

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item 8

MEETING: 14th JANUARY 2019

**SUBJECT: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT
2019 - 2020**

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

1. PURPOSE OF THE REPORT

- 1.1 This report updates members on the implications of the Provisional Finance Settlement for 2019/2020, which was announced on 13th December 2018. Further detail is set out in Appendix 1 of this report for information. Appendix 6 of the report sets out the comments made on the Authority's behalf by the Chair, the Chief Fire Officer and the Strategic Finance Manager in respect of the Government's consultation on the Provisional Grant settlement for 2019/2020 as the deadline for responses were required by 10th January 2019.

**2. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT
2019/2020 – NATIONAL CONTEXT**

- 2.1 The information provided in the Settlement is broadly in line with the indicative figures released in February 2018 apart from the following changes, most of which were trailed in the Chancellor's Autumn Budget:
- a) Adult Social Support Care Grant Funding increased by £410m and Winter Pressure Grant Funding of £240m was announced in the Autumn Budget and has been incorporated into the Core Spending Power measure for local authorities
 - b) An increase in New Homes Bonus of £20m to reflect housing growth
 - c) Further Pot Holes Grant Funding of £420m which was also announced in the Autumn Budget
 - d) Elimination of Negative Revenue Support Grant (RSG) costing the government £152.9m to remove the downward adjustment to tariffs and top-ups which would otherwise have been necessary

- e) Rural Services Delivery grant is to be increased by £16m to £81m in 2019/20

None of the above changes totalling almost £1.259bn however will benefit the Authority.

2.2 Other Funding Changes included in the Settlement

- f) There is to be a one-off grant allocation in respect of a surplus on the Business Rates Account (Levy) for 2018/19 which totals £180m and is to be distributed to all local authorities based on need (the 2013/14 Settlement Funding Assessment). The Authority is therefore expected to receive £234,668 in 2019/20 based on the proposed rationale and is welcomed, although this is one-off funding that will not help to reduce the ongoing Authority's Revenue Base Budget.

- g) The government has also confirmed the Pensions Grant Funding for 2019/20 totalling £98.5m of which the Authority will receive £2.222m to meet the increased costs of employer pension contributions because of changes to the discount factor. This has an estimated cost to the Authority of around £2.6m (although the precise factors are not known, so this figure could change) and it should be noted that the government is not actually funding the total increase in the Firefighters Pension Fund cost.

There was provision for this increased cost in the Authority's MTFS of £0.48m so potentially this budget pressure for 2019/20 is covered. The government have also indicated that future funding for this change in pension costs will be considered as part of the SR2019. This means that there is a risk this funding beyond 2019/20 could be subject to change and is not necessarily guaranteed in future years. This is something that will not be known until the Spending Review is finalised in the Autumn of 2019, and represents a financial risk to the Authority.

- h) Council tax figures for both 2018/19 and estimates for 2019/20 have been updated in the Settlement to reflect local authority decisions, revised tax base growth assumptions and assumptions on council tax increases. These changes, as is the case each year, are included in the Authority's revised Core Spending Power figures published.
- i) Fifteen local authority areas have been selected to pilot 75% Business Rates Retention in the build up to a new system being implemented from 1st April 2020. This has no effect on non-pilot authorities, such as ours.

2.3 Council Tax Flexibility

Most of the limits set by the government for council tax increases before a referendum is triggered remained unchanged, which means the Fire Authority limit remains at an increase in 2019/20 of below 3%. The only exception to this is that the government is allowing Police and Crime Commissioners to increase Council Tax by a flat rate increase of £24 at Band D in 2019/20, (previously this was a flat rate increase of £12). There are no other changes to Council Tax for any other types of Authority.

2.4 Consultations

As part of the Settlement the Government has also issued two consultation papers both of which must be responded to by 11:45 on 21st February 2019. These relate to:

a) Review of local authorities' relative needs and resources

This consultation seeks views on the government's approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020/21. Its aims are threefold:

- Proposes to simplify the assessment of local authorities' relative needs
- Considers the type of adjustment that will be made to an authority's relative needs assessment to take account of the relative resources available to them to fund local services
- Proposes a set of principles that will be used to design potential transitional arrangements and examines how the baseline for the purposes of transition should be established.

b) Business Rates Retention Reform

This consultation seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system. The reform of the business rates retention system will sit alongside wider changes to the local government finance system, which the government aims to introduce from 2020/21.

The Authority will be responding to both consultations, as these will inform the new funding system to be implemented from 1st April 2020.

3. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2019/2020 – IMPLICATIONS FOR THE AUTHORITY

- 3.1 The Draft Revenue Budget for 2019/2020 based on the MTFS presented to members in November 2018 now takes full account of the detail within the Provisional Local Government Finance Settlement for 2019/2020. Summary key headline figures for the Authority are set out in Appendix 2.
- 3.2 The main conclusion from the Settlement, in overall terms, is that the impact of reductions in grant funding for 2019/20 are broadly in line with those forecast in the Budget Planning Framework 2019/2020 reported in November. There is a marginal increase in the Top Up Revenue Grant of £8k more and an increase in the Compensation for under-indexing Business Rates funding of £30k. In total resources have improved by £38k.
- 3.3 The Authority's Core Spending Power (CSP) increase in 2019/2020 continues to show that the Authority's resources are lower than other Authorities with an increase of 1.5% in 2019/2020 compared to the average increase for all local authorities of 2.8%. The information on the Authority's Core Spending Power is detailed in Appendix 3. The net reduction in resources shown in the Authority's CSP over the 4 Year Settlement of 2.28% shows that, in summary, the Fire Authority has continued to see its resources eroded by more than the national average of a 3.83% increase. This means that the Authority despite incurring significant and disproportionate funding reductions from 2010/11 to 2015/16 is still receiving Finance Settlements worse than the national average position which is having a detrimental impact on the service.
- 3.4 In Appendix 4 and Appendix 5 there is more detail on the comparable CSP information amongst fire authorities for 2019/20, over the 4 Year Settlement period and since austerity began and also how they compare to the national position across England. Tyne and Wear has suffered some of the worst funding reductions since 2010/11 using the government's own measure of resources. It is also important to recognise that this information relates to funding and completely ignores the significant cost pressures also faced by the Authority since austerity began which it has also had to manage within its existing Revenue Budget.

- 3.5 The Authority welcomes the additional funding provided by the government for the increased Pension costs in 2019/20 of £2.2m. It remains concerned however that the total cost of £2.6m to the Authority is not being fully funded at a time when it is facing other significant cost pressures that are outside of its control (eg inflation, Brexit, unfunded pay awards etc.). This grant along with the amount set aside in the MTFS means the budget for 2019/20 can accommodate this estimated increased cost, however this is diverting resources away from where they are most needed.
- 3.6 It is welcomed that the £180m surplus on the Business Rates Levy Account in 2018/19 is being returned to local government. The Authority will receive £234k of additional one-off funding as a result. As this is one-off funding it is considered appropriate to use this to help meet non recurring costs and it is proposed to transfer this sum to the Capital Developments Reserve to help fund the Capital Programme, once it is confirmed in the Final Settlement.
- 3.7 In summary, the Provisional Settlement has confirmed, that there has been little real change to the resources already set out in the Revenue budget, and the position in 2019/20 has improved marginally by £38k. The one-off additional resource from the Business Rates Levy Account is welcomed and it is considered prudent to use this funding to help finance the Capital Programme, because of its one-off nature. As such this additional funding of £234k has no impact on the Revenue Budget.

As expected, it is necessary to move forward with the proposed IRMP actions as the Authority seeks to address the funding shortfalls in its budgets over the medium term as set out in the Authority's MTFS to 2021/22.

- 3.8 The Authority's response to the Government's consultation on the Provisional Finance Settlement is attached at Appendix 6 for members information.

4. SUMMARY OF RESOURCES AND SPENDING PRESSURES

- 4.1 The table overleaf summarises the overall revised MTFS which includes the amended resource position of the Authority taking into account the small increase in resources from the Provisional Settlement at this stage.

Updated MTFS

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Government Grant Reductions	1.059	0.508	0.365	0.249
Spending Cost Pressures	2.740	1.838	1.183	1.128
	3.799	2.346	1.548	1.377
Less IRMP estimated savings	(0.924)	(0.106)	0	0
Less Council Tax and Business Rate growth	(1.233)	(0.528)	(0.713)	(0.733)
Less budget efficiencies	(0.948)	(0.130)	(0.127)	0
Funding Gap in year	0.694	1.582	0.708	0.644
Cumulative Funding Gap	0.694	2.276	2.984	3.628

5. ADDRESSING THE FUNDING GAP

In addressing the budget gap the following continue to be considered;

5.1 Base Budget Review

The Chief Fire Officer has undertaken a base budget review of all delegated budgets. Whilst the overall intention is to ensure that resources are directed to address key strategic priorities as informed by the Strategic Plan, this review has identified savings which have been built into the budget.

5.2 Integrated Risk Management Plan (IRMP)

The current IRMP 2017/20 contains three broad areas that will assist in addressing the funding gap identified by the Authority. This is based upon three major strands, including a review of our response model arrangements (currently subject to public consultation), a review of the Ways of Working within the Authority to transform processes and services to become more efficient and to seek wider collaborative opportunities. All savings identified from these reviews will be factored into the MTFS and Revenue Budget once they have been approved (by Authority where necessary) and implemented.

6. REVIEW OF GENERAL BALANCES AND RESERVES

- 6.1 As in previous years, a full financial risk analysis of general balances and earmarked reserves will be undertaken prior to the submission of the final budget proposals to the Authority in February. As part of this analysis, the level of uncommitted general balances will be reviewed in light of the latest Authority decisions and the final budget proposals.

7. RECOMMENDATIONS

- 7.1 The Authority is requested to note:
- a) the contents of the report which includes the updated Draft Revenue Budget resources position for 2019/2020 taking into account the implications of the provisional local government finance settlement;
 - b) the comments made on the Authority's behalf to the government's consultation on the Provisional Grant Settlement for 2019/2020;
 - c) that the final Revenue Budget and Precept for 2019/2020 will be presented to the Authority at its meeting in February together with an updated MTFS.

DRAFT REVENUE BUDGET 2019/2020

**1. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT
2019/2020**

- 1.1 On 13th December 2019, the Parliamentary Under Secretary of State for Communities and Local Government announced the final year (2019/2020) of the current 4 Year Funding Settlement and launched a consultation on the proposed settlement ending on 10th January 2019.
- 1.2 The Provisional Settlement follows the revised funding format introduced for 2018/2019. The Government's Core Spending Power (which measures total available resources for all local authorities) for 2019/2020 will see an overall increase nationally of 2.8% using this measure.
- 1.3 Under the Retained Business Rates funding arrangements for Local Government implemented from April 2013, 50% of the Business Rates collected will be retained by local authorities. There are a growing number of authorities trialling a 75% Business Rates retention model in preparation for the new proposed funding system to be introduced from 1st April 2020. Government continues to cap business rate increases for small businesses in line with recent Budget announcements. Authorities are however, fully compensated for these initiatives.
- 1.4 The Government has retained the safety net threshold for each authority to limit the losses on Business Rates income collected in any one year. This has been increased to £14.149m based on the Authority's local share funding baseline figure of £15.296m. It is very unlikely however that activation of the Safety net will be called upon for most top up authorities in 2019/2020 and the continual increases in the safety net adds additional risk to Authorities (who bear any Business Rates losses up to the threshold amount). For this Authority it means that business rates would have to fall by £1.147m before any government funding would be triggered.
- 1.5 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 be able to vote to agree or veto any considered 'excessive' increase. In the Provisional Settlement the minister announced that the referendum threshold principles would be the same as last years for most Authorities. For the Authority this means an increase of below 3% is allowed for 2019/2020. The only additional flexibility included in the Settlement related to Police and Crime Commissioners who can raise a flat rate increase in their Council Tax precept for 2019/20 of £24 at Band D (rather than the £12 increase included last year).

Impact on Tyne and Wear Fire and Rescue Authority

- 1.6 The Government's Core Spending Power for Tyne and Wear Fire and Rescue Authority will increase by £0.732m or 1.54% in 2019/2020 to £48.395m compared to an adjusted £47.663m in 2018/2019.
- 1.7 The breakdown of the total Core Spending Power is shown in Appendix 2. This is the overall funding available to the Authority including Council Tax, locally retained business rates and other government funding. This may have to be reviewed once the final Local Government Settlement has been announced in late January or early February.

Settlement 2019/2020

- 1.8 The Authority's indicative Core Spending Power in 2019/2020 will increase by 1.54% or £0.732m in cash terms, to £48.395m compared to the adjusted 2018/2019 position.
- 1.9 The changes include:
 - The government figures assume a Council Tax increase of 4.65% made up from the revised cap put in place last year which allows an increase for the fire service of below 3% (2.99%) and an assumption the Authority's Tax Base will grow by 1.66%. This is the main reason the Authority's Core spending Power for 2019/2020 has improved and is now showing growth of 1.54%. The other reasons below also contribute to this overall position.
 - The Settlement Funding Assessment (SFA) has been reduced by 1.96%, a cash reduction of £0.481m in 2019/2020. The figures are marginally better than those forecast in the Budget Planning Framework 2019/2020 reported in November by £8k in total.

- The Government continues to allocate the Authority Compensation for the under-indexing of Business Rates income which provides funding to make up the gap between the capped business rates increase applied by the government (over a number of years now) in order to protect small businesses from the statutory inflationary increases. The amount for 2019/20 was £0.498m, an increase over last year of £0.155m to fund the gap, although the Authority already was aware of this and uplifted the income to £0.468m in its MTFS, so the potential benefit to the Revenue Budget is an additional £30k provided this has no adverse impact on business rates actually collected.
- The government also is projecting Business Rates of £4.022m in 2019/20 for the Authority. However this estimate is considered optimistic based on past business rates received by the Authority and the fact every year the amount collected is under the estimates provided by each of the Authority's district councils, which tends to create a deficit position to that expected. This optimistic projection for Business Rates growth is another reason why the Core Spending Power for 2019/20 is higher than expected. The MTFS and budget for 2019/20 however includes lower more realistic figures for both Council Tax and Business Rates income based on local knowledge of what is achievable.
- The Core Spending Power measure also excludes spending pressures faced by the Authority over the next financial year of almost £1.6m. These continue to be refined and will be updated to show the final position for 2019/2020 in February.

Settlement Funding Assessment (SFA) for 2019/2020

- 1.10 The Settlement Funding Assessment (SFA) comprises of three elements as indicated below:

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 allocation each year;

Top Up Grant - fixed and uprated by inflation until 2020.

- 1.11 The SFA total of £24.092m is, in summary, made up of:

Retained Business Rates (per Govt)	£4.023m	(£3.886m in MTFS)
Revenue Support Grant	£8.796m	
Top Up Grant	£11.273m	

Retained Business Rates

- 1.12 According to the government's funding assessment, the forecast income from Business Rates for 2019/2020 for the Fire Authority is £4.023m. 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 it will gain from any additional income above the level assessed by the government. The risk, however, is that with business rates appeals, both backdated and current year, government business rate projections may be considered optimistic. The Authority will not be notified of its business rates income until each district council has determined its total business rates for 2019/2020 which it must do by no later than 31st January 2019.
- 1.13 Consequently, the Authority's local share of business rates will be reported in February when the final budget is set; this may incur an additional financial risk to the Authority if our actual share is significantly different from that included in our MTFS for the year which currently is £3.886m based on a more realistic assessment.

Revenue Support Grant

- 1.14 The amount of Revenue Support grant to be received by the Authority is £8.796m. This includes core revenue grant funding allocations of Formula Grant and previous Council Tax Freeze Grants. The Authority, as set out in the 4 year settlement, is seeing its funding being scaled back in accordance within the agreed reductions by Government as part of the 4 Year Settlement.

Top Up Grant

- 1.15 The amount of Top Up Grant to be received as part of the Local Government Finance Settlement is £11.273m. This element of the funding is fixed until 2019/2020 and increases by inflation each year, as such this is one of the more certain elements within the current funding regime. The

level of fixed funding at almost £11.3m, however, is low in comparison to the total funding the Authority will receive.

Compensation for under-indexing Business Rates

- 1.16 The Government has allocated the Authority an additional grant of £0.498m in 2019/20 to fund the gap between the capped business rates applied to small businesses and inflation. The funding each year is increased by any further government concessions and is also uprated by inflation to ensure the 'lost business rates' funding does not diminish in real terms.

Other Revenue Grant Funding not in SFA

- 1.17 There are other revenue funding streams that the Authority receives from government in respect of New Dimensions Grant, Fire Link Grant and PFI Grant, but at this stage this funding has not been released as part of the Settlement. The budget currently assumes no significant changes for this funding for 2019/20 at this stage. Final allocations will inform the final Budget to be presented in February.

The government has also included a special grant for 2019/20 to help fire authorities meet the significant cost of changes to the pensions discount factor for the firefighters pension scheme which was originally trailed by the Chancellor in his 2016 Budget. The Authority prudently included £0.48m in the MTFS as a spending pressure, based on the likely increase at that time but recent revisions saw this cost escalate to the point that the Authority is facing a £2.6m liability. The Authority's share of the new monies from government is expected to be £2.2m so this extra funding and the provision in the MTFS can accommodate this cost in 2019/20. There is however some uncertainty about this funding in future years as the government have indicated this funding issue will need to be considered as part of the wider context of its public sector spending plans (SR2019).

Council Tax Income (Precept)

- 1.18 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 2019/2020. Current planning is based on a 1% increase in the Tax Base and a proposed 2.99% increase (the maximum allowed by government without the need for a referendum) in the precept. The amounts this is expected to raise from Council Tax is currently £23.661m and is already included in the MTFS.

- 1.19 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 2019 when the district councils are obliged to advise the Authority of their surplus/deficit position on their Collection Funds and projections of their council tax base for 2019/2020. This will be reported as part of the final revenue budget in February.
- 1.20 The table below summaries the 2019/2020 provisional estimated resources position for Tyne and Wear Fire and Rescue Authority.

Summary of resources position 2019/2020	Amount £m
Projected Income from Council Tax Precepts	23.661
Top Up Grant	11.273
Revenue Support Grant	8.796
Business Rates (MTFS)*	3.886
Compensation for under-indexing Business rates	0.498
Business Rates Levy Account – (one-off Rebate)	0.234
Potential Total Estimated Resources	48.348
MTFS Estimated Resources	48.077
Change in resources (of which £0.234m is one-off monies)	0.271

* The Authority's Business Rates estimate from the govt is currently £4.023m

It should be noted that Members will need to consider whether to accept the proposed Council Tax increase of 2.99% in light of final information on resources as part of the budget setting process in February.

- 1.21 Comments on the Settlement which formed part of the Authority's consultation response are set out in Appendix 6 for Members information

and were agreed with the Chairman and Chief Fire Officer because of the timing of the response deadline of 10th January 2019.

2. SERVICE PRESSURES

- 2.1 A number of spending pressures were identified within the Budget Planning Framework and have been incorporated into the draft budget for 2019/2020. They include:
- Inflation
 - Firefighter Pension Increase
 - Firefighters Pay Award

These will continue to be refined in order to finalise the revenue budget position.

3. OVERALL POSITION

- 3.1 The implications of the provisional settlement are marginally better than those forecast in the Budget Planning Framework report presented to the Authority in November. The table below has been updated to show the revised funding shortfall of £3.628m that now needs to be addressed by the Authority after taking in to account details of the Provisional Settlement. Previously this amounted to £3.690m as reported in November 2018.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Government Grant Reductions	1.059	0.508	0.365	0.249
Spending Cost Pressures	2.740	1.838	1.183	1.128
	3.799	2.346	1.548	1.377
Less IRMP estimated savings	(0.924)	(0.106)	0	0
Less Council Tax and Business Rate growth	(1.233)	(0.528)	(0.713)	(0.733)
Less budget efficiencies	(0.948)	(0.130)	(0.127)	0
Funding Gap in year	0.694	1.582	0.708	0.644
Cumulative Funding Gap	0.694	2.276	2.984	3.628

4. ADDRESSING THE FUNDING GAP

Annual Budget Review

- 4.1 The Chief Fire Officer undertakes an annual budget review of all delegated budgets to ensure they are appropriate, justified and adequate. Whilst the overall intention is to ensure that resources are directed to address key strategic priorities as informed by the Strategic Plan, these annual reviews continue to identify efficiency savings on delegated budgets, which are built into the MTFS.

Integrated Risk Management Plan 2017-2020

- 4.2 The current IRMP 2017/20 contains three broad areas that will assist in addressing the funding gap of £3.7m identified by the Authority according to the latest MTFS. The IRMP approved by members included three review areas that cover a further review of the Authority's response model arrangements (currently there are proposals out for public consultation); a review of the Ways of Working within the Authority to transform processes and services to become more efficient in order to make savings; and to seek wider collaborative opportunities, in order to generate greater income which also has the effect of reducing the budget gap. All savings identified from these reviews will be factored into the MTFS and Revenue Budget once they have been approved (by Authority where necessary) and implemented.
- 4.3 The detailed Revenue budget for 2019/2020 and updated MTFS will be reported to the meeting of the Authority on 18th February 2019.

5. GENERAL FUND BALANCES, EARMARKED RESERVES AND PROVISIONS

- 5.1 As in previous years, a full financial risk analysis of general balances and major earmarked reserves will be undertaken prior to the submission of the final budget proposals to the Authority in February. As part of this analysis, the level of uncommitted general balances will be reviewed in light of the latest Authority decisions and the final budget proposals.

6. CAPITAL PROGRAMME

Capital Grant Funding

- 6.1 The Authority no longer receives any capital grant funding from the government since 2016/17 which is a feature of the 4 Year Funding Settlement. The Authority is therefore having to self fund its Capital Programme.

Prudential Indicators

- 6.2 Members will be aware that Government support for capital expenditure has previously been provided by supported revenue allocations through Formula Grant that allow authorities to control the amount that they borrow without seeking government approval. The basic principle is that authorities are free to borrow as long as their capital plans are affordable, sustainable and prudent. As a control mechanism to ensure this occurs, all authorities must follow a prudential code. This involves the setting of various prudential limits that must be decided upon by the Authority as part of the budget process. Prudential indicators must be set covering the following areas:
- Affordability;
 - Prudence;
 - Capital Expenditure and Capital Commitments; □ External Debt;
 - Treasury Management.

As part of the budget process, these prudential indicators will be updated and reported to the Authority in February for approval.

Capital Financing

- 6.3 The Capital Programme for 2019/2020 is still under consideration, and will be reported to Members in February. Given the financial pressures facing the Authority over, at least the medium term, consideration will be given to the financing arrangements of the Capital Programme in the context of balancing the overall revenue budget position for the Authority and achieving, as far as possible, the agreed objectives of setting a sustainable budget.
- 6.4 The various options available for financing the Capital Programme will be kept under review until the Revenue and Capital Budgets are finalised to ensure that the optimum use is made of the available resources. These options include:

- Revenue Contributions to Capital Outlay (RCCO);
- Use of the earmarked Capital Development Reserve;
- One-off Funding received in year (Levy Account rebate)
- Other financing arrangements where considered appropriate

6.5 As reported in paragraph 4.2, the Authority is currently consulting on a range of IRMP Initiatives, including proposed changes to the fire response model. Depending on the outcome and decisions made, there may be an impact on the revenue budget for 2019/2020, which will need to be updated to accommodate the decisions resulting from the final agreed actions resulting from the consultation process. The aim if possible is to report this as part of the Revenue Budget for 2019/2020 in February.

Revenue Implications Arising from the Capital Programme

6.6 The Capital Programme is to be aligned to the MTFS from 2019/20 and will include all approved capital projects, the main features being replacement of 14 pumps, the fire boat and the fire station at Hebburn. There are a number of other capital schemes which will need to be funded from the Capital Development Reserve on a phased basis and from the Revenue budget if funding is available. At this stage, the planning assumption is that the revenue implications will, in overall terms, be resource neutral but this position may change as the budget is further developed.

7. OUTSTANDING ISSUES

7.1 It must be stressed that the figures presented are indicative only at this stage and there are a number of outstanding issues that will need to be clarified prior to submission of the final budget proposals to the meeting of the Authority in February 2019.

7.2 The outstanding issues are as follows:

- final preparation of the budget requirement for 2019/2020 is still ongoing at this stage, and may be subject to variation;
- update of the MTFS is ongoing following announcement of the provisional finance settlement and will be further updated as necessary to reflect any changes that the government may make within the Final 2019/20 Settlement;

- awaiting notification of the Council Tax Bases of Billing Authorities for 2019/20, this will impact on the Precept total;
- awaiting notification of any net surplus/deficit on the collection fund of the Billing Authorities for council tax;
- awaiting notification of business rates income from each council for 2019/2020;
- awaiting notification of any net surplus/deficit on the collection fund of the Billing Authorities for business rates for 2018/19; and
- confirmation of the decision from the Authority to increase the Council Tax Precept by 2.99% for 2019/2020
- Confirmation of other revenue grant funding allocations.