Shropshire and Wrekin Fire and Rescue Authority

Strategy and Resources Committee

5 February 2015

**Revisions to the 2015/16 Revenue Budget**

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 presents a final revenue budget package for 2015/16 for consideration by the Committee, and recommendation to the Fire Authority, taking into account latest information.

|  |  |
| --- | --- |
|  | Recommendations  The Committee is asked to recommend that the Fire Authority agree a revenue budget of £21.228m for 2015/16, with a contribution to reserves of £574,000, subject to confirmation of collection fund balances and council tax base. |

1. Background

At its meeting in December 2014, the Fire Authority considered a budget package for consultation, which was based on the following:

* An expenditure budget of £20.557m for 2015/16 with a projected surplus of £362,000, making a total budget requirement of £20.919m;
* A council tax precept increase of 1.99%, which was dependant on the announcement of a council tax referendum threshold of 2.0%; and
* An assumed council tax base of 145,939.82, with no assumed surplus or deficit.

At that meeting, the Fire Authority also considered the long-term financial implications of the proposed council tax freeze grant, available to those authorities that held precept levels at the same as those charged in 2014/15, payable for one year.

The Fire Authority concluded that the freeze grant for 2015/16 should be declined, and that planning and consultation should continue to be based on a precept increase of 1.99% in 2015/16 and the years following.

The position in December is summarised as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2015/16**  **£000** | **2016/17**  **£000** | **2017/18**  **£000** | **2018/19**  **£000** | **2019/20**  **£000** |
| Expenditure budget proposed by the Committee | 20,557 | 19,497 | 19,725 | 20,104 | 20,486 |
| Income, based upon:  8% grant reduction from 2016/17  2% precept increase from 2016/17 | 20,919 | 20,700 | 20,539 | 20,433 | 20,378 |
| Surplus / -deficit on  revenue budget | 362 | 1,203 | 814 | 329 | -108 |

This report updates the Committee on developments since the December meeting, including the publication by Government of the provisional 2015/16 settlement.

1. Provisional Grant Settlement 2015/16

Information relating to the provisional settlement for 2015/16 was made available to local authorities on 18 December 2014. The provisional grant announced was £25,000 less than the settlement, which was made available in December 2014. There was an increase in rural services funding, and a slight decrease in Revenue Support Grant to reflect lower employer contributions on the Fire Pension Scheme.

In total, there has been a reduction in government funding of 8.6% when compared to last year’s settlement. In terms of spending power, which includes all funding streams including grants and council tax, there is a reduction of 1.8%.

The settlement confirmed that those authorities that chose to increase precept levels by more than 2% would trigger a referendum.

1. Funding of the Capital Programme

The capital programme for 2015/16 to 2019/20 has been reviewed and finalised by officers, and presented to the Committee for recommendation to the Fire Authority. It is proposed that the schemes contained within the programme to 2018/19 are funded from revenue balances; this will effectively utilise the surplus balances within the revenue budget, and will also avoid debt charges into the long term.

1. Council Tax Base and Collection Fund

**Council Tax Base**

The council tax bases for Shropshire Council and the Borough of Telford & Wrekin for 2015/16 have now been confirmed.

The total base for the Fire Authority is 147,603.03, an increase of 1.95% on the base in 2014/15. The strategic planning model has been updated accordingly, and has resulted in additional income of £153,000.

For 2016/17 onwards, council tax base is increased by 0.8% per year, to reflect increases in the number of houses built in Shropshire and Telford & Wrekin in future years.

**Collection Funds**

It was reported to the Authority that, given the changes around localisation of council tax support, which took effect in 2013/14, and the resulting pressures on the council tax collection fund, it was considered prudent to remove any anticipated surplus from our planning. This approach has continued for this budget setting process.

Collection fund balances for Borough of Telford & Wrekin have been confirmed, and the Authority will receive £168,610, a share of the Collection Fund surplus. Final figures for collection fund at Shropshire Council have not yet been received.

Business rate collection fund balances for constituent authorities are not yet available.

1. Final Budget Options

A final budget package is shown in the table below, for consideration by the Committee, and recommendation to the Fire Authority at its meeting on

25 February. The budget is subject to the confirmation of the council tax collection fund surplus or deficit for Shropshire, and the business rates collection funds balances for both authorities.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2015/16**  **£000** | **2016/17**  **£000** | **2017/18**  **£000** | **2018/19**  **£000** | **2019/20**  **£000** |
| Expenditure budget proposed by the Committee | **20,954** | **20,507** | **20,580** | **20,079** | **20,457** |
| **Funded by:** |  |  |  |  |  |
| Revenue Support Grant (RSG) | 7,448 | 6,852 | 6,304 | 5,800 | 5,336 |
| Council Tax | 13,611 | 13,994 | 14,386 | 14,789 | 15,205 |
| Collection Fund | 169 | 0 | 0 | 0 | 0 |
| Total | 21,228 | 20,846 | 20,690 | 20,589 | 20,541 |
| Deficit / (Surplus) | (274) | (339) | (110) | (510) | (84) |
|  | **20,954** | **20,507** | **20,580** | **20,079** | **20,457** |

1. Financial Implications

There are no financial implications other than those outlined in the report.

1. Legal Comment

There are no legal implications arising directly from this report.

1. Initial Impact Assessment

An Initial Impact Assessment form has been completed.

1. Equality Impact Assessment

Officers have considered the Service’s Brigade Order on Equality Impact Assessments (Human Resources 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 is not, therefore, required.

1. Appendices

There are no appendices attached to this report.

1. Background Papers

There are no background papers associated with this report.