



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	10 February 2021
OFFICER	Mark Hemming, Director of Finance and Assets
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Medium Term Financial Plan (MTFP) 2021/22 to 2025/26
EXECUTIVE SUMMARY	<p>The main report (Annex A) presents the proposed revenue and capital Medium Term Financial Plan (MTFP) for the financial years 2021/22 to 2025/26. The MTFP is closely linked to the Financial Strategy (approved December 2020) which is the link between the organisation's long-term service objectives and its financial capacity. BFRS long-term service objectives are set out in the Public Safety Plan (PSP) and Corporate Plan.</p> <p>The provisional settlement was announced on 17 December 2020 and is included in the funding assumptions. Final confirmation is expected in February 2021. Within the settlement it was announced that authorities without any specific council tax freedoms can increase Council Tax by up to 1.99% without the need for a referendum.</p> <p>Key assumptions are detailed in Section 4 of Annex A and are based on information received to date.</p> <p>Without sufficient time to undertake a full comprehensive spending review due to the Covid-19 Pandemic, the Government has effectively rolled-forward amounts within the settlement funding assessment for 2020/21 and increased these by the rate of inflation as at September 2020. The exception to this is the pension grant funding, which is a flat-cash settlement and expected to be included in future years' (2022/23 onwards) settlement funding assessment and subject to review as part of the anticipated three-year comprehensive spending review.</p> <p>An additional £670m unringfenced grant will be distributed to authorities in recognition of the increased costs of providing local council tax support following the Covid-19 Pandemic. Indicative figures published 18 December 2020 show that Buckinghamshire Fire and Rescue Service (BFRS) will receive £0.336m, which has been reflected in our projections under the heading Council Tax Support Grant.</p> <p>Council tax collection funds have been adversely</p>

	<p>impacted due to the impact of Covid and the increase in unemployment. As a direct consequence, the government have updated legislation to allow billing authorities and preceptors to phase the deficit over three years. In addition to this, the government will also fund 75% of irrecoverable collection fund losses due to Covid-19.</p> <p>It is anticipated that next year the Government will revert to a three-year comprehensive spending review whereby all funding will be subject to review.</p> <p>Uncertainty persists regarding pensions following the ruling in December 2018 that the transitional arrangements introduced for the firefighters' schemes in 2015 were discriminatory. At the employment tribunal hearing on 18 December 2019 it was ruled that the claimants, members of the 1992 and 2006 firefighters' pension schemes, are now entitled to be treated as if they have remained members of their original pension scheme. It is expected that this will increase the longer-term costs of the firefighters' schemes, although it is not yet possible to quantify the impact.</p> <p>This year officers reverted back to the incremental budgeting approach when developing the budget proposal for 2021/22. With the projected reductions in council tax base and business rates funding, budget setting process was scrutinised by Officers and Members to ensure only proposals which added value for money were approved.</p> <p>Even with the budgetary constraints this year's budget approach has identified some key opportunities:</p> <ul style="list-style-type: none">• Development of Leadership and Management Framework. The framework will improve the effectiveness of existing managers as well as provide development opportunities and pathways for future managers and leaders of the organisation.• Continue with the current establishment within Health & Safety team (on a fixed term contract) who have supported the Service's response to the COVID-19 pandemic and the 'recovery' phase which has significantly increased workloads in terms of the implementation of the measures required to comply with Government guidance.• Upgrade to our ICT infrastructure. <p>As well as opportunities, the MTFP projections have had to be revised following the comprehensive spending review announcement (CSR). As part of the one-year CSR, the Government announced Public sector pay increases to be paused (excluding NHS and those earning less than £24,000). Therefore, no pay award has been built into the 2021/22 budget for anyone earning more than £24,000.</p>
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	<p>The revenue budget for 2020/21 and indicative figures for future years are shown in Appendix 1.</p> <p>It should also be noted that the figures for council tax and business rates are provisional. The statutory deadline for the billing authorities to provide this information to the Authority is 31 January. Any changes to the figures will be presented in a revised Appendix 1 at the meeting.</p> <p>Appendix 2 shows the latest summary of the capital programme for 2020/21 and approved schemes for the following years.</p> <p>Appendix 3 provides further detail on the level of council tax chargeable for each band if the Authority accepts the recommendation to increase the band D equivalent amount by 1.99%.</p> <p>As well as the uncertainty regarding pensions noted above, there is also uncertainty regarding the upcoming Fair Funding Review, USAR funding and funding for Firelink/ESMCP.</p>
ACTION	Decision
RECOMMENDATIONS	<p>It is recommended that the Authority be recommended to:</p> <ol style="list-style-type: none"> 1(a) Note and have due regard to the report and Statement of the Chief Finance Officer (see section 8 of Annex A). 1(b) Approve a Council Tax precept of £67.16 for a band D equivalent property (a 1.99% increase from 2020/21 - equal to 2.5p per week) and the revenue budget as set out in Appendix 1. 1(c) Approve the capital programme as set out in Appendix 2. 2 Not hold a referendum to increase Council Tax above the 2% threshold for 2021/22 3 Note that a referendum may need to be considered for 2022/23 depending on the outcome of the Comprehensive Spending Review.
RISK MANAGEMENT	<p>Management of our Financial resources is a key risk to the Authority. By projecting forward and monitoring our financial plans, we are in a better position to avoid and mitigate the risk of adverse financial consequences.</p> <p>Section 9 details the potential financial benefits and risks of holding a referendum to increase Council Tax above the 2% threshold.</p>
FINANCIAL IMPLICATIONS	All financial implications are shown in the main body of the report.

<p>LEGAL IMPLICATIONS</p>	<p>The Local Government Act 2003 gives the responsible finance officer, namely the Chief Finance Officer of the Combined Fire Authority under s112 of the Local Government Finance Act 1988, the responsibility to report to Members of the Authority on their assessment of the robustness of the estimates used within the budget and on the adequacy of reserves.</p> <p>Members must have regard to the report of the Chief Finance Officer in respect of the above and the highlighted associated risks before considering the recommendations as set out in the report.</p> <p>The Council Tax referendum scheme was introduced via the Localism Act 2011. The process for conducting referendums is contained within the Local Authority (Referendums Relating to Council Tax Increases) Regulations 2012 [2012/460] and the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012 [2012/444].</p> <p>If the Authority were to set a council tax increase in excess of the relevant threshold, it must notify each of the two billing authorities to which it issues precepts. The notification must include a precept based on the substitute calculation which results in a basic amount of Council Tax which is not excessive. It must make the notification by 8 March in the financial year preceding that year. Those billing authorities will then be required to make arrangements to hold a referendum in relation to the Authority’s relevant basic amount of council tax for the financial year on the first Thursday in May, the usual date for local elections (or such other date as is specified by order of the Secretary of State).</p> <p>A billing authority which holds a referendum on behalf of the Authority is able to recover its costs from the Authority. Furthermore, if the excessive amount is not approved by the referendum, the billing authority will need to set a new amount of council tax to take into account the Authority’s substitute precept (a demand for payment of council tax based upon the Authority’s substitute calculations). The billing authority will be able to recover its costs of setting a new amount of council tax from Authority. If the excessive relevant amount is approved by the referendum that amount continues to have effect for the year.</p> <p>Regulation 3 and Schedule 1 prescribe the question to be asked in the referendum. Voters are to be asked whether they approve of the percentage change in the relevant basic amount of council tax set by the authority for the financial year in question and are also informed of what the percentage change will be if the voters do not agree with the increase.</p> <p>Regulation 5(2) would require the Authority, as soon as is reasonably practicable and not fewer than 28</p>
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	<p>days before the date on which the referendum will be held, to publish in such a manner as it considers likely to bring to the attention of persons who live in the Authority's area, a notice which contains a statement including the following—</p> <ul style="list-style-type: none">a) that a referendum is required to be held on the authority's council tax increase for the relevant financial year;(b) that arrangements to hold the referendum will be made by relevant billing authorities which are to be specified in the notice;(c) of the date on which the referendum will be held;(d) of the question to be asked in the referendum;(e) that the referendum will be conducted in accordance with procedures similar to those used at local government elections;(f) of the referendum expenses limit that will apply in relation to the referendum and the number of local government electors by reference to which that limit has been calculated;(g) of the authority's relevant basic amount of council tax for the relevant financial year;(h) of the authority's relevant basic amount of council tax for the financial year preceding the relevant financial year;(i) of the percentage change in the authority's relevant basic amount of council tax from the preceding financial year to the relevant financial year expressed to one decimal place;(j) of what the amount calculated by the authority as its relevant basic amount of council tax for the relevant financial year would be if the authority's relevant basic amount of council tax is not approved; and(k) of what the percentage change in the authority's relevant basic amount of council tax from the preceding year to the relevant financial year expressed to one decimal place would be if the authority's relevant basic amount of council tax is not approved. <p>Once this notice has been published (and triggered the period of campaigning), the Authority may publish an additional statement setting out the reasons for the excessive increase, and the likely consequences if its council tax increase is not approved. This statement will be subject to the campaign expenses limit for the referendum and published no later than 28 days before the poll.</p> <p>Regulation 10 places restrictions on the publication of other promotional material by or on behalf of the Authority for the entire period from the date of setting</p>
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	<p>the excessive amount and ends on the date of the referendum. This prohibits publication of any material which (a) provides general information about the referendum; (b) deals with any of the issues raised by the question to be asked in the referendum; or (c) puts any arguments for or against a particular answer to that question.</p> <p>Regulation 16 provides that the Authority must appoint a person to be Chief Counting Officer. This person will be responsible for drawing up a statement of the total number of votes cast in favour of each answer to the question asked in the referendums held by each billing authority and publishing the final result. This person will have a power of direction over counting officers in each area (the respective billing authorities' returning officers), including the power to order a recount.</p> <p>Regulation 12 prescribes a limit on referendum expenses. 'referendum expenses' means the expenses incurred by or on behalf of the Authority during the 'referendum period'. 'referendum period', means the period beginning with the publication made in accordance with Regulation 5 (2), mentioned above, and ending on the date of the referendum. The prescribed list of referendum expenses includes the following:</p> <ol style="list-style-type: none">1. Advertising of any nature (whatever the medium used). Expenses in respect of such advertising include agency fees, design costs and other costs in connection with preparing, producing, distributing or otherwise disseminating such advertising or anything incorporating such advertising and intended to be distributed for the purpose of disseminating it.2. Unsolicited material addressed to voters (whether addressed to them by name or intended for delivery to households within any particular area or areas). Expenses in respect of such material include design costs and other costs in connection with preparing, producing or distributing such material (including the cost of postage).3. Market research or canvassing conducted for the purposes of ascertaining voting intentions.4. The provision of any services or facilities in connection with press conferences or other dealings with the media.5. Transport (by any means) of persons to any place or places with a view to obtaining publicity in connection with a referendum campaign. Expenses in respect of the transport of such persons include the costs of hiring a particular means of transport for the whole or part of the referendum period.6. Rallies and other events, including public meetings
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	<p>organised so as to obtain publicity in connection with a referendum campaign or for other purposes connected with a referendum campaign. Expenses in respect of such events include costs in connection with the attendance of persons at such events, the hire of premises for the purposes of such events or the provision of goods, services or facilities at them.</p> <p>The referendum expenses limit is the aggregate of £2,362 and the amount found by multiplying 5.9 pence the number of entries on the electoral rolls for the two billing authorities (587,087). The electorate for Buckinghamshire is 398,814 as at 2 March 2020 (Office for National Statistics, 05 January 2021). The electorate for Milton Keynes Council is 188,273as at 2 March 2020 (Office for National Statistics, 05 January 2021).</p> <p>Where any referendum expenses are incurred in excess of the referendum expenses limit, a person who knew or ought reasonably to have known that that limit would be exceeded, or who, without reasonable excuse, authorises another person to exceed that limit, is guilty of an offence punishable by a fine or imprisonment (for a term not exceeding 12 months) or both.</p> <p>Section 52ZR of the Local Government Finance Act 1992 provides that if it appears to the Secretary of State that an authority will be unable to discharge its functions effectively or to meet its financial obligations unless it sets an increase in council tax which exceeds the principles, s/he has the discretion to direct that a referendum need not be held. (When promoting the Localism Bill in the House of Lords Earl Attlee stated, "This is a reserve power and the expectation is that this would be used only in exceptional circumstances, such as where the High Court has exercised its powers to appoint a receiver where an authority has failed to service its debt within a set time period" Hansard HL Deb 30 June 2011 c1971)</p>
<p>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</p>	<p>No direct impact.</p>
<p>HEALTH AND SAFETY</p>	<p>No direct impact.</p>
<p>EQUALITY AND DIVERSITY</p>	<p>No direct impact.</p>
<p>USE OF RESOURCES</p>	<p>The Medium-Term Financial Plan, including capital and revenue budgets, identifies the financial resources required projected into the future based on the delivery of specific aims and objectives of the Authority as set out in the Public Safety Plan (PSP). Members, Senior Management Board and many staff</p>

	have been involved in agreeing priorities and the budget setting process over the preceding months.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Background</p> <p>Medium Term Financial Plan (MTFP) 2020/21 to 2021/22 and Revised Appendices, Fire Authority, 12 February 2020:</p> <p>https://bucksfire.gov.uk/documents/2020/03/120220_item7c_medium_term_financial_plan.pdf/</p> <p>https://bucksfire.gov.uk/documents/2021/01/executive-committee-revised-appendix-1-and-2.pdf/</p>
APPENDICES	<p>Annex A – Medium Term Financial Plan 2021/22 to 2025/26</p> <p>Appendix 1 – MTFP Budget Model and Reserves Position</p> <p>Appendix 2 – Capital Programme Summary</p> <p>Appendix 3 – Council Tax Funding</p>
TIME REQUIRED	20 minutes
REPORT ORIGINATOR AND CONTACT	<p>Asif Hussain</p> <p>Ahussain@bucksfire.gov.uk</p> <p>01296 744421</p>

Annex A – Medium Term Financial Plan (MTFP) 2021/22 to 2025/26

1. Introduction

- 1.1. The purpose of this report is to present the proposed revenue and capital Medium Term Financial Plan (MTFP) 2021/22 to 2025/26.
- 1.2. The MTFP is closely linked to the Financial Strategy which is the link between the organisation's long-term service objectives and its financial capacity. BFRS long-term service objectives are set out in the Public Safety Plan (PSP) and Corporate Plan. The PSP sets out our strategic approach to the management of risk in the communities we serve. The Corporate Plan sets out how we intend to equip and develop our organisation and its people to meet the challenges that we face. The MTFP details the resources available to facilitate these plans.
- 1.3. As part of the Fire Authority's Terms of Reference and MTFP, the Authority reviews and sets a balanced budget each year in line with corporate priorities. The MTFP is expressed as a detailed annual budget for the first year, with outline indicative budgets for the following four years.
- 1.4. Under Section 25 of the Local Government Act 2003 the Chief Finance Officer (as S.112 Chief Finance Officer of the Local Government Finance Act 1988) is required to report to Members on:
 - The robustness of the estimates made for the purposes of the calculations of the budget
 - The adequacy of the proposed financial reserves
- 1.5. The Local Government Act 2003 requires that Members have regard to the report in making their decisions (see section 8).
- 1.6. Section 42A of the Local Government Finance Act 1992 also requires the Authority to have regard to the level of reserves for meeting estimated future expenditure when calculating the net budget requirement.

2. Local Government Finance Settlement 2021 to 2022

- 2.1. Without sufficient time to undertake a full comprehensive spending review due to the Covid-19 Pandemic, the Government has effectively rolled-forward amounts within the settlement funding assessment for 2020/21 and increased these by the rate of inflation. The exception to this is the pension grant funding, which is expected to be a flat-cash settlement.
- 2.2. The pension grant funding, which is a flat-cash settlement will be funded for 2021/22. It is expected to be included in future years (2022/23 onwards) settlement funding assessment and subject to review as part of the anticipated three-year comprehensive spending review.
- 2.3. As part of this year's announcement, the Government published headline changes in core spending power between 2020/21 and 2021/22 for every authority. The headline change for BMKFA was an increase of 2.9%.
- 2.4. However, this headline increase is based on two fundamental assumptions:
 - That the growth in council tax base between 2020/21 and 2021/22 will be 1.59% (actual decrease was 0.65%).

- That the Authority will increase its Band D council tax in 2021/22 by 1.99%, which is the maximum increase permissible without triggering a referendum.

3. Council Tax and Business Rates

- 3.1. In publicly declaring core spending power figures, the Government has clearly set an expectation that local authorities will continue to increase council tax every year by the maximum amount permissible.
- 3.2. The difference between a 1.99% increase in the precept and holding council tax at its current level for 2021/22 is just over £400k for the year. This is approximately equivalent to the cost of employing eight whole-time firefighters.
- 3.3. Council tax was increased by 2.98% in 2019/20 and by 1.99% in 2020/21.
- 3.4. Despite this Authority's correspondence with the Minister and the concerns noted by the inspectorate, no specific additional precept flexibility was afforded to fire and rescue authorities. Authorities with no specific additional flexibility may only increase their Band D equivalent by up to 2% without triggering a referendum (last year this figure was also 2%).
- 3.5. The Authority currently sets a band D equivalent precept of £65.85 per annum (approx. £1.27 per week). This is significantly below the national average (of £78.56) and is the second lowest precept of any non-metropolitan combined fire authority.
- 3.6. Council tax chargeable for each band should the Authority resolve to increase the band D equivalent amount by 1.99% is shown in Appendix 3.
- 3.7. It is not recommended to hold a referendum to increase Council tax above the threshold for 2021/22. However, this option may need to be considered for 2022/23, depending on the outcome of the Comprehensive Spending Review.

4. Risk Factors in Budget Assumptions

- 4.1. The budget proposed for 2021/22 at Appendix 1 has been compiled by looking in detail at current spending and future plans.
- 4.2. This year officers reverted back to the incremental budgeting approach when developing the budget proposal for 2021/22. With the projected reductions in council tax base and business rates funding, the focus was to consider bids which were either invest to save or which needing approving due to contractual obligations.
- 4.3. Even with the budgetary constraints this year's budget approach has identified some key opportunities:
 - Development of Leadership and Management Framework. The framework will improve the effectiveness of existing managers as well as provide development opportunities and pathways for future managers and leaders of the organisation.
 - Continue with the current establishment within Health & Safety team who have supported the Service's response to the COVID-19 pandemic and the 'recovery' phase which has significantly increased workloads in terms of the implementation of the measures required to comply with Government guidance.
 - Upgrade to our ICT infrastructure.

- 4.4. At the time of writing the Authority had not yet received formal written notification of the continuation of the USAR grant for 2021/22, but it is expected imminently. However, the potential discontinuation of USAR funding in future years is a significant financial risk facing the Authority at present.
- 4.5. As well as opportunities, the MTFP projections have had to be revised following the comprehensive spending review announcement (CSR). As part of the one-year CSR, the Government announced Public sector pay increases to be paused (excluding NHS and those earning less than £24,000). Therefore, no pay award has been built into the 2021/22 budget for anyone earning more than £24,000.
- 4.6. Uncertainty persists regarding pensions following the ruling in December 2018 that the transitional arrangements introduced for the firefighters' schemes in 2015 were discriminatory. At the employment tribunal hearing on 18 December 2019 it was ruled that the claimants, members of the 1992 and 2006 firefighters' pension schemes, are now entitled to be treated as if they have remained members of their original pension scheme. It is expected that this will increase the longer-term costs of the firefighters' schemes, although it is not yet possible to quantify the impact.
- 4.7. Areas where budgets have changed significantly from previous years have been subject to a series of challenges by Officers and Members. Risks which have been identified are to be covered from the reserves.
- 4.8. The detailed costings are based on the updated budget requirement including the annual uplift assumptions below:

	2021/22	2022/23	2023/24	2024/25	2025/26
Pay inflation	0%	2%	2%	2%	2%
CPI	0.5%	0.5%	1%	1%	1%
Council tax increase	1.99%	1.99%	1.99%	1.99%	1.99%
Council tax base	-0.65%	1.0%	1.6%	1.6%	1.6%
Business tax base	-8%	0.5%	1%	1%	1%

5. Capital

- 5.1. The revenue impact of the capital programme has been factored into the base revenue budget requirement. This includes an annual revenue contribution to capital (RCCO), details of which are shown in Appendix 1.
- 5.2. The table at Appendix 2 details the approved capital programme for 2020/21, the estimated provisional outturn position and any proposed slippage to the programme. Any slippage is then added to the new budget requests for 2021/22 to give a total capital budget requirement of £2.2m for 2021/22.
- 5.3. The Authority should also take cognisance of the prudential indicators when approving the capital programme (submitted as a separate paper at this meeting).

6. Scrutiny and Challenge Process

- 6.1. All budget changes have been determined based on a series of challenge panels held by officers and then Members during the MTFP process.

7. Adequacy of Reserves

- 7.1. The Reserves Strategy is now incorporated within our Financial Strategy which was approved by the Fire Authority at its meeting on 9 December 2020 (<https://bucksfire.gov.uk/documents/2020/11/item-7c-fire-authority-9-december-2020.pdf/>). There have been no subsequent events that require the level of the General Fund determined at that time to be adjusted at present.

- 7.2. The latest forecast balances and reserves at year-end 2020/21 are:

- General Fund Balance - £1.5m
- Earmarked Reserves - £2.2m*
- Capital Reserves - £0.9m

* The earmarked reserves balance excludes the amount held by Oxfordshire County Council relating to the Thames Valley Fire Control Service.

8. Statement of the Chief Finance Officer

- 8.1. The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the Fire Authority's case the Director of Finance and Assets and Chief Finance Officer, must report on:

- The robustness of the estimates made for the purposes of the calculations of the budget and;
- The adequacy of the proposed financial reserves;
- In recommending the budget to the Authority, Members must have regard to this report when making decisions in connection with which it is made.

- 8.2. Given the level of the General Fund Balance and earmarked reserves available, the prudent approach to the budget setting process for the next financial year and the controls for budget management, it is my conclusion as Chief Finance Officer for the Authority that there is sufficient capacity in the reserves to cope with the financial risks the Authority faces for 2021/22 and future years and that the methodology applied provides the necessary assurance to the Authority about the robustness of the estimates used in constructing the budget.

9. Referendum Limit

- 9.1. A local referendum must be held, and won, for an authority to increase council tax by more than the amount specified in the principles. An authority proposing to set an excessive council tax level is required to make substitute calculations which will take effect if the proposed 'excessive' amount of council tax is rejected in a referendum. The substitute council tax level must be below the amount which is considered excessive under the principles

- 9.2. The higher rate of council tax will be payable unless and until it is overturned by a 'no' vote in the referendum. In the event that a referendum rejects the increase, the billing authorities would be able to issue new bills, offer refunds at

the end of the year or allow credits against liability the following year, although individual council taxpayers would be entitled to a refund on demand.

- 9.3. Surrey County Council proposed to hold a referendum on a 15% increase in council tax for 2017-18, but later dropped the proposal. More recently, Warwick District Council recommended carrying out a vote in holding a referendum on the introduction of a 'climate action fund' precept, equivalent to a 34% increase on council tax in 2020-21. Due to the coronavirus restrictions, the planned referendum did not take place.
- 9.4. One referendum has taken place to date. The Bedfordshire Police and Crime Commissioner, Olly Martins, proposed a 15.8% increase in council tax for 2015-16 when the threshold was 2%. The poll was held on 7 May 2015. 91,086 voters (30.5%) supported the proposal, whilst 207,551 (69.5%) opposed it.
- 9.5. Schedule 1 of the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012/444 prescribes the text of the question to be asked at a council tax referendum. Therefore the question asked of the voter by Bedfordshire's Police and Crime Commissioner was as follows:

'Part of the council tax in your area goes to the Bedfordshire Police and Crime Commissioner.

For the financial year beginning on 1st April 2015 the Bedfordshire Police and Crime Commissioner has set an increase of fifteen point eight percent (15.8%) in the amount it charges.

If most voters choose 'yes', the increase will be 15.8%.

If most voters choose 'no', the increase will be 2.0% instead.

Do you want the Bedfordshire Police and Crime Commissioner to increase the amount it charges by 15.8%?'

- 9.6. The one referendum held so far, by Bedfordshire's Police and Crime Commissioner coincided with the poll conducted for the parliamentary general election is estimated to have cost £600,000. The Bedfordshire PCC covers three unitary local authorities and a population of some 640,000. An impact assessment on the scheme, published by the Department for Communities and Local Government in January 2011, set out the estimated costs of other referendums including the elected regional assembly referendum in the North East, mayoral referendums and non-binding council tax referendums. *'A more recent estimate of costs comes from Tower Hamlets council, where estimates from the Chief Finance Officer suggest that "the cost of holding a stand-alone mayoral referendum is estimated at up to £250,000. If combined with the Council elections the additional cost is estimated at approximately £70,000."* A number of non-binding referendums on Council Tax have already been held, and can offer some guide to potential costs. *A referendum on Council Tax in Milton Keynes in 1999 cost around £70,000 – referendums in 2001 cost £150,000-200,000 in Croydon and £120,000 in Bristol. This is the most relevant and reliable data available as these are the only years where formal Council Tax referendums have been held by local authorities, none having been held since then'. The impact assessment concluded: 'it seems reasonable to estimate the range of costs of such referendums as £85,000 - £300,000. Actual costs will vary depending on the size of the authority and whether the*

referendum is combined with a local election. For example, these figures do not apply to certain major precepting authorities such as police, fire & rescue authorities and the GLA which are typically larger than a principal local authority'. The paper also noted examples of rebilling costs for recently-capped authorities, such as £380,000 for Lincolnshire Police Authority in 2008/09 (£1.22 per household) and £626,000 for Surrey Police Authority in 2009/10 (£1.29 per household)¹

¹ [Localism Bill: provision for referendums to veto excessive Council Tax increases Impact assessment](#)

Appendix 1 – MTFP Model

The model below is based on the assumptions detailed in Sections 3 and 4 and all significant budget movements have been subjected to officer and Member scrutiny as noted in Section 6.1. The statutory deadline for the billing authorities to provide Council Tax and business rates information to the Authority is 31 January. Any changes to these figures will be presented in a revised Appendix 1 at the meeting.

Directorate	2020/21 Approved Budget £000	2020/21 Revised Budget £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Base Budget	0	0	31,339	32,277	32,511	32,576	33,488
Pay Adjustment	0	0	0	435	444	453	462
Inflation Adjustment	0	0	0	78	78	78	78
Corporate Core	1,349	1,495	110	0	-28	-45	0
Statutory Accounting	589	590	-293	0	0	0	0
Delivery, Corporate Development & Planning	21,513	21,377	545	-12	-12	0	0
People & Organisational Development	2,298	633	-104	0	0	0	0
Finance & Assets	4,264	5,929	212	40	-40	0	0
RCCO	1,315	1,315	469	-307	-377	426	374
Transfers to/(from) Reserves	11	0	0	0	0	0	0
Net Budget Requirement	31,339	31,339	32,277	32,511	32,576	33,488	34,402
Revenue Support Grant/ Business Rates	-8,291	-8,291	-7,998	-8,028	-8,103	-8,178	-8,253
Council Tax Receipts Surplus/Deficit	-274	-274	24	24	24	0	0
Council Tax Support Grant	0	0	-336	0	0	0	0
Fire Specific Grants	-1,106	-1,106	-1,126	-1,136	-1,146	-1,156	-1,166
Council Tax Receipts	-20,460	-20,460	-20,729	-21,351	-22,123	-22,924	-23,752
Pension Grant Funding	-1,208	-1,208	-1,208	-1,208	-1,208	-1,208	-1,208
Use of Reserves	0	0	-904	-812	-20	-22	-23
Total Funding Available	-31,339	-31,339	-32,277	-32,511	-32,576	-33,488	-34,402
Shortfall/(Surplus) for Year	0	0	0	0	0	0	0
Cumulative Savings Requirement	0	0	0	0	0	0	0

Appendix 1b – Reserves Position

Reserves Position	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
General Fund Balance	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500
Other Earmarked Reserves (excluding Control Room Res.)	-2,232	-1,180	-368	-348	-326	-303
Earmarked Capital Reserves	-887	-1,931	-1,028	-898	-944	-1,364
Total	-4,619	-4,611	-2,896	-2,746	-2,770	-3,167

Appendix 2 – Capital Programme

The table below summarises the capital programme from 2020/21 through to 2025/26 and is based on the revenue contribution to capital levels shown in Appendix 1:

Capital Programme	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Property	500	500	500	500	500	500
Fire Appliances and Associated Equipment	500	750	750	500	750	750
Other Equipment	141	655	1055	155	155	155
ICT	75	75	75	75	75	75
Slippage (Approved in July 2019 Exec)	1,809					
Current Year Slippage Forecast	-260	260				
Forecast O/S	2,284					
Total Expenditure	5,049	2,240	2,380	1,230	1,480	1,480
Funding B/Fwd.	-1,442	-887	-1,931	-1,028	-898	-944
In Year Funding	-4,494	-3,284	-1,477	-1,100	-1,526	-1,900
Funding (Available)/Deficit	-887	-1,931	-1,028	-898	-944	-1,364

Appendix 3 – Council Tax Rates

If the band D equivalent council tax were increased by 1.99% for 2020/21, the following rates would apply to properties in each band:

Bands	Proportion of Band D Charge	Per Week (£)	Per Month (£)	Per Year (£)
A	6/9	0.86	3.73	44.77
B	7/9	1.00	4.35	52.24
C	8/9	1.14	4.98	59.70
D	9/9	1.29	5.60	67.16
E	11/9	1.57	6.84	82.08
F	13/9	1.86	8.08	97.01
G	15/9	2.15	9.33	111.93
H	18/9	2.58	11.19	134.32

This would represent an annual increase of £0.87 per annum on a band A, £1.31 per annum on a band D and £2.62 per annum on a band H property.

The following table shows the increase in each band (rounded to the nearest pence).

Bands	Increase Per Week (£)	Increase Per Month (£)	Increase Per Year (£)
A	0.02	0.07	0.87
B	0.02	0.08	1.02
C	0.02	0.10	1.17
D	0.03	0.11	1.31
E	0.03	0.13	1.60
F	0.04	0.15	1.89
G	0.05	0.18	2.18
H	0.05	0.21	2.62