

2012/13 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 on 13 February 2012.

2 Recommendations

The Fire Authority is recommended to:

- a) Base its revenue budget planning and consultation on the totals set out in paragraph 6;
- 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 2012;
- c) Agree the recommendations on Reserves and Provisions set out in report 7f, and confirm the general reserve;
- d) Consider the view of its Strategy and Resources Committee around the offer of a one-off council tax freeze grant, and make a decision on the acceptance or decline of the offer;
- e) Continue to base its planning and consultation on a precept increase of 2.5% in the precept in 2012/13, and the years following; and
- f) Request the Strategy and Resources Committee to prepare a final budget package on 19 January 2011, for final decision by the Fire Authority on 13 February 2012.

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 second year of the Public Value process. Full details are set out in the reports, which were agreed by the Committee and which are attached at the Appendix to the report – the ‘Green Book’.

The Committee concentrated on expenditure budgets, but also considered potential resources, including the continuation of a 25% back-ended cash reduction over four years in Revenue Support Grant. It was assumed that an increase in precept of 2.5% would be planned, as agreed by the Strategic Risk and Planning Group in June.

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

	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Expenditure budget proposed by the Committee	20,057	20,085	20,381	21,341	21,993
Funded by:					
Revenue Support Grant (RSG)	7,229	6,607	6,006	6,006	6,006
Council Tax	13,829	14,230	14,644	15,070	15,509
Collection Fund	30	30	30	30	30
Net (addition)/reduction in reserves	(1,031)	(782)	(299)	235	448
	<u>20,057</u>	<u>20,085</u>	<u>20,381</u>	<u>21,341</u>	<u>21,993</u>

There have been no subsequent amendments to the proposed figures, and the position shown above is, therefore, unchanged.

4 Council Tax Freeze Grant 2012/13

In paper 7g (Appendix, the Green Book), the Committee considered the offer by Government of a one-off grant, in return for a freeze in precept for 2012/13.

At the Conservative party conference earlier this year, the Chancellor stated that, due to savings made in central government departments, funding equivalent to a 2.5% increase in precept (3% for fire authorities) would be available to those authorities, who froze council tax for a second year. Authorities are not mandated to accept this freeze grant offered for 2012/13.

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

As this Authority is dealing with significant cuts in revenue grant in the first two years of the Spending Review, an offer of assistance may be viewed as an attractive option by Members. However, funding of this nature, which assists the Authority for one year in isolation, will have longer-term implications. These are detailed in the following table, which summarises the options available to the Authority.

	(Surplus) / Deficit				
	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000
Report 7 Precept 2.5% in 12/13	(1,031)	(782)	(299)	235	448
Report 7g - option 1 Accept the freeze grant, 0% precept in 12/13	(1,096)	(433)	58	602	826
Report 7g - option 2 Accept the freeze grant, 5.5% precept in 12/13	(1,096)	(839)	(360)	172	384
Report 7g - option 3 Refuse the freeze grant, 2.5% precept in 12/13	(1,031)	(782)	(299)	235	448
Report 7g - option 4 Refuse the freeze grant, 0% precept in 12/13	(691)	(433)	58	602	826

1% is approximately £135,000. Freeze grant is £405,000 (i.e.3% equivalent).

After reviewing the long term financial outcomes of a number of options, the committee recommended that the Authority did not accept the one-off grant, and continued with its original strategy of a 2.5% increase in precept in 2012/13 and the following years.

However, following the presentation of the Chief Fire Officer earlier in the meeting, the Authority is asked to review the options available, and make a decision on whether or not to accept the Government's offer.

5 Service Developments and Growth

Officers are currently taking part in a strategic planning exercise, the aims of which are:

- To establish the pressures facing the Service currently and in the medium term; and
- To ensure that the resources required to meet those pressures are identified and allocated effectively.

The outcome from this exercise will be a programme of projects that has been considered and agreed by executive officers and senior management. The resources required for each project will be established, and the financial consequences of the programme will be reported to the Strategy and Resources Committee in January, for consideration as part of the budget setting process.

6 Outstanding Elements

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.

The likely balance on the collection fund attributable to the Fire Authority is not currently known, so the assumed surplus of £30,000 is continued.

7 Financial Implications

These are detailed in the main body of the report.

8 Legal Comment

There are no direct implications arising from this report

9 Equality Impact Assessment

Officers have considered the Brigade Order and decided 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.

10 Appendix

Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee, 18 November 2011, reports 7 to 7g

11 Background Papers

There are no background papers associated with this report.