

2013/14 and Later Years Budget Summary

Report of the Treasurer

For further information about this report please contact Rachel Musson, Treasurer, on 01743 252007 or Joanne Coadey, Head of Finance, on 01743 260215.

1 Purpose of Report

This report summarises the budgets that are proposed by the Strategy and Resources Committee. The results are put forward to the Fire Authority for approval as the basis for consultation, leading to a final decision at the Fire Authority meeting in February 2013.

2 Recommendations

The Fire Authority is recommended to:

- a) Base its revenue budget planning and consultation on the totals set out in paragraph 7;
- b) Base its capital programme on that set out in 7d in the Appendix, (the Green Book), subject to consideration of the prudential guidelines and minimum revenue provision policy by the Strategy and Resources Committee in January 2013;
- c) Agree the recommendations on Reserves and Provisions set out in report 7e, and confirm the general reserve;
- d) Consider the offer of a two-year council tax freeze grant, and make a decision on whether to accept or decline the offer;
- e) Continue to base its planning and consultation on a precept increase of 2% in the precept in 2013/14, and the years following; and
- f) Request the Strategy and Resources Committee to prepare a final budget package in January 2013, for final decision by the Fire Authority in February 2013.

3 Background

The Strategy and Resources Committee agreed to submit a five-year revenue and capital budget for consideration by the Fire Authority. These budgets include the implementation of expenditure reductions from the third year of the Public Value process, and the costs associated with the second year of the Service Transformation Programme. Full details are set out in the reports, which were agreed by the Committee and which are attached at the Appendix to this report – the ‘Green Book’.

The Committee concentrated on expenditure budgets, but also considered potential resources, including the continued reductions in Revenue Support Grant, and likely precept levels over the coming years.

After consideration of papers 7a to 7e, the position was summarised as follows:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Expenditure budget proposed by the Committee	20,186	19,970	20,602	21,055	21,637
Funded by:					
Revenue Support Grant (RSG)	6,577	6,222	5,849	5,498	5,168
Council Tax	14,363	14,709	15,063	15,426	15,797
Collection Fund	0	0	0	0	0
Net (addition)/reduction in reserves	(754)	(961)	(310)	131	672
	<u>20,186</u>	<u>19,970</u>	<u>20,602</u>	<u>21,055</u>	<u>21,637</u>

4 Developments in Expenditure

Incident Command Training

An internal review carried out by officers has identified the need for further training for Incident Commanders, full details of which are being considered by the Service’s Senior Management Team.

Indicative costs for current and future Level 1 Incident Commanders in the organisation are shown below for consideration as part of the revenue budget.

Large Animal Rescue Training

A requirement for further training in large animal rescue has been identified, its primary aim being the protection and safety of firefighters. A number of options are currently being reviewed, and initial costs are shown below.

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Incident Command training (required per year)	26	24	17	19	17
Large animal rescue training (required per year)	20	20	-	-	-

5 Council Tax Freeze Grant and Referendum Threshold

In paper 7 (Appendix, the Green Book), the Committee considered the offer from the Government of a two-year grant, in return for a freeze in precept for 2013/14.

At the Conservative party conference earlier this year, the Chancellor stated that funding equivalent to a 1% increase in precept would be available in 2013/14 and 2014/15, to those authorities, who froze council tax next year. Authorities are not mandated to accept this freeze grant offered.

The most current offer of tax freeze grant is for two years only, and will offer no ongoing increase to the Authority's base budget.

It was also announced at the conference that those local authorities that chose to increase precept levels by more than 2% would trigger a referendum.

As this Authority continues to deal with significant cuts in revenue grant, an offer of assistance over two years may be viewed as an attractive option by Members. However, funding of this nature, which assists the Authority for a specific period, will have longer-term implications. These are detailed in the following table, which summarises the options available to the Authority.

	(Surplus) / Deficit				
	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Report 7					
Precept increase 2.0% in 13/14	(754)	(961)	(310)	131	672
Accept the freeze grant 0% precept increase in 13/14	(472)	(672)	14	435	982

1% is approximately £141,000. Freeze grant is £141,000, payable in 2013/14 and 2014/15.

6 Localisation of Council Tax Support

Shropshire Council

The Council had a potential deficit in funding for the new Council Tax Support Scheme of around £2m.

The removal or reduction of existing council tax exemptions and discounts, such as second home discounts and empty property exemptions, has realised around £1m.

The adjustment of current concessions and deductions currently afforded to benefit recipients, such as second adult rebates and the disregard of child benefits, has realised around £800k.

As a result, the shortfall on the scheme for the Council is £200,000, and the proportion that would fall to the Fire Authority is around 6%, or £12,000.

Borough of Telford & Wrekin

The Council had a potential deficit in funding for the new Council Tax Support Scheme of around £3.1m.

The removal or reduction of existing council tax exemptions and discounts, as well as some residents being asked to pay some level of council tax, where they had previously not paid, has realised around £3.1m. However, assumptions around the performance of the Collection Fund have been adjusted. This will affect the council tax base, and as a result a deficit of around £600,000 is predicted. The proportion that would fall to the Fire Authority is around 6%, or £36,000.

In light of this information, a reduction of £50,000 has been made to Council Tax income; this will be adjusted as the actual position is confirmed.

7 Latest Position

The latest position can be summarised as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Expenditure budget proposed by the Committee	20,186	19,970	20,602	21,055	21,637
Incident Command training	26	24	17	19	17
Large animal rescue training	20	20			
Total	20,232	20,014	20,619	21,074	21,654
Funded by:					
Revenue Support Grant (RSG)	6,577	6,222	5,849	5,498	5,168
Council Tax	14,313	14,659	15,013	15,376	15,747
Collection Fund	0	0	0	0	0
Net (addition)/reduction in reserves	(658)	(867)	(243)	200	739
	<u>20,232</u>	<u>20,014</u>	<u>20,619</u>	<u>21,074</u>	<u>21,654</u>

8 Outstanding Issues

An announcement on the grant settlement for local government is expected in mid December. Until this is received, planning will continue, based on the assumptions in these reports.

The Band D tax base will not be known formally until early January and, therefore, the assumption of a 0.4% annual increase in future years is maintained.

9 Financial Implications

These are detailed in the main body of the report.

10 Legal Comment

There are no direct legal implications arising from this report.

11 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Human Resources 5 Part 2) and have determined that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An initial Equality Impact Assessment has not, therefore, been completed.

12 Appendix

Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee, 15 November 2012, Reports 7 to 7e

13 Background Papers

There are no background papers associated with this report.