

Revenue Budget and Medium Term Financial Planning 2014/15

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 Fire Authority's Strategy and Resources Committee on 6 February 2014, and by the Strategic Risk and Planning Group (StRaP) Members' Working Group on 12 February, in relation to the revenue budget for 2014/15. The report also confirms the use of assumptions for medium-term financial planning.

2 Recommendations

The Fire Authority is recommended to approve:

- a) A revenue budget for 2014/15 and a forward financial projection to 2019/20, as set out in section 6; and
- b) Incorporating these projections into the Medium-Term Financial Plan.

3 Strategy and Resources Committee

At its meeting on 6 February 2014, the Strategy and Resources Committee considered a budget package, based on a revenue budget of £20.937m for 2014/15. There had been a number of developments since the Authority met in December, which included:

- The provisional grant settlements for 2014/15 and 2015/16 were released on 18 December, which confirmed the figures provided in the technical consultation in September;
- Council tax freeze grant payable for 2011/12 will be rolled into the base budget from 2016/17 – the Authority's planning assumptions had removed this grant from 2015/16;

- Increases in council tax base were confirmed at 1.6% for 2014/15;
- The assumption around council tax base growth into the medium term was increased from 0.6% to 0.8%; and
- The Authority will receive council tax collection fund surpluses in 2014/15 totalling £168,597.

As the council tax referendum threshold had not been confirmed when the report was published, the Committee was presented with a number of exemplifications. These showed the effects of varying precept levels, and demonstrated the effect on future budget deficits of accepting or refusing council tax freeze grant for 2014/15.

On 5 February, the day before the Committee met, the Government announced that those authorities, who increased council tax by 2% or more would trigger a referendum. In light of the lateness of this information and its impact on forward planning assumptions, the Committee requested that another meeting of the Strategic Risk and Planning Group (StRaP) was held, with recommendations being made to the Fire Authority.

Officers proposed that the estimated surplus on the revenue budget in 2014/15 be used to fund the capital schemes contained within the 2014/15 programme. This would ensure that the surplus was used in an efficient way, which would safeguard the Service into the medium term.

4 Strategic Risk and Planning Group (StRaP)

An additional meeting of StRaP was held on 12 February, when Members considered the possible options available to the Authority in terms of precept levels for 2014/15 and later years. Members of the Group reinforced the Strategy and Resources Committee's recommendation that the council tax freeze grant for 2014/15 should be declined, and that a precept increase of 1.99% should be proposed for 2014/15. In addition the Group recommended that forward planning assumptions should be based on precept increases of 1.99% from 2015/16 onwards.

5 Further Developments

Shropshire Council and the Borough of Telford & Wrekin have now outlined the Authority's share of business rate income for 2014/15, which is subject to final revision in the last two months of the financial year.

Business rate income figures, provided by the Government as part of the grant settlement, estimated total income of £1.252m, and actual numbers provided by the local authorities total £1.433m, less a deficit on business rates collection fund of £39,000, giving an increase of £143,000 for 2014/15. This will be factored into planning assumptions for 2014/15 and future years.

6 Proposed Final Budget Package

The position for 2014/15 and into the medium term can now be summarised as follows:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Expenditure:						
Budget	19,972	20,354	20,379	20,862	21,296	21,735
Capital schemes	757	-	-	-	-	-
Surplus / -deficit	651	565	470	-46	-476	-877
Total	21,380	20,919	20,849	20,816	20,820	20,858
Funded by:						
Grant and business rates	8,159	7,461	7,013	6,592	6,197	5,825
Business rates collection fund	-39	-	-	-	-	-
Council tax	13,091	13,458	13,836	14,224	14,623	15,033
Council tax collection fund	169	-	-	-	-	-
Total	21,380	20,919	20,849	20,816	20,820	20,858

7 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.

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 Initial Impact Assessment

An Initial Impact Assessment form has been completed.

11 Appendices

There are no appendices to this report.

12 Background Papers

There are no background papers associated with this report.