

## Revenue Budget, Capital Programme and Medium Term Financial Planning 2013/14

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011, or Joanne Coadey, Head of Finance, on 01743 260215.

### 1 Purpose of Report

This report incorporates the recommendations made by the Strategy and Resources Committee on 24 January 2013, for the Fire Authority's 2013/14 budget, updates on changes since the Committee meeting, and confirms the use of assumptions for medium-term financial planning.

### 2 Recommendations

The Fire Authority is recommended to approve:

- a) A revenue budget for 2013/14 and a forward financial projection to 2019/20, as set out in section 5;
- b) Incorporating these projections into its Medium Term Corporate Plan; and
- c) The draft Medium Term Corporate Plan 2013/14 to 2017/18, as set out on the website.

### 3 Budget Process

At its meeting in December 2012, the Fire Authority agreed a budget package based on:

- A revenue budget of £20.890m for 2013/14, with a projected surplus of £658,000; and
- A council tax precept increase of 2%, following the announcement of a council tax referendum threshold of 2%.

Following the December meeting, the provisional grant settlements for 2013/14 and 2014/15 were received, with grant reductions larger than the assumptions used in officers' budget planning.

	Assumptions used	Actual reductions
2013/14	9.0%	10.8%
2014/15	5.4%	8.2%

### Funding Developments – Council Tax Income

Confirmation has now been received from constituent authorities of the council tax bases for 2013/14.

Council tax bases have been reduced by households receiving council tax support, and the effect of this reduction was greater than the council tax support grant received from the Government. Council tax base was then increased by the removal of discounts and exemptions, and growth in the number of properties in the two authority areas, and the outcome of this change is that council tax income for 2013/14 is, at £14.430m, greater than anticipated.

Due to the way in which this income will be paid in future years, there will be a detrimental effect on deficit projections to 2019/20.

### Extension of Modelling Period

Officers have extended the modelling period for the revenue budget up to and including 2020, in line with the Service's scenario planning. A cap on pay awards has also been incorporated for 2015/16 and 2016/17.

Latest estimates were as follows:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Expenditure budget proposed by the Committee	20,232	20,014	20,487	20,774	21,315	21,808	22,312
Funded by:							
Revenue							
Support Grant (RSG)	6,447	7,713	7,251	6,815	6,407	6,407	6,407
Council Tax	14,430	12,965	13,303	13,651	14,007	14,373	14,749
Collection Fund	22	0	0	0	0	0	0
Net (addition)/reduction in reserves	(667)	(664)	(67)	308	901	1,028	1,156
	<u>20,232</u>	<u>20,014</u>	<u>20,487</u>	<u>20,774</u>	<u>21,315</u>	<u>21,808</u>	<u>22,312</u>

The Strategy and Resources Committee:

- Reviewed the position of the revenue budget in light of these developments;
- Considered the capital programme, having regard to prudential and treasury management indicators; and
- Considered the adequacy of reserves and provisions and the robustness of the budget.

## 4 Developments since the Committee Meeting

### Collection Fund Surplus

Planning for the revenue budget assumes no surplus or deficit on the Collection Fund. A surplus of £22,000 from Telford & Wrekin Council was declared for the Authority in January, and a surplus of £29,343 has now been confirmed from Shropshire Council. This has resulted in additional income for the Authority and will be added to the surplus for 2013/14.

### Budget Consultation

A budget consultation page has been created on the Fire Authority's website, to gauge the opinion of the public about the proposed precept increase. The consultation message has also been circulated on social media.

Findings of the consultation will be reported at the meeting.

## 5 Proposed Final Budget Package

The position for the next seven years can now be summarised as follows:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Expenditure budget proposed by the Committee	20,572	20,352	20,488	20,774	21,315	21,808	22,312
Funded by:							
Revenue							
Support Grant (RSG)	6,447	7,713	7,251	6,815	6,407	6,407	6,407
11/12 Council Tax Freeze	336	336	0				
Grant							
Council Tax	14,430	12,965	13,303	13,651	14,007	14,373	14,749
Collection Fund	51	0	0	0	0	0	0
Net (addition)/reduction in reserves	(692)	(662)	(66)	308	901	1,028	1,156
	<u>20,572</u>	<u>20,352</u>	<u>20,488</u>	<u>20,774</u>	<u>21,315</u>	<u>21,808</u>	<u>22,312</u>

## **6 Medium Term Corporate Plan**

The Medium Term Corporate Plan is an integrated document, which sets out the service and financial objectives for the Fire Authority for the next four years. The Plan will incorporate the financial assumptions, upon which the revenue budget and capital programme have been based, and will be updated as those assumptions change. It can be accessed on the Service's website via the following link:

<https://www.shropshirefire.gov.uk/managing-the-service/fra/meetings/Fire%20and%20Rescue%20Authority/%20169621>

## **7 Financial Implications**

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

## **8 Legal Comment**

There are no legal implications arising directly from this report.

## **9 Equality Impact Assessment**

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have 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 Appendices**

There are no appendices attached to this report.

## **11 Background Papers**

There are no background papers associated with this report.