

Revenue Budget 2020/21

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 incorporates the recommendations made by Strategy and Resources Committee on 30 January 2020, in relation to the revenue budget for 2020/21. The report also confirms the use of assumptions for medium-term financial planning.

2 Recommendations

The Fire Authority is recommended to:

- a) approve a revenue budget for 2020/21 and a forward financial projection to 2022/23, as set out in section 6; and
- b) delegate any necessary amendments to the revenue budget to the Treasurer, in consultation with the Chair and the Vice Chair.

3 Strategy and Resources Committee

At its meeting on 30 January 2020, the Fire Authority's Strategy and Resources Committee were informed of a number of developments that had taken place since the last consideration of the revenue budget for 2020/21:

- Provisional grant settlement for 2020/21 was released on 20 December 2019 – this followed the Chancellor's announcement that the settlement for this year would be a rollover from 2019/20. These figures were broadly in line with assumptions approved by Members at the Fire Authority in December.
- The referendum spending limit had been reduced to 2% for Fire, despite lobbying by the sector and the Local Government Association for a flat increase of £5 in line with district councils.
- Council tax base was confirmed at 165,431.73, an increase of 2.19% on 2019/20.

The Committee also considered the capital programme and its revenue consequences, including the scheme for major developments at Telford. The resulting debt charges were added to the revenue budget.

In terms of medium term financial planning, members were advised that 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. Whilst 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, there is still a great deal of uncertainty into the medium term. The Comprehensive Spending Review and Fair Funding Review is due to be carried out during 2020, and funding around increases in pension contributions is also undetermined.

In addition there is scope for the revenue consequences of the capital programme to be reduced; 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 and more information becomes available.

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

The position following these developments was as follows:

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Revenue budget proposed by the Committee	21,899	23,600	24,441	25,064	25,728
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	0
Total	22,628	22,560	22,996	23,461	23,955
Surplus / -Deficit	729	-1,040	-1,445	-1,603	-1,773

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. Total income from the two authorities is £35,000 more than the estimated rates income included in the settlement in December.

Collection fund balances for council tax and business rates have been confirmed and one-off surpluses of £371,000 have been included in the Authority's income streams.

Section 31 rates related grants have also been confirmed at £344,000, and the planning model has been adjusted to reflect these grants.

5 Government Finance Settlement

The finance settlement is yet to be debated in Parliament.

There are unlikely to be any changes that will alter the budget and precept recommended to the Authority at this meeting. However, should any changes occur to the revenue budget being approved, members are asked to delegate the necessary amendments to the Treasurer, in consultation with the Chair and the Vice Chair.

Section 4.2 of the Authority's Scheme of Delegations states:

"In agreement with the Chief Fire Officer, and after consultation with the Chair and the Vice Chair, in cases of urgency to approve virement, supplementary revenue and capital votes not otherwise covered by the Treasurer's delegated authority. Action taken under this delegation must be reported to the next meeting of the Authority."

6 Proposed Final Budget Package

The position for 2020/21 and into the medium term can now be summarised as follows:

	2020/21 £000	2021/22 £000	2022/23 £000
Expenditure:			
Budget	21,899	23,600	24,441
Surplus / -deficit	1,322	-1,040	-1,445
Total	23,221	22,560	22,996
Funded by:			
Grant and business rates	5,935	4,986	4,737
Business rates collection fund	42	-	-
Council tax	16,915	17,574	18,259
Council tax collection fund	329	-	-
Total	23,221	22,560	22,996

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.