fully collect the assumed increases in both business rates and council tax.

The allocations of specific revenue grant funding (£1.6m in 2015/16) is currently not yet known and any reduction will create a further cost pressure for the Authority's Budget in 2016/2017.

## **Comments on the Settlement which will form the basis of the Authority's response to Government**

1.28 The lateness of the settlement data which was released just before Christmas on 17<sup>th</sup> December 2015, has yet again given very little time to fully analyse the settlement and is unfortunately becoming an unwelcome feature of the way government communicates important funding decisions to local Authorities. The lateness of the settlement continues to be particularly unhelpful to Authorities and an earlier announcement should be programmed by the government to allow more time to analyse and respond to the Settlement.

Analysis work is still ongoing and, due to reporting timescales, the response to the Settlement and to the Consultation questions (of which there are 17) included within the Settlement, will be drafted in consultation with the Chief Fire Officer and Chief Executive, the Finance Officer and the Chair and Deputy Chair on behalf of the Authority.

The Authority will be notified of the full detailed responses to note and to approve retrospectively.