

Revisions to the Revenue Budget

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 public consultation and review by officers to see if the increase in precept could be limited to 4%.

2 Recommendations

The Committee is recommended to put forward a final budget package, as outlined in this report, for consideration by the Fire Authority at its meeting in February.

3 Background

The Fire Authority, in December, agreed a 2007/08 budget package for consultation purposes as follows:

	£ 000	£ 000
Expenditure		
i Base plus committed growth	18,323	
ii Pay and Prices	598	
iii Capital Programme	73	
iv Efficiencies	100	-
v Rephasing the Retained Services Implementation Plan	95	-
vi Service Developments		
- Road Safety Strategy	41	
- Integrated Risk Management Proposals	160	
- Quality of Data	30	
- Older People's Officer	24	
- Equality, Diversity and Disability Costs	25	
		<u>19,079</u>



Resources for Funding Expenditure

vii	Government Grant	7,195	-
viii	Collection Fund (net surplus)	50	-
ix	Council Tax – Precept £75.78 (Band D base 156,159.54)	<u>11,834</u>	-
			<u>19,079</u> -

A precept of £75.78, however, represented an increase of 4.4% over the current precept of £72.62. The Fire Authority tasked officers with seeing whether the increase could be reduced to 4.0%, i.e. the precept reduced to £75.52, and expenditure by £41,000.

4 Update Since December Fire Authority Meeting

i Reserves and Provisions

At the December Fire Authority meeting it was reported that total net underspendings approved by the Authority in 2006/07 totalled £252,000 and it was recommended that this be used to fund firstly a reserve to pay for the rephasing of the retained review implementation and secondly the capital reserve.

Monitoring since the last meeting indicates a further £81,000 is available, made up principally by a transfer value relating to 2005/06 which is, therefore, receivable by the Fire Authority.

This totals £333,000 and would enable the following transfers to reserves:

	£	
i	Retained Review Project	190,000
ii	Capital Reserve	<u>143,000</u>
		<u>333,000</u>

The £143,000 is less than the £445,000 potentially needed to fund the third year of the capital programme, but is a helpful addition to addressing the prudential borrowing issues that might arise in 2009/10.

ii Pay and Prices

A National Joint Council Circular (NJC/10/06) was issued on 21 December 2006, outlining a proposed resolution of the Continual Professional Development issue. A further meeting will take place in February. Although not yet resolved, there is a potential for costs to rise above the savings from phasing out the Long Service Increment. There is no further update on the likely costs of retained service pension uptake, although it is known that our assumptions – based on national figures, are lower than some authorities. There is also hope, however, that there will be offsetting savings elsewhere within the pay and price contingencies, which the Fire Authority established at a



prudent level. It is recommended, therefore, that no increase be made to the budget.

iii Other Changes

The likely reduction in reimbursement from the Regional Management Board (RMB) for the Programme Manager post is expected to be in the order of £20,000 and it is assumed that an offsetting reduction in the Fire Authority's contribution to the RMB's budget will be agreed.

Although no figures have yet been produced, it is likely that the employer's contribution to the Local Government Pension Fund will increase from 2008/09 onward.

5 Three Year Projections

Before considering the final budget for 2007/08, it would be prudent to look at the current projections for the next three years. There have been some minor changes to the later years, and the adjusted position is as follows:

	2007/08 £ 000	2008/09 £ 000	2009/10 £ 000
Expenditure			
i As at December Fire Authority meeting – Base (Plus additions for Local Government Pension Scheme assumed in 2008/09)	18,994	20,082	20,921
Efficiencies	100 -	160 -	124 -
Retained Review	95 -	-	-
Growth	280	277	277
ii Release of Retained Reserve	-	98 -	91 -
	19,079	20,101	20,983
Resources			
Government Grant	7,195 -	7,477 -	7,664 -
Collection Fund surplus	50 -	50 -	50 -
Precept	11,834 -	12,574 -	13,269 -
	19,079 -	20,101 -	20,983 -

NB

In 2008/09 onwards grant is based on assumed 2.5% annual increases, enhanced in 2008/09 by £100,000 as the Government stops clawing back funding for modernisation.

If the Council Tax Base continues to increase at past rates, then there are possible precept increases in 2008/09 of 5.4% and 4.7% in 2009/10. Note that this is before efficiencies, and makes no specific assumption about additional resources becoming available as floor protection of grant for other authorities reduces.



6 Potential Reductions

Your officers have looked carefully at the capital and revenue budget, and taken into account latest monitoring reports. They had in mind the Authority's target of budget reductions of about £40,000, but were not constrained by these.

	2007/08 £ 000	2008/09 £ 000	2009/10 £ 000
i Capital Programme If Members accept the proposed amendments	7 -	29 -	65 -
ii Future management of the overtime budgets for firefighters and incident command could deliver savings.	11 -	11 -	11 -
iii Retained call-outs are showing a reduction, indicating some dividend for the drive to reduce incidents.	5 -	5 -	5 -
iv Although no other definite reductions have been found, it might be reasonable to set targets for budget reductions for service area managers.	10 -	10 -	10 -
	<u>33 -</u>	<u>55 -</u>	<u>91 -</u>
v The final collection fund surplus has been notified at £82,000 i.e. £32,000 over the predicted level. It might, however, be prudent to limit the net benefit to the minimum surplus received in previous years, which was £69,000 i.e. take £19,000 net credit. This would protect the position for 2008/09 and be achieved by adding the difference of £13,000 to capital reserve.	19 -	-	-
	<u>52 -</u>	<u>55 -</u>	<u>91 -</u>

Note: Given the assumption about the Collection Fund surplus, it would be consistent to assume an increased contribution of £69,000 in 2008/09 and 2009/10 as well



7 Final Budget

Subject to review, by the Committee, of the results of public consultation, it would, therefore, be possible to set a three year budget as follows:

	2007/08 £ 000	2008/09 £ 000	2009/10 £ 000
Expenditure			
Budget – as previously agreed	19,079	20,101	20,983
Reductions now proposed	33 -	55 -	91 -
Additional contribution to Capital Reserve	13	-	-
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	19,059	20,046	20,892
Resources			
Grant	7,195 -	7,477 -	7,664 -
Collection fund surplus	82 -	69 -	69 -
Precept	11,782 -	12,500 -	13,159 -
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	19,059 -	20,046 -	20,892 -
Precept	£75.45	£79.40	£82.92
% Increase	+ 3.9%	+ 5.2%	+ 4.4%

The reasons for the various changes are set out in the Appendix.

8 Financial Implications

The financial implications are as set out in the report.

9 Legal Comment

There are no legal implications arising directly out of this report.

10 Appendices

Analysis of Expenditure Increases and Effect on Precept

11 Background Papers

Shropshire and Wrekin Fire Authority

Meeting 20 December 2006 – reports and minutes



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		Initial Equality Impact Assessment Form completed	



Analysis of Expenditure Increases and Effect on Precept

Ref	2007/08		2008/09		2009/10		
	Expenditure £ 000	Precept £	Expenditure £ 000	Precept £	Expenditure £ 000	Precept £	
i	Previous Year's Precept	11,249	72.62	11,782	75.45	12,500	79.40
ii	Pay and Prices	598	3.86	626	4.01	608	3.86
iii	Service Developments	280	1.81	3	0.02	-	-
iv	Retained Review	-	-	98	0.63	98	0.62
v	Efficiencies	100	0.64	60	0.38	36	0.23
vi	Amending Report (2006/07)	170	1.10	-	-	-	-
vii	Capital and Leasing	89	0.57	106	0.68	80	0.51
viii	Pension Changes	107	0.69	136	0.87	10	0.06
ix	Reserves	-	-	100	0.64	-	-
x	Other (net)	12	0.08	3	0.02	14	0.09
		<u>792</u>	<u>5.11</u>	<u>1,000</u>	<u>6.41</u>	<u>846</u>	<u>5.37</u>
xi	Grant	259	1.67	282	1.81	187	1.19
xii	Tax Base Increase	-	0.61	-	0.65	-	0.66
xiii	Total Precept Income	<u>11,782</u>	<u>75.45</u>	<u>12,500</u>	<u>79.40</u>	<u>13,159</u>	<u>82.92</u>

Notes

- i Previous Year Net cost of service met from the precept, i.e. after grant and collection fund surplus
- vi Amending Report £170,000 had to be accounted as spending in 2006/07, although it was grant clawed back from 2004/05 and 2005/06.
- ix Reserves Reflects £100,000 taken from reserves to offset the loss of grant as Transition Funding is clawed back in 2006/07 and 2007/08
- x Grant Increase in 2008/09 reflects hope that £100,000 will be added back once Transition Funding is recovered
- xii Tax Base Increase This is the benefit to Council Tax payers over their previous bill, to reflect the fact that there are more Band D properties

