

WILTSHIRE & SWINDON FIRE AUTHORITY

REPORT REFERENCE NO.	8
MEETING	Wiltshire and Swindon Fire Authority
MEETING DATE	13 February 2014
SUBJECT OF REPORT	Revenue Budget 2014/15 and Fire Precept Resolution
LEAD OFFICERS	Simon Routh-Jones, Chief Fire Officer & Chief Executive Phil Chow, Brigade Manager
RECOMMENDATIONS	<p>Members are asked to approve the Revenue Budget, Precept Requirement and Fire Precept Band D to apply for 2014/15, with the consequential Fire Precept levels at each band.</p> <p>Four options are identified for the Fire Precept Band D as detailed below:-</p> <p>Option 1 – Fire Precept Band D be set at £67.38 (or a £5 increase) or with a similar increase if available and eligible, set by Government in excess of the referendum threshold but not requiring a referendum to be held; and the Net Revenue Budget 2014/15 be approved at £25,102,100 with a contribution to balances of £580,300 (or alternative amount based on the threshold level, if not the £5 level); or,</p> <p>Option 2 – Fire Precept Band D be set at £63.62, Precept Requirement £14,860,300 and Net Revenue Budget 2014/15 of £25,102,100 with approval to use £297,900 of general reserves to balance the budget; or,</p> <p>Option 3 – Fire Precept Band D be set at £63.31, Precept Requirement £14,787,800 and Net Revenue Budget 2014/15 of £25,102,100 with approval to use £370,400 of general reserves to balance the budget; or,</p> <p>Option 4 – Fire Precept Band D be set at £62.38, Precept Requirement £14,570,600 and Net Revenue Budget 2014/15 of £25,102,100 with approval to use £428,600 of general reserves to balance the budget;</p> <p>It is strongly recommended that of the options, Option 2 be approved or if available, and we are eligible, Option 1.</p>

EXECUTIVE SUMMARY	This report gives details of the provisional Finance Settlement for 2014/15, introduces the proposed budget for 2014/15, allowing Members to discuss the budget implications arising, and puts forward proposals for Members to then approve a Fire Precept Band D for the financial year 2014/15.
APPENDICES	Appendix A: Summary Revenue Budget 2014/15 Appendix B: Fire Precept Implications arising from the proposed budget Appendix C: Fire Precept Scenarios - Budget Impact

Introduction

- 1 The purpose of this report is to:
 - Give details of the final Finance Settlement for 2014/15;
 - Introduce the Fire Authority's proposed budget for 2014/15;
 - Allow discussion of the budget implications arising from the Settlement and related matters; and,
 - Recommend a Fire Precept Band D for the financial year 2014/15.

The Finance Settlement

- 2 The final Finance Settlement 2014/15 was confirmed on the 5th February 2013 by DCLG (Department for Communities and Local Government) and changed slightly from the provisional settlement announced in December 2013. That said, the principle of a threshold at which a referendum may be required was established at 2% but an option in excess of that has been tabled (option 1) should discussions with the minister result in further changes.
- 3 The way in which all Local Authorities (LAs) are funded changed for 2013/14 and under the new funding system arrangements each authority has now been allocated a 'Settlement Funding Assessment (SFA) for 2014/15, replacing the 'Start Up Funding Assessment (SUFA)' for 2013/14, consisting of two elements:
 - Revenue Support Grant; and,
 - Baseline Funding Level.
- 4 The Baseline Funding Level is dependent on two factors until a defined reset at the 10 years anniversary point from inception, and for this Authority, it represents the sum of:-
 - 1% of the total business rates collected in Wiltshire (Wiltshire Council) and Swindon (Swindon Borough Council); plus,
 - a top-up grant from DCLG.
- 5 Should there be growth in the business communities of Wiltshire and Swindon, business rates retention will increase, subject to a cap defined by Government. Conversely, should there be decline in the business community, business rates retention will reduce, but an element of protection will be included should any reduction be significant.
- 6 The top-up grant is anticipated to increase by the RPI each year. Given the level of government support reductions, this means a significantly reduced Revenue Support Grant allocation.

- 7 The Settlement Funding Assessment as identified in the final Finance Settlement shows the total funding (excluding precept income) which will come from Central Government and through the Business Rates Retention Scheme of £9,744,665 for 2014/15, a reduction of £602,762 in funding or 5.8%.
- 8 For 2014/15, the Authority has also been offered a Council Tax Freeze Grant (CTFG) equivalent to £0.159m or a 1% equivalent increase in council tax in lieu of increasing the Fire Precept Band D. The offer is only available to those authorities who freeze their Fire Precept Band D, and is only available for two years as a one off grant in 2014/15 and 2015/16. Members may also be aware that in the Autumn Statement the CTFG allocated in respect of 2011/12 and 2013/14 has now been included in the base funding and subsumed within the local government settlement, and will be subject to percentage cuts in future years. As in the past, there are no guarantees whether the grant will continue beyond 2015/16 in respect of the 2014/15 Council Tax Freeze Grant.
- 9 This Fire Authority is one of the lowest 'spending per capita' Combined Fire Authorities in England. Whilst this demonstrates value for money, this disadvantages us in that we have a low base from which to start. Small percentage increases in the Fire Precept Band D do not represent large amounts of resources, i.e. typically a 1% increase in Band D approximates to around £140,000-£150,000. It must be emphasised that, unlike other services such as Unitary Councils, the Fire & Rescue Service is a "single service" operation which is totally focussed on its prevention, protection and emergency intervention activities. There remains, therefore, considerably less room to manoeuvre in reductions of service.

Budget 2014/15

- 10 The net expenditure budget proposals for 2014/15 as set out in Appendix A to this report, is established at £25,102,100 showing a reduction in the net expenditure budget of 1.4% from 2013/14. The Fire Precept Band D implications of the budget proposals are given in Appendix B.
- 11 The process adopted in establishing the proposals for 2014/15 were discussed at the workstreams meetings of the Programme and Scrutiny Board in November 2013, followed by the budget seminar held on 3 February 2014. Greater involvement into the process was achieved through these workstream meetings, and the budget seminar, to which all Members were invited.
- 12 Managers were asked to formulate budget plans to deliver their service plans in line with the strategic priorities and the new Public Safety Plan (formerly the Integrated Risk Management Plan (IRMP)), in consultation with Members within their workstreams of the Programme and Scrutiny Board, culminating in the budget proposals put forward in this paper.
- 13 Wiltshire FRS is a predominantly employee based service (circa 75% of budget is employee related, accounting for £19m), of which the majority of these costs (staffing) rise annually for the national pay award, plus oncosts e.g. National Insurance and Pensions.
- 14 Clearly in setting the budget, an initial position has been established with the following options as identified at the Member budget seminar on 3 February 2014, namely:-
 - Option 1: If offered and eligible, increase the Fire Precept Band D by £5 (or other amount) without having to hold a referendum;
 - Option 2: Increase the Fire Precept Band D from £62.38 to £63.62, an increase of £1.24.

- Option 3: Increase the Fire Precept Band D from £62.38 to £63.31, an increase of £0.93;
- Option 4: No increase in Fire Precept Band D and accepting the Council Tax Freeze Grant for 2014/15;

	2013/14	2014/15	2014/15	2014/15	2014/15
		Budget Proposal Option 1	Budget Proposal Option 2	Budget Proposal Option 3	Budget Proposal Option 4
Taxbase (Band D equiv)	229,997	233,580	233,580	233,580	233,580
Fire Precept Band D(£) 2013/14	£62.38				
Fire Precept Band D Increase(£)		£5.00	£1.24	£0.93	£0.00
Fire Precept Band D Increase(%)		8.02%	1.99%	1.49%	0.00%
Fire Precept Band D(£) 2014/15		£67.38	£63.62	£63.31	£62.38
Total Precept (£m)	14.347	15.739	14.860	14.788	14.571

	2013/14	2014/15	2014/15	2014/15	2014/15
	Approved Budget	Budget Proposal Option 1	Budget Proposal Option 2	Budget Proposal Option 3	Budget Proposal Option 4
	£m	£m	£m	£m	£m
Employees	19.269	19.135	19.135	19.135	19.135
Other Costs	6.078	5.867	5.867	5.867	5.867
Transfers to Reserves	0.100	0.100	0.100	0.100	0.100
Approved Budget	25.447	25.102	25.102	25.102	25.102
Revenue Support Grant	-6.213	-5.530	-5.530	-5.530	-5.53
Baseline Funding Level	-4.134	-4.218	-4.218	-4.218	-4.218
Total Government Support	-10.347	-9.748	-9.748	-9.748	-9.748
Specific Grants (e.g. CTFG)	-0.160	0.000	0.000	0.000	-0.159
Collection Fund Surplus	-0.193	-0.195	-0.195	-0.195	-0.195
Precept (as above)	-14.347	-15.739	-14.860	-14.788	-14.571
Total Funding Available	-25.047	-25.682	-24.803	-24.731	-24.673
Surplus (-)/Deficit(+)	0.400	-0.580	0.299	0.371	0.429

15 Given the taxbase changes, collection fund adjustments and the new funding arrangements, a budget shortfall is expected despite significant reductions in staffing being achieved. General balances will need to be used to support the shortfall, and depending on which Fire Precept option is taken, Members will need to be mindful that the use of balances will affect the future financial position and the Authorities ability to deliver the Service.

- 16 The Authority, over the last few years, has restricted development and cost increases with little or no detriment to frontline service delivery, continuing to maintain a focus on delivering a high level of operational standards through the prevention, protection and emergency intervention approach. This focus has been reaffirmed through the Programme and Scrutiny Board and the Members' budget seminar as remaining of paramount importance to protect the public. Non-salary expenditure has been limited and in many cases there has been little or no growth, except where areas of high priority and risk have required growth and investment. 2014/15 will be the sixth year in which, in general, non salary expenditure has been 'cash limited' for the majority of budget heads, i.e. many budget heads seeing no cash increase at all over the last six years.
- 17 It was also recognised that in developing budgets, staffing costs representing approximately 75% of the total budget, that should the Authority require significant reductions in spending, this would have to be met by targeting these budgets, as it is no longer sustainable to continue to reduce non-salary related budgets significantly. The Strategic Transformation Programme was established as a result to develop our future service provision and deliver efficiencies to meet the financial challenges.
- 18 In establishing the plans for 2014/15, a number of considerations and assumptions have been made:-
- A pay award provision has been made at 2% for 2014/15 as there have been little or no increases over the last few years. Actual increases for corporate staff are in excess of 1% when allowing for the additional costs of funding the ever growing pension liability, and due to significant numbers of industrial action events throughout the year, the Government are expected to re-commence discussions with the Fire Brigades Union.
 - It is expected that through natural wastage i.e. resignations, retirements and vacancy management, and through service realignment, efficiencies and posts becoming redundant throughout the year, the service will be able to reduce its staffing base again in 2014/15 to mitigate the use of reserves to balance the budget;
 - Each year the collecting authorities (Wiltshire Council and Swindon Borough Council) collect council tax due in year and due in respect of previous years. They make certain assumptions on collection rates, and inevitably at the year end, they are either in surplus or in deficit against their plans. Both collecting authorities have notified us that their collection fund balances in respect of council tax are in surplus, therefore we expect to receive a further £0.247m in respect of the surplus balances accumulated, reducing the burden in raising the Fire Precept Band D in 2014/15. Following the changes in the Business Rates Retention Scheme, the collecting authorities now notify us of their surpluses and deficits on the collection fund in respect of National Non-Domestic Rates (business rates); new for 2014/15. A deficit has now been declared amounting to £0.054m.

Budget Risks, Reserves and Robustness of Estimates

- 19 The Budget has been produced and makes provision for the development of the service, in particular the demands associated with the priorities within our strategic priorities and our Public Safety Plan. However, it remains to be seen whether this provision will be adequate to meet the Authority's longer-term needs.
- 20 The Authority has a good track record in budgetary control and it is most likely that any unforeseen resource requirements can be contained with the continued proactive management of the Authority's budgets.

- 21 Including the year end position (latest reported underspending circa £0.6m as at the end of October 2013), general reserves at 31/03/14 are expected to be in excess of £2.3m. That said, this was before the numerous industrial action events in the following months, therefore the revenue projected underspending is likely to reduce. Members also approved a set aside of general balances of £0.5m at their meeting in December in respect of the Networked Fire Control Services Partnership Project contingency plan, therefore it is expected that balances will be approximately £1.8m at the end of the 2013/14 financial year. The Authority's policy is to maintain reserves between £0.6m and £1.5m. They are therefore adequate at present, however, given the financial pressures and the current economic environment in which we live, the depletion of the reserves is becoming a significant issue.
- 22 In establishing a budget for 2014/15 and proposals for increases in the Fire Precept Band D for 2014/15, it was always envisaged that general reserves would be required to balance the budget for 2014/15, allowing time for the implementation of the Strategic Transformation Programme. In order to balance the budget for 2014/15, strategic use of general reserves of £0.429m, £0.370m or £0.298m (no increase, a 93p increase or a £1.24 increase in Fire Precept Band D respectively) are required if either one of these three options are chosen. General Balances will therefore be depleted further.
- 23 Earmarked reserves (sums set aside for specific purposes) estimated at the end of the financial year (as at 31/03/14) total £4.597m (see details below).

	Balance 01/04/13	Estimated Use 2013/14 £m	Projected Outturn Variance 2013/14 £m	Estimated Balance 31/03/14 £m
General Reserves/Balances	2.139	-0.400	0.600	2.339
Earmarked Reserves/Provisions				
Hydrants Reserve	0.119			0.119
Ill Health Reserve	0.686	-0.021		0.665
Insurance Reserve	0.050			0.050
Collaboration Reserve	0.295	-0.295		0.000
PTW (Compensation) Provision	0.075	-0.075		0.000
PTW (Pensions) Reserve	1.000			1.000
Transformation Improvement Reserve	2.000	-0.600		1.400
Mobile Data Terminals Reserve	0.028	-0.028		0.000
Community Safety Innovation Reserve	0.050			0.050
Breathing Apparatus Refresh Reserve	0.248	-0.248		0.000
Training Reserve	0.035	-0.035		0.000
Equipment Reserve	0.100	0.100		0.200
NFCSP Reserve	1.800	-0.687		1.113
Total Earmarked Reserves/Provisions	6.486	-1.889	0.000	4.597
Unused Grants	0.397	-0.397	0.000	0.000

GRAND TOTAL	9.022	-2.686	0.600	6.936

Whilst earmarked reserves appear to look healthy, they have been established for specific purposes to meet future liabilities, and therefore are not available for general use.

- 24 Under Section 25 of the Local Government Act 2003 the Section 151 Officer (Treasurer) is required to report to the Authority when setting its Fire Precept Band D on two issues:
- the robustness of the estimates included in the budget; and
 - the adequacy of the financial reserves in the budget.
- 25 The Section 151 Officer's views on the adequacy of the Authority's reserves are given above. The estimates have been prepared in most cases, on zero based principles and in the remaining cases an incremental basis; based on existing commitments, adjusted for inflation, increments and other unavoidable cost-drivers, and take into account variations in service provision. Priorities have been set by senior management and resources aligned through the budget process accordingly.
- 26 The budget at Appendix A can be regarded as robust, and although there are risks in the 2014/15 budget, as with any budget, those risks are manageable given the budgetary control arrangements the Authority has, and have been taken into account in advising on the level of general reserves at this present time.

Fire Precept Band D, Referenda and Council Tax Freeze Grant

- 27 Funding of local authorities is primarily through a number of income streams, namely:-
- Government Support (Grant)
 - Precept Income (Council Tax)
 - Specific Grant
- 28 Government Support for the Fire Service has reduced by over 25% over the four year period 2011/12 to 2014/15 with further reductions beyond 2014/15 expected. The Settlement Funding Assessment as per paragraph 7 above shows indicative figures for 2014/15. The settlement for 2014/15 means that this Authority is due to receive a decrease of £0.603m (5.8%) grant from that allocated in 2013/14. Taking into account the loss of grants (e.g. Council Tax Freeze Grant 2013/14) now subsumed within the settlement, the real loss in funding is a decrease in government support of £0.771m or (7.3%).
- 29 Precept Income is funding which is demanded from our billing authorities, i.e. Wiltshire Council and Swindon Borough Council, and is based on the taxbase (number of equivalent Band D properties) and the Fire Precept Band D levy. The Fire Precept Band D is that which Members are required to set and approve.
- 30 The taxbase (number of equivalent Band D properties) on which precept income is based has increased for 2014/15 more than expected, from 229,997 to 233,580 an increase of 1.6%. This is generally good news and has meant an added bonus of £0.080m additional income than expected and planned as a result of the taxbase increasing. This is treated as a one off as cannot be guaranteed in future years.
- 31 Specific Grant is also allocated to public authorities dependent on Government plans and strategies and is earmarked and allocated to individual authorities based on specific criteria set by the Government. The Council Tax Freeze Grant 2014/15 is one such grant which will be allocated to all those authorities who do not increase their Fire

precept Band D in 2014/15 (Option 4). Any increase in Fire Precept Band D, however small, will give rise to that authority being excluded from receiving Council Tax Freeze Grant 2014/15. It should also be noted that should the Council Tax Freeze Grant be taken (i.e no increase on Fire Precept Band D), when the grant drops out, a steeper level of budget cuts and reductions will be required to cover the loss of grant, thus placing more financial pressure on the Authority.

- 32 The level of grant is determined by Government and indicative figures have been allocated for this authority should we not increase the Fire Precept Band D in 2014/15 amounting to one off amounts of £0.159m in 2014/15 and 2015/16. This is in lieu of increasing the Fire Precept Band D equivalent to 1%. However, increasing the Fire Precept Band D will preserve funds within the precept as it will be in the base income, unless the Authority decides to reduce the Precept. This is in stark contrast to the impact of no increase, which will require a reduction in budget of £0.159m, when the grant drops out as explained in the earlier paragraph above.
- 33 Should any Authority set an increase in their Precept Band D and forego the Council Tax Freeze Grant, if the increase is deemed excessive, a referendum will be required. The Government has yet to announce the criteria on which the Precept Band D is judged as excessive.
- 34 Under the Localism Act 2011, authorities are required to hold a referendum on Precept Band D increases should they increase their relative basic amount in excess of the principles determined by the Secretary of State and approved by the House of Commons. The Secretary of State proposes the Precept Band D principles he is minded to set, and the Fire Authority will be required to seek the approval of their electorate in a referendum if, compared with 2013/14, the Precept Band D increase exceeds a percentage which has been set at 2% for 2014/15.
- 35 The exception to this may be in the form where the Government offer differential principles based on a specific set of criteria, which for 2013/14 was the case where Authorities in the lower quartile Band D, were allowed to increase their Precept Band D by £5 without having to hold a referendum. Ministers are being lobbied for this to see if this option is still available, however as the final settlement has now been published this is extremely unlikely to occur.
- 36 Where we deem our increase to be excessive, and in accordance with the Governments principles we must notify the billing authority, who will be required to arrange a referendum.
- 37 If this was the case, we must also issue 'substitute precepts' to our billing authorities Wiltshire Council and Swindon Borough Council, based on 'substitute calculations' to produce a relevant basic amount of Precept Band D which does not exceed the excessiveness principle. If the electorate fail to approve our precept in the referendum, the substitute precept would take effect.
- 38 Any costs incurred in holding a referendum in both Wiltshire and Swindon would fall on the authority triggering the referendum, and we can expect to incur costs in excess of £1m to hold a referendum without any cost sharing arrangements.
- 39 It is therefore recommended that Members discount establishing a Fire Precept Band D increase in excess of the threshold limit (currently 2%) for 2014/15 as the costs of such would outweigh the financial gain by doing so, however given the financial circumstances the Authority is facing it might consider holding a referendum in future years.

- 40 In discussing the merits of the options for Members to pursue following the budget seminar on 3rd February, a number of options are therefore proposed:-
- Option 1 – Fire Precept Band D be set at £67.38 (or a £5 increase) or at the threshold level set by Government not requiring a referendum to be held, if available; and the Net Revenue Budget 2014/15 be approved at £25,102,100 with the contribution to balances of £580,300 (or alternative amount based on the threshold level, if not the £5 level); or,
 - Option 2 - Fire Precept Band D be set at £63.62 or an increase of £1.24; and the Net Revenue Budget 2014/15 be approved at £25,102,100 with the use of £297,900 general reserves to balance the budget; or,
 - Option 3 - Fire Precept Band D be set at £63.31 or an increase of £0.93; and the Net Revenue Budget 2014/15 be approved at £25,102,100 with the use of £370,400 general reserves to balance the budget; or,
 - Option 4 – Fire Precept Band D be set at £62.38 or a 0% increase, and accept the Governments' offer of Council Tax Freeze Grant equivalent to a 1% increase in council tax; and the Net Revenue Budget 2014/15 be approved at £25,102,100 with the use £428,600 general reserves to balance the budget.
- 41 The impact of option 4 over and above the other options, is that given the planning assumptions on future years rises in Fire Precept Band D, pay award, inflation and income, due to the loss of Council Tax Freeze Grant from 2016/17 and each year thereafter, further steeper budget reductions, savings and/or additional income will be required.
- 42 The risks associated, mean that service provision is likely to be adversely affected, and station closures may need to be considered in addition to there being a greater potential for further staffing reductions being required.
- 43 Option 1 would mean an increase in £5 if available and we are eligible. Option 2 would mean an increase in Fire Precept Band D of £1.24 per band D household per year, which equates to 2.4 pence per week or 0.34 pence per day (one third of a penny).
- 44 In establishing the 2014/15 budget to include either Council Tax Freeze Grant or raising the Fire Precept Band D (by £1.24, below the referendum threshold of 2%) a contribution from reserves/general balances is required. In order to protect the long term financial position of the Authority, as the Council Tax Freeze Grant 2014/15 will not be available for 2016/17 and beyond, the Treasurer strongly recommends that the Council Tax Freeze Grant is not taken, and that an increase in Fire precept Band D of £1.24 is approved (Option 2), if the option of £5 (or similar) is not available (Option 1). Taking the Council Tax Freeze Grant for 2014/15 will further compound funding pressures already resulting from taking previous Council Tax Freeze Grants in 2011/12 and 2012/13 and 2013/14.
- 45 Members approved in December to look at a formal combination with Dorset FRS; a decision to be taken in the Autumn of this year. One of the factors on combination would be the equalisation of the Fire Precept Band D. Currently DFRS are approximately £3 higher than Wiltshire FRS, which under combination would need to be equalised. The view would be to bridge the gap in the run up to any formal combination, therefore one advantage of increasing the Fire Precept Band D reduces the risk of the gap between the two FRSs widening.

Medium Term Financial Strategy (MTFS) Update

- 46 It is important when establishing the budget for 2014/15 to take cognisance of future pressures likely to affect the Authority, and in that respect an update of the MTFS has been carried out, especially in light of the Autumn Statement announcements made in December 2013. Given the impact of the Government grant funding reductions (paragraph 7) and the loss of specific grant e.g. Council Tax Freeze Grants, the projected impacts on future budgets have been modelled through a number of scenarios (see Appendix C for summary details).
- 47 Through a number of scenarios, the impact can be clearly seen that further reductions in the budget are required ranging from £3m by the end of 2016/17 (i.e. the result of no increase in Fire Precept Band D over the next 3 years) to £1.4m (being allowed to increase the Fire Precept Band D by £5 in 2014/15 and 1.99% thereafter).

Scenario	2014/15 Fire Precept Band D Increase %	2015/16 Fire Precept Band D Increase %	2016/17 Fire Precept Band D Increase %	Cumulative Projected Budget Deficit(+)/ Surplus(-) £m
1	0.00%	0.00%	0.00%	3.036
2	1.99%	1.99%	1.99%	2.290
3	1.74%	1.74%	1.74%	2.406
4	1.49%	1.49%	1.49%	2.520
5	1.24%	1.24%	1.24%	2.637
6	0.99%	0.99%	0.99%	2.749
7	6.86%	0.00%	0.00%	2.016
8	8.02%	0.00%	0.00%	1.845
9	8.02%	1.99%	1.99%	1.358
10	50.00%	0.00%	0.00%	-4.396

Scenarios 1-6 avoid referenda to be held, (subject to the excessive limits for 2014/15 at 2%) but require the largest cuts/reduction in budget to be made in the next 3 years, and will potentially mean further significant changes to service provision.

Scenarios 7-10 provide alternative examples in raising Fire Precept Band D:-

- Scenario 7, increases to cover the cost of a referendum;
- Scenario 8, increases in 2014/15 of £5 should we be allowed, and no increase thereafter, without being required to hold a referendum; and,
- Scenario 9, increases in 2014/15 of £5, without being required to hold a referendum, should we be allowed, and increases of 1.99% thereafter; and,
- Scenario 10, increases requiring a referendum, but would negate the need to rely on Government grant support.

Policy Implications

- 48 The budget has been prepared to ensure that the Authority's on-going commitments are properly supported and align to our strategic priorities and our Public Safety Plan.

Risks

- 49 All the risk assessed budget proposals, as per appendix A include reductions, cuts and efficiencies which would allow the business priorities to be delivered with the least detriment to service provision. The risk in setting a Fire Precept Band D increase above the 2% level (deemed to be excessive) would trigger a referendum, the cost of which would outweigh any benefit gained from raising the Fire Precept Band D.
- 50 In considering the appropriate level of Fire Precept Band D, Members will not only wish to be reminded of the Government's intentions over the next few years to reduce public spending further, but also consider funding certain areas that appear to be on the horizon and therefore, foreseeable.

Examples discussed at the workstreams, Programme & Scrutiny Board and the Members' seminar include:-

- Reduced government support beyond 2014/15, a further 22% reduction in grant funding over the period 2015/16 to 2018/19;
- Further Impact of the Welfare Reforms, not just financially but the impact on the future service demand;
- Public Sector pay proposals (approximately 1%-2%) versus nationally negotiated pay awards;
- Pensions Funds' actuarial valuations and the knock on impact for employer and employee contributions rising in future years;
- Standards of emergency cover reviews within Wiltshire and Swindon, aligned to major development as originally planned as part of the former Regional Spatial Strategy;
- Significant service changes in preparation of the proposed combination with Dorset FRs; and,
- Strategic Transformation Programme implementation.

HR, Equality and Diversity Implications

- 51 There are no direct human resources, equality and diversity implications except for those included in the budget proposals.

Environmental Implications

- 52 No direct impact, although the budget itself would have environmental implications.

Financial and Legal Implications

- 53 Financial implications form the body of the report. The budget as set out at Appendix A, subject to options approved, would constitute a legal budget.

Recommendations

- 54 Members are asked to approve the Revenue Budget, Precept Requirement and Fire Precept Band D to apply for 2014/15, with the consequential Fire Precept levels at each band.

	Budget Proposal Option 1	Budget Proposal Option 2	Budget Proposal Option 3	Budget Proposal Option 4
Net Spending 2014/15(£)	£25,002,100	£25,002,100	£25,002,100	£25,002,100
To(+)/From(-) Reserves(£)	£100,000	£100,000	£100,000	£100,000

Net Spending Proposals to be Financed (£)(X)	£25,102,100	£25,102,100	£25,102,100	£25,102,100
Fire Precept Band D 2013/14(£)	£62.38	£62.38	£62.38	£62.38
Fire Precept Band D 2014/15(£)	£67.38	£63.62	£63.31	£62.38
Annual Increase (£)	£5.00	£1.24	£0.93	£0.00
Percentage Increase (%)	8.02%	1.99%	1.49%	0.00%
Taxbase (Band D Equivalents) (B)	233,580	233,580	233,580	233,580
Precept Requirement (£)(AxB)	£15,738,500	£14,860,300	£14,787,800	£14,570,600
Collection Fund Surplus(£)	£195,100	£195,100	£195,100	£195,100
Less Government Support				
- Revenue Support Grant(£)	£5,530,400	£5,530,400	£5,530,400	£5,530,400
- Baseline Funding level (£)	£4,218,400	£4,218,400	£4,218,400	£4,218,400
Council Tax Freeze Grant 2014/15(£)	£0	£0	£0	£159,000
Total Funding (£)(Y)	£25,682,400	£24,804,200	£24,731,700	£24,673,500
Net Deficit from(+)/Surplus to(-) Balances(£) (X-Y)	-£580,300	£297,900	£370,400	£428,600

Four options are identified for the Fire Precept Band D as detailed below:-

Option 1 – Fire Precept Band D be set at £67.38 (or a £5 increase) or with a similar increase if available and eligible, set by Government in excess of the referendum threshold but not requiring a referendum to be held; and the Net Revenue Budget 2014/15 be approved at £25,102,100 with a contribution to balances of £580,300 (or alternative amount based on the threshold level, if not the £5 level); or,

Option 2 – Fire Precept Band D be set at £63.62, Precept Requirement £14,860,300 and Net Revenue Budget 2014/15 of £25,102,100 with approval to use £297,900 of general reserves to balance the budget; or,

Option 3 – Fire Precept Band D be set at £63.31, Precept Requirement £14,787,800 and Net Revenue Budget 2014/15 of £25,102,100 with approval to use £370,400 of general reserves to balance the budget; or,

Option 4 – Fire Precept Band D be set at £62.38, Precept Requirement £14,570,600 and Net Revenue Budget 2014/15 of £25,102,100 with approval to use £428,600 of general reserves to balance the budget;

It is **strongly recommended** that of the options, Option 2 be approved or if available, and we are eligible, Option 1.

Simon Routh-Jones
Chief Fire Officer and Chief Executive

Phil Chow
Brigade Manager (& Treasurer)

Unpublished documents used in the preparation of this report:
None.

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