

REPORT REFERENCE NO.	DSFRA/14/19
MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
DATE OF MEETING	17 DECEMBER 2014
SUBJECT OF REPORT	PRECEPT CONSULTATION FOR 2015/16 BUDGET
LEAD OFFICER	Treasurer
RECOMMENDATIONS	<i>That the Authority considers the options detailed in section 5 of this report in relation to consulting on the 2015-16 precept and determines the approach to be adopted.</i>
EXECUTIVE SUMMARY	The Authority is asked to consider and determine how it would wish to undertake consultation on the 2015-16 Council Tax precept. This report paper sets out three options offering different approaches to how the consultation is undertaken and who is consulted. The report also details the requirement to consult (relevant legislation requires only that non-domestic ratepayers be consulted on expenditure proposals) and outlines the Service's historical approach to precept consultation.
RESOURCE IMPLICATIONS	The cost associated with the each option is identified in paragraph 5.1 of the report and has been provided for within the existing budget.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with equalities and human rights legislation.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Nil.

1. INTRODUCTION

- 1.1 The Authority is required to consult on its level of precept in setting its budget for the forthcoming financial year. The purpose of this paper is to outline the rationale regarding the desired approach to consultation so that the Service can meet its legal obligation and commence planning.

2. PRECEPT CONSULTATION – REQUIREMENT TO CONSULT

- 2.1 Section 65 of the Local Government Finance Act 1992 requires precepting authorities, including this Authority, to consult non-domestic ratepayers on its proposals for expenditure.
- 2.2 Whilst there is no statutory duty to consult Council Tax payers (the public) on the level of Council Tax, it is considered good practice to engage with those who contribute towards the funding of the Devon & Somerset Fire & Rescue Service (the Service). Consultation regarding the 2015-16 Council Tax precept will assist the Authority in determining the levels to be applied based upon public and business opinion, thereby informing the 2015-16 revenue budget setting process.

3. CONSULTATION IN PREVIOUS YEARS

- 3.1 The Authority has always complied with its legal obligation to consult, annually, with business (non-domestic ratepayers) groups. In 2012, however, the Authority resolved to extend this consultation to include members of the public.
- 3.2 Until 2014, the consultation method was a telephone survey outsourced to a research contractor. This method has been the most practical due to the time constraints between understanding the impact of the government finance settlement announcement and completing the fieldwork, analysis and reporting during January in time for papers to be agreed and distributed for the budget meetings in February.
- 3.3 Outsourcing has also been practical because it releases internal capacity at a time, historically, when Service staff have been heavily involved with work associated with the annual corporate planning cycle and the development of the Corporate Plan, Department Plans and Local Community Plans.
- 3.4 The Service has a contract in place to provide a telephone survey for both businesses and members of the public. The existing, approved revenue budget contains sufficient provision to meet these costs.
- 3.5 In 2014 the consultation method was changed from the use of a telephone survey for both businesses and members of the public to an approach that required a face-to-face street survey of members of the public in each of the constituent authority areas and a telephone survey for businesses. The impact of this was:
- a reduced response rate (183 responses for the face-to-face survey against 400 for the recommended telephone survey);
 - a less representative sample;
 - increased effort to manage the face-to-face survey, analysis and reporting when compared against outsourcing, with capacity re-directed away from the normal planning cycle activities and delays introduced in production of departmental plans;

- estimated staff and non-staff costs of £4,500, the majority of this is “opportunity” staff costs;
- the internal costs associated with last year’s survey exceed that which would have been paid for a similar service negotiated through the recognised contract, i.e. 200 sample survey for £3,000.

4. PARTNERSHIP OPPORTUNITIES

- 4.1 Last year the Authority asked that the scope for a shared consultation process with constituent authorities be explored. In the event, this did not prove practicable owing to timing issues, with constituent authorities either being in the midst of or actually having completed their consultation exercises.
- 4.2 The Service has, for the forthcoming consultation, again explored the potential to share consultation arrangements. The four constituent authorities have been contacted to identify if there were opportunities to combine the Service precept consultation with those being undertaken by each constituent authority. However, for this to be successful and to produce reliable results, an opportunity needs to exist with each constituent authority and for each authority to have similar methodologies planned.
- 4.3 The benefit of combining consultation requirements is to achieve some economies of scale and therefore potentially reduce costs. There is a potential risk, though, that partners’ results could be affected by conducting a joint exercise as opinions are given, not in the context of single organisation, but in a comparison between organisations. This may raise expectations or cause confusion, e.g. that a community budgeting exercise is being undertaken.
- 4.4 The responses from constituent authorities this year is that it would not be possible to successfully combine the various consultations because – again - the timings of the consultation strategies differ (some consultations have already been completed) and there are different approaches being taken for those yet to commence engagement with the public.
- 4.5 Each of the constituent authorities conducts some form of budget consultation with the general public in addition to the statutory requirement to consult the business community. However, the consultation timing and approaches vary significantly which is why it has not been possible to combine our efforts.

5. OPTIONS

- 5.1 To assist with planning preparations it would be beneficial to establish an early position on the desired approach. It is suggested that one of the three following options are agreed.

Option 1: Business only (telephone survey) consultation, cost £5500

Summary:

- to consult with businesses only;
- to utilise the existing contract to conduct a telephone survey for businesses;
- to ask a small group of key questions plus demographic information;
- to collect answers to both “closed” and “open” questions;

- to provide a representative sample of 400 business by constituent authority area (Devon County Council; Plymouth City Council; Somerset County Council; and Torbay Council).

Option 2: Business and public consultation (telephone survey), cost £11,000

Summary:

- to consult with businesses;
- to consult with members of the public;
- to utilise the existing contract to conduct a telephone survey for both businesses and public;
- to ask a small group of key questions plus demographic information;
- to collect answers to both “closed” and “open” questions;
- to provide a representative sample of 400 business and 400 members of the public by constituent authority area (Devon County Council; Plymouth City Council; Somerset County Council; and Torbay Council).

Option 3: Business (telephone survey) and public (street survey) consultation, cost £5500 + estimated street survey cost (excluding opportunity costs) of £500 (includes staff and non-staff costs). Total Direct Cost £6,000

Summary:

- to conduct a telephone survey with businesses as described in Option 1;
- to consult members of the public by conducting face to face street surveys at Exeter, Plymouth, Taunton and Torquay, within each of the four constituent authorities. The work load associated with this can be absorbed within existing capacity this year because there is no public IRMP consultation taking place and this reduces the associated costs.

It should be noted, though, that this option typically generates a reduced response rate and the sample is much less representative than that achieved through the telephone survey option. These factors make the results less reliable.

- 5.2 As previously indicated, provision already exists within the approved revenue budget to meet the cost associated with all options. Similarly, while Option 2 is the more expensive, it does afford a highly cost-effective and statistically more reliable way of consulting with the general public on an issue of significant interest which it is suggested will provide the Authority with pertinent information and a more complete picture to assist in determining the appropriate level of precept for the forthcoming financial year.

6. REPORTING OF RESULTS

- 6.1 The results of the survey will be reported back to the budget meetings in February 2015 to inform the considerations in relation to budget setting for 2015-16 and any associated precept level.

KEVIN WOODWARD
Treasurer