

# Revenue Budget 2016/17

## 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 Strategic Risk and Planning Working Group (StRaP) on 19 January, and its Strategy and Resources Committee on 4 February, in relation to the revenue budget for 2016/17. The report also confirms the use of assumptions for medium-term financial planning.

### 2 Recommendations

The Fire Authority is recommended to approve a revenue budget for 2016/17 and a forward financial projection to 2019/20, as set out in section 6.

### 3 Strategy and Resources Committee

At its meeting on 4 February 2016, the Fire Authority's Strategy and Resources Committee (the Committee) considered a budget package, based on a revenue budget of £20.898m for 2016/17.

At that time there had been a number of developments since the Authority met in December:

- Provisional grant settlements for the four years to 2019/20 were released on 17 December; revenue grant and business rates income has dropped by 29% over the settlement period, however the Authority will also receive Rural Services Delivery Grant, at rates which are higher than assumed.
- Council tax base was confirmed at 151,897.78, an increase of 2.9% on 2015/16.

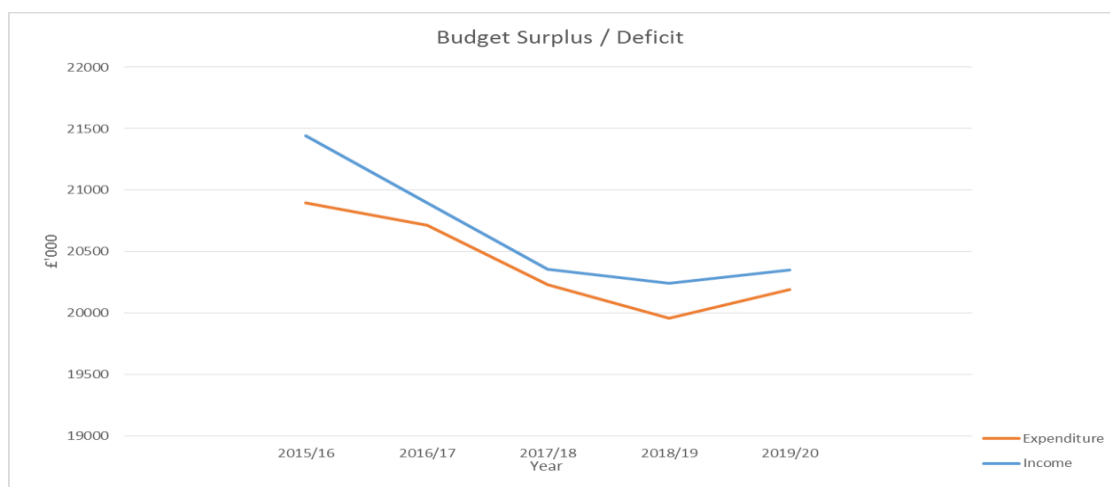
- The Authority’s Strategic Risk and Planning Group met to discuss budget assumptions in light of the finance settlement. The Group agreed that increases in precept over the last five years had been beneficial to the ongoing stability of the Service, and that a further increase of 1.99% in 2016/17 would be the preferred option. Officers undertook to present further options for the Committee, which incorporated this preference.

The Group also discussed the proposal to incorporate some growth into the revenue budget, to ensure that vital operational requirements and transformation projects were fully embedded into the Service. This proposal was supported, and officers were tasked with producing further information for the Committee.

The budget report presented to the Committee provided Members with the precept options requested, which included an additional £300,000 for growth items, discussed at the meeting.

Members recommended an option, which increased precept by 1.99% in 2016/17, and by 0.5% in future years to 2019/20. Officers pointed out that the assumptions in years 2 to 4 could be updated at any time, and would reflect the most recently available information.

		<b>Estimated surplus / -deficit</b>			
		<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
4	Fund capital schemes for 2016/17, make £500k contribution to Telford 2017/18 1.99% precept increase 2016/17, 0.5% to 2019/20 £300k added to budget for growth	184	122	283	157



## 4 Further Developments

Business rate income figures have now been confirmed by Shropshire Council and the Borough of Telford & Wrekin, although they are subject to revision in the last two months of the financial year. These numbers, along with a joint deficit of £165,000 on the business rates collection fund, and further rates-related grants of £81,000, have been factored into planning assumptions.

The council tax collection funds for both authorities have now also been confirmed, and there is a total surplus payable to the Fire Authority of £493,000. This one-off income has been added to the planning model.

## 5 Confirmation of Local Government Finance Settlement

The finance settlement was confirmed on 9 February. The revenue support grant and business rates are unchanged; however a number of changes have affected the Authority:

- Rural Services Delivery Grant – to further recognise the particular costs of providing services in sparse rural areas, the Minister has increased this to £80.5m in 2016 and 2017. As a result, the Authority is to receive an additional £238,000 in 2016/17, and £118,000 in 2017/18.
- Transitional Grant – this is to be paid to those authorities with large grant reductions, when grant declines most sharply; the Minister has allocated an additional £150m over the first two years. As a result, the Authority is to receive £73,000 in 2016/17, and £91,000 in 2017/18.

It is proposed that this additional funding is contributed to the Unearmarked Capital Reserve, in order to fund major developments at Telford.

## 6 Proposed Final Budget Package

The position for 2016/17 and into the medium term can now be summarised as follows:

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>Expenditure:</b>				
Budget	21,025	20,443	19,962	20,193
Surplus / -deficit	644	120	282	155
<b>Total</b>	<b>21,669</b>	<b>20,563</b>	<b>20,244</b>	<b>20,348</b>
<b>Funded by:</b>				
Grant and business rates	7,056	6,034	5,525	5,438
Business rates collection fund	-165	-	-	-
Council tax	14,285	14,529	14,719	14,910
Council tax collection fund	493	-	-	-
<b>Total</b>	<b>21,669</b>	<b>20,563</b>	<b>20,244</b>	<b>20,348</b>

## **7 Financial Implications**

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

## **8 Legal Comment**

There are no legal implications arising directly from this report.

## **9 Appendices**

There are no appendices to this report.

## **10 Background Papers**

There are no background papers associated with this report.