

## Revisions to the Budget and Final Budget Plan

### Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202

#### 1 Purpose of Report

This report develops a final revenue budget package for consideration by the Fire Authority, taking into account latest information.

#### 2 Recommendations

The Committee is recommended to propose to the Fire Authority a revenue budget of £21,367,000 for 2010/11, which together with a transfer to reserves gives a budget requirement of £21,606,000.

#### 3 Background

The Fire Authority in December 2009 agreed a 2010/11 budget package for consultation, based on:

- i expenditure of £21,367,000
- ii a Council Tax precept of £84.63, i.e. a 3.9% increase
- iii assumed Band D equivalent of 158,543 and a Collection Fund surplus of £50,000
- iv a surplus of income over expenditure of £369,000, which was to be added to the Capital Reserve

The 2010/11 budget was set in the context of careful consideration of the major uncertainties, particularly from 2011/12 onward, when a new Grant settlement will be made.

This report updates the Committee on developments since last December, and seeks its approval to submitting a revised budget to the Fire Authority in February 2010, when the final precept package must be agreed.

The Committee will also have heard the results of consultation with the public and is asked to consider this report in the light of the outcome.

#### **4 Changes to Expenditure**

Since December no clear information has become available, other than the additional 0.5% National Insurance contribution from April 2011, which was reported verbally to cost about £59,000.

Elsewhere on the agenda it is reported that there is a realistic prospect that there may be some £100,000 unspent in the pay and prices contingency for 2009/10, but this cannot be confirmed at this stage as a definite budget variation.

#### **5 Changes to Income**

There has been no change notified on the Band D base in Borough of Telford & Wrekin (50, 604.20), and in Shropshire Council (107,939.04). However a decision on the treatment of long-term empty properties remains outstanding from Shropshire Council and in addition no formal notification has been made on the Collection Fund.

Information has been received on precepting intentions from a number of Fire Authorities, which indicates that, with a 3.9% increase in precept, 4.3% increase in budget requirement, and one of the highest precepts, the Fire Authority faces a significant risk of being capped.

In the light of this danger and the financial and other consequences of being capped, as well as the prospects for potential savings in inflation in the current year and the feedback from the public consultation, it might be prudent to consider a precept increase of 2.9% and an increase in budget requirement of 3.6% to £21,606,000.

This would increase the predicted deficits in later years, but preserve the assumptions used for those years pending a complete re-examination of the inter-relationship of changes in inflation, grant and precept, which will inevitably have to take place during 2010/11.

## 6 Summary of Changes

The changed position can be summarised as follows:

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
<b>Expenditure</b>					
As reported to Fire Authority in December 2009	21,367	22,434	23,229	23,930	24,700
<b>Variations</b>					
N.I. Increase of 0.5%		59	59	59	59
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	21,367	22,493	23,288	23,989	24,765
<b>Income</b>					
Grant	-8,268	-8,372	-8,477	-8,586	-8,696
Council Tax					
£83.81x 158,543.24	-13,288				
£87.08x159,144		-13,858			
£90.48x159,687			-14,448		
£94.01x160,262				-15,066	
£97.68x160,839					-15,711
Collection Fund	-50	-50	-50	-50	-50
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Total Income	-21,606	-22,280	22,975	-23,702	-24,457
Balance (-) to capital reserve or budget deficit	(-239)	213	313	287	308

## 7 Conclusions

Latest developments show a potential deficit arising in 2011/12 and later years.

Steps will be taken to address these and it is recommended that the Medium Term Financial Plan be updated using the assumptions and principles already adopted by the Fire Authority during the budget process. However, it is recommended that this be done with a minimum refresh, but that a major overhaul takes place, once the position on public finances becomes clearer and the new five-year strategy is produced in 2010/11.

## 8 Financial Implications

The financial implications are outlined in the main body of this report.

## 9 Legal Comment

There are no direct legal implications arising 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.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	*
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*