

Revisions to the 2020/21 Revenue Budget

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 or Joanne Coadey, Head of Finance on 01743 260215.

1 Purpose of Report

This report presents a final revenue budget package for 2020/21 for consideration by the Committee, and recommendation to the Fire Authority, taking into account latest information.

2 Recommendations

The Committee is asked to recommend that the Fire Authority approve:

- a) a precept increase for 2020/21, and
- b) a revenue budget in line with the precept increase approved above.

3 Background

At its meeting in December 2019, the Fire Authority was presented with a number of scenarios for its revenue budget in 2020/21 and its medium term planning requirements. These were based on assumptions currently in use by officers in the Service's scenario planning, but had been expanded to reflect the Chancellor's announcement on the Spending Review in September. It was announced that there would be a one-year rollover settlement, with an inflationary increase in Revenue Support Grant (RSG) and continuation of the Rural Services Delivery Grant.

Members considered the options presented and approved the following as a realistic basis upon which to base the Service's planning:

- RSG to increase by 2%, then reduce to zero by 24/25
- Business Rates and Top Up Grant to increase by 2%
- Council Tax Base to grow by 1.87%
- Precept increase of 1.99% in 20/21
- Pay award of 3% for 20/21, reducing to 2% in 21/22.

Given the ongoing uncertainty surrounding the mid to late years of the planning period, members were again advised to approve a budget for 2020/21, using the information available, and to task officers to continue to work on a range of scenarios, that can be adapted as and when more definite information becomes available.

4 Provisional Grant Settlement 2020/21

The finance settlement was announced on 20 December 2019, and the income for 2020/21 was in line with the assumptions approved by the Fire Authority:

- Revenue Support Grant and Business Rates Top Up Grant is increased in line with inflation
- Rural Services Delivery Grant is maintained for 20/21, at 19/20 levels
- Council tax referendum spending limit is held at 2%

The Government also confirmed that it would pay a grant of £157k for under-indexation of the business rates multiplier, and this will also be factored into the planning scenario.

It has also been confirmed by the Home Office that it will continue to pay a section 31 grant for increased pension contributions in 2020/21. This was originally a one-off grant in 2019/20, while the issue was reviewed as part of the Comprehensive Spending Review. It has not yet been confirmed whether this support will continue in some form; while the Authority's medium term planning assumes that this will cease from 2021/22, the scenarios being modelled will include an option with continued support.

5 Council Tax Base and Collection Fund

Council Tax Base

The council tax bases for Shropshire Council and Telford & Wrekin Council have been approved for 2020/21 and total growth of 2.19% for 2020/21 has been confirmed, compared to a revised estimate of 1.87%. The strategic planning model has been updated accordingly and has resulted in additional income of £54,000.

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.

Total collection fund balances for Shropshire Council and Borough of Telford & Wrekin are being finalised.

6 Medium Term Budget Considerations

The assumptions upon which budget planning has been based have been carefully considered to ensure that they reflect the best estimated outcomes for the Fire Authority.

It is important to remain prudent and show the impact of the worst outcomes and ensure that plans are being thought out to deal with this scenario. However, there is still a great deal of uncertainty into the medium term, with the Comprehensive Spending Review and Fair Funding Review due to be carried out during 2020. As stated above, funding around increases in pension contributions is also undetermined.

Later in the meeting, members will also consider the capital programme and its effects on the revenue budget. A number of the schemes on the programme have been included as outcomes following operational reviews, and these may be less substantial once the reviews have been carried out. Therefore, there is scope for the revenue consequences of the programme to be reduced as more information becomes available.

Given the uncertainties around funding and the opportunity to reduce costs into the medium term, members are advised to note the deficits predicted in future years and task officers to inform the Authority as more information becomes available.

7 Final Budget Options

The adjustments to the revenue budget and changes in funding have been exemplified and the summary position is shown below. The figures are subject to change following the confirmation of one-off balances on collection funds for both constituent authorities.

The Committee is asked to recommend a precept increase of 1.99% to the Authority, which is in line with current assumptions. Work will continue on modelling for future years as more information becomes available.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Expenditure budget proposed by the Committee	21,816	23,196	23,670	24,116	24,572
Funded by:					
Revenue Support Grant and Business Rates Income	5,236	4,986	4,737	4,490	4,245
Other Grants	477	0	0	0	0
Council Tax	16,915	17,574	18,259	18,971	19,710
Collection Fund		0	0	0	0
Total	22,628	22,560	22,996	23,461	23,955
Surplus / -Deficit	812	-636	-674	-655	-618

8 Financial Implications

There are no financial implications other than those outlined in 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 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.

12 Appendices

There are no appendices attached to this report.

13 Background Papers

There are no background papers associated with this report.