

Revenue Budget 2018/19

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 or Joanne Coadey, Head of Finance on 01743 260215.

1 Purpose of Report

This report incorporates the recommendations made by Strategy and Resources Committee on 1 February 2018, in relation to the revenue budget for 2018/19. The report also confirms the use of assumptions for medium-term financial planning.

2 Recommendations

The Fire Authority is recommended to:

- a) approve a revenue budget for 2018/19 and a forward financial projection for 2019/20, as set out in section 6; and
- b) delegate any necessary amendments to the revenue budget to the Treasurer, in consultation with the Chair and the Vice Chair.

3 Strategy and Resources Committee

At its meeting on 1 February 2018, the Fire Authority's Strategy and Resources Committee were informed of a number of developments that had taken place since the last consideration of the revenue budget for 2018/19:

- Provisional grant settlements for the two years to 2019/20 were released on 19 December 2017 – this formed part of the four year settlement issued, following acceptance of the Authority's Efficiency Plan by the Home Office. These figures were broadly in line with provisional estimates provided in 2017/18 and were represented in the strategic planning model.
- The referendum spending limit had been adjusted in line with inflation, and the maximum precept increase before a referendum is triggered is now 3% for 2018/19. Indications are that this may continue to 2019/20, this will be confirmed following the finance settlement consultation.
- Council tax base was confirmed at 158,675.40, an increase of 2.25% on 2017/18.

Members debated the level of precept increase and it was decided that an increase of 2.99% would be recommended to the Authority.

At the same meeting, the Committee considered the capital programme for the planning period, and acknowledged that there were capital charges to be reflected in the revenue budget for the years at the end of the period. The debt charges for schemes in the capital programme scheduled for 2018/19 and 2019/20, as well as charges on borrowing for Telford, have been added to the revenue budget. In addition, savings associated with the IRMP 1 project on wholetime shift pattern changes have now been recognised in 2019/20, to net off with debt charges.

These have now been incorporated into the final budget package and are reflected in the table below:

	2018/19 £000	2019/20 £000	2020/21* £000	2021/22* £000	2022/23* £000
Expenditure	20,536	20,966	21,354	21,800	22,205
Debt charges	-	30	152	273	383
Debt charges - TC	68	110	110	110	110
IRMP Savings	-	-450	-450	-450	-450
Total	20,604	20,656	21,166	21,733	22,248
Income					
Revenue Support Grant and Business Rates	5,666	5,524	5,149	5,149	5,149
Council Tax	15,446	16,035	16,485	16,947	17,423
Total	21,112	21,559	21,634	22,096	22,572
Surplus / -Deficit	508	903	468	363	324

**2020/21 to 2022/23 are estimates and for illustrative purposes*

4 Further Developments

Business rate income figures have now been confirmed by Shropshire Council and the Borough of Telford & Wrekin, although they are subject to revision in the last two months of the financial year. Total income from the two authorities is £55,000 more than the estimated rates income included in the settlement in December.

These numbers, along with a joint deficit of £47,000 on the business rates collection fund, and further rates-related grants of £213,000, have been factored into planning assumptions.

The council tax collection funds for both authorities have now also been confirmed, and there is a total surplus payable to the Fire Authority of £304,000. This one-off income has been added to the planning model.

5 Confirmation of Local Government Finance Settlement

The finance settlement is yet to be debated in Parliament.

There are unlikely to be any changes that will alter the budget and precept recommended to the Authority at this meeting. However, should any changes occur to the revenue budget being approved, members are asked to delegate the necessary amendments to the Treasurer, in consultation with the Chair and the Vice Chair.

Section 4.2 of the Authority's Scheme of Delegations states:

"In agreement with the Chief Fire Officer, and after consultation with the Chair and the Vice Chair, in cases of urgency to approve virement, supplementary revenue and capital votes not otherwise covered by the Treasurer's delegated authority. Action taken under this delegation must be reported to the next meeting of the Authority."

6 Proposed Final Budget Package

The position for 2018/19 and into the medium term can now be summarised as follows:

	2018/19 £000	2019/20 £000	2020/21 £000
Expenditure:			
Budget	20,604	20,656	21,166
Surplus / -deficit	1,037	903	468
Total	21,641	21,559	21,634
Funded by:			
Grant and business rates	5,939	5,524	5,149
Business rates collection fund	-47	-	-
Council tax	15,445	16,035	16,485
Council tax collection fund	304	-	-
Total	21,641	21,559	21,634

7 Financial Implications

There are no financial implications arising from this report other than those discussed within the report.

8 Legal Comment

There are no legal implications arising directly from this report.

9 Appendix

Alternative Calculations

10 Background Papers

There are no background papers associated with this report.

ALTERNATIVE CALCULATIONS:

Should the Fire Authority approve a precept increase of 1.99%, the revised figures are as follows:

These have now been incorporated into the final budget package and are reflected in the table below:

	2018/19 £000	2019/20 £000	2020/21* £000	2021/22* £000	2022/23* £000
Expenditure	20,536	20,966	21,354	21,800	22,205
Debt charges	-	30	152	273	383
Debt charges - TC	68	110	110	110	110
IRMP Savings	-	-450	-450	-450	-450
Total	20,604	20,656	21,166	21,733	22,248
Income					
Revenue Support Grant and Business Rates	5,666	5,524	5,149	5,149	5,149
Council Tax	15,296	15,725	16,166	16,620	17,086
Total	20,962	21,249	21,315	21,769	22,235
Surplus / -Deficit	358	593	149	36	-13

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1 Further Developments

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The position for 2018/19 and into the medium term can now be summarised as follows:

	2018/19 £000	2019/20 £000	2020/21 £000
Expenditure:			
Budget	20,604	20,656	21,166
Surplus / -deficit	888	593	149
Total	21,492	21,249	21,315
Funded by:			
Grant and business rates	5,939	5,524	5,149
Business rates collection fund	-47	-	-
Council tax	15,296	15,725	16,166
Council tax collection fund	304	-	-
Total	21,492	21,249	21,315