

# Revenue Budget, Capital Programme and Medium Term Financial Planning

## 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 incorporates the recommendations, made by the Strategy and Resources Committee on 19 January 2012, for the Fire Authority's 2012/13 budget, updates on changes since the Committee met, 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 2012/13 and a forward financial projection to 2016/17, as set out in section 6;
- b) Incorporating these projections into its Medium Term Corporate Plan;
- c) The draft Medium Term Corporate Plan 2012/13 to 2016/17, as set out on the website.

### 3 Budget Process

At its meeting in December 2011, the Fire Authority agreed a budget package for consultation, based on:

- A revenue budget of £20.057m for 2012/13, with a projected surplus of £1.031m;
- A council tax precept increase of 2.5%.

A number of adjustments were made to the budget following the December meeting, including:

- Introduction of the Service Transformation Programme, a high-level programme of activities, reviews and projects, which will ensure that the Service is best placed to meet the challenges it is likely to face over the coming years. Projects totalling £513,000 have been added to the revenue budget for 2012/13.

- Confirmation of council tax bases for Shropshire and Telford & Wrekin Councils, resulting in additional income for 2012/13 of £31,600.

These developments resulted in a budget requirement of £20.57m, with an additional surplus of £549,000.

The Fire Authority requested the Strategy and Resources Committee to prepare a budget package for a final decision to be made at this meeting.

In January, the Committee:

- Reviewed responses to consultation with the public and stakeholders;
- Considered the capital programme in light of prudential and treasury management indicators, plus its policy on minimum revenue provision; and
- Considered the adequacy of reserves and provisions and robustness of the budget.

#### **4 Proposed Final Budget Package**

The Strategy and Resources Committee received a budget report, which was based on a precept increase of 2.5% - this equates to 4p per week on a Band D precept.

The Committee also reviewed the results of public consultation exercises carried out in January. During the consultation, it was recognised that the majority of households in the area surveyed paid council tax at Bands A and B, and, therefore, the increases discussed with members of the public were potential increases at those bands.

When told that the majority of households in the area pay between £1.15 and £1.26 per week:

- 93% said that they would pay 4p or more per week per household;
- 76% said that they would pay 5p or more per week per household; and
- 68% said that they would pay 6p or more.

If the 'pence per week' increases, for the majority, are extrapolated to Band D properties this would mean:

- 4p average is equivalent to 6p on a Band D household;
- 5p average is equivalent to 8p on a Band D household; and
- 6p average is equivalent to 9p on a Band D household

An increase at Band D of 6p per week in 2012/13 equates to a percentage increase of 3.72%, which is below the referendum threshold set by government.

An increase of 6p per week, followed by increase of 5p per week in subsequent years as inflation reduces, would reduce the budget deficit in 2016/17 to £134,000, as seen in section 6.

Alternatively, precept increases of 6p per week could also be assumed for 2013/14 and future years, resulting in a surplus of around £200,000 by 2016/17, which could be used to reverse Public Value decisions taken in earlier years. Members discussed the important balance between asking tax payers for a below-inflation increase, and the long-term sustainability of current service levels. However, the Fire Authority would have to be mindful of future referendum threshold levels, and extensive consultation may be required to justify such increases to the public.

## 5 Developments Since the Committee Meeting

### Collection Fund Surplus

Planning for the revenue budget is based on the assumption of a total surplus on the Collection Fund of £30,000. Surpluses confirmed for the constituent authorities total £158,771, resulting in additional income of £128,771. This has been added to the surplus for 2012/13.

## 6 Final Projections

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

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Expenditure</b> – as reported to S&R in January	<b>20,570</b>	<b>20,605</b>	<b>20,341</b>	<b>21,151</b>	<b>21,852</b>
<b>Income</b>					
Grant	7,229	6,517	5,734	5,734	5,734
Council Tax 6p 2012/13 5p 2013/14 onward	14,025	14,502	14,983	15,467	15,954
Collection Fund	159	30	30	30	30
<b>Total Income</b>	<b>21,413</b>	<b>21,049</b>	<b>20,747</b>	<b>21,231</b>	<b>21,718</b>
<b>(Surplus) / Deficit</b>	<b>(843)</b>	<b>(444)</b>	<b>(406)</b>	<b>(80)</b>	<b>134</b>

## 7 Medium Term Corporate Plan

The Medium Term Corporate Plan is an integrated document that sets out the service and financial objectives for the Fire Authority for the next five 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.

The Medium Term Corporate Plan 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/%2099429>

## **8 Financial Implications**

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

## **9 Legal Comment**

There are no legal implications arising directly from this report.

## **10 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.

## **11 Appendices**

There are no appendices attached to this report.

## **12 Background Papers**

There are no background papers associated with this report.