

RESOURCES COMMITTEE (Budget Meeting)

(Devon and Somerset Fire and Rescue Authority)

21 February 2014

Present:-

Councillors Greenslade (Chairman), Brooksbank, Burridge-Clayton, Dyke, Gordon; Healey (vice Yeomans) and Smith (vice Chugg).

Apologies:-

Councillors Chugg and Yeomans.

***RC/19. Minutes**

RESOLVED that the Minutes of the meeting held on 3 February 2014 be signed as a correct record.

RC/20. 2014-15 Revenue Budget and Council Tax Levels

The Committee considered a report of the Treasurer and Chief Fire Officer (RC/14/7) on options for the Authority's revenue budget and associated council tax level in 2014-15. It was a legislative requirement for the Authority to set a balanced budget and determine an associated council tax level prior to 1 March each year and this report set out the necessary financial background on which to consider the appropriate way forward for this Authority.

The Treasurer advised that the Department for Communities and Local Government (DCLG) had announced on 5 February 2014 that the council tax level which, if exceeded, would trigger the need for the Authority to hold a referendum, would be 2%. Additionally, the final Local Government Finance Settlement was announced on 5 February 2014 which provided local authorities with individual settlement funding assessment figures for 2014-15. It was noted that, as a result of significant changes to the local government finance system introduced in 2013-14 which brought in the new Business Rates Retention Scheme, the new terminology for the settlement was "Settlement Funding Assessment (SFA)" which replaced Formula Funding.

The SFA for this Authority for 2014-15 was £32.283million, representing a reduction of 7.7% on 2013-14. This figure was in line with the figures already included within the Authority's Medium Term Financial Plans but was on top of the 10.3% reduction in 2013-14, meaning that this was the third worst settlement of all fire and rescue authorities over the two years. This was disappointing given that the formula used to calculate the new SFA included sparsity factors for the first time but it appeared that other factors had weighed heavily against the Authority. The settlement announcement also included an illustrated SFA for 2015-16 of £29.575million representing a further reduction of 8.4%. Since 2012-13, the reductions in settlement for this Authority equated to £8.6million or 22.5%.

The Treasurer stated that the Government had again made available Council Tax Freeze Reward Grant to those local authorities that agreed to freeze council tax in 2014-15. This grant was equivalent to an increase in council tax of 1%, estimated to be £0.472million for this Authority. It had been confirmed, however, that unlike in previous years, this funding would be included within the baseline funding for future years. A decision needed to be taken as to what was the appropriate way forward in 2014-15.

The report therefore set out two options for consideration by the Committee, namely:

- Option A – to freeze council tax at 2013-14 level £75.39 for a Band D property);
- Option B – to increase council tax by 1.99% above 2013-14 (£76.89 for a Band D property).

The report also set out a summary of the net revenue budget requirements for 2014-15 based on the above two options.

Reference was made in particular to the budget savings that had been included within the proposed net revenue budget requirements for 2014-15 which totalled £3.577million. This had been achieved by a combination of stringent budget management measures, together with the Corporate Plan proposals to reduce support staff, senior management and 149 operational posts. The Chief Fire Officer reminded the Committee that the decisions taken in respect of the Corporate Plan were on the basis that the required staff reductions would not be achieved through the use of compulsory redundancy but by a combination of natural turnover and voluntary redundancy. This may, however, take some time to be achieved.

A debate ensued during which some concern was expressed in respect of the level of investment that was possible in the Capital Programme and the subsequent impact of this on the Authority's property estate and maintenance programme. It was noted that, inevitably, there were constraints as a result of the self-imposed principle of not exceeding a 5% Prudential Indicator on total debt repayments and this position would need to be reviewed alongside affordability issues. Further to this, a review of the Authority's property estate was being undertaken, the results of which would be reported back to the Authority in due course.

Following the debate, Councillor Greenslade **MOVED** and was seconded by Councillor Burridge-Clayton:

“that it be recommended to the Devon and Somerset Fire and Rescue Authority that Option B as set out within report RC/14/7 be approved and that additionally, the Committee notes the positive response to the budget consultation exercise for 2014/15 and extends thanks to the Officers involved for their efforts in preparing the budget information, especially in the light of the recent climatic events”.

The motion was then put to the vote and **CARRIED** unanimously, whereupon it was:

RESOLVED

- (i) That the Devon and Somerset Fire and Rescue Authority be recommended to approve:
 - (a) that the level of council tax in 2014-15 for a Band D property be set at £76.89, as outlined in Option B report RC/14/7, representing a 1.99% increase over 2013-14, and
 - (b) that accordingly a Net Revenue Budget Requirement for 2014-15 of £75.794million be approved;
- (ii) That the Committee notes the positive response to the budget consultation exercise undertaken for 2014/15;
- (iii) That thanks be extended to the Officers involved for their efforts in preparing the budget information, especially in the light of the recent climatic events.

RC/21. Capital Programme 2014-15 to 2016-17

The Committee considered a report of the Chief Fire Officer and Treasurer (RC/14/6) that set out the proposals for a three year Capital Programme covering the years 2014-15 to 2016-17. The report also outlined the difficulties for the Authority in meeting its full capital expenditure requirement, given its geographical size and the associated number of fire stations and appliances that required ongoing maintenance or replacement each year.

Reference was made to the need to maintain a Capital Programme that was affordable and which ensured that the impact of borrowing was maintained below the 5% Prudential Indicator previously agreed by the Authority against a reducing revenue budget.

The report also set out a proposal for the continuation of funding to support the roll out of the Light Rescue Pumps (LRPs) via a contribution from the revenue budget to capital. The Chief Fire Officer outlined how the LRP programme would reduce the Capital funding pressures on the fleet given that each LRP was cheaper than the fire engine that would previously have been purchased. Further work was in hand to reduce the Capital funding pressures on Estates with reports to be provided to Members in due course.

In the light of the decision taken to recommend to the Fire and Rescue Authority an increase in Council Tax of 1.99% (Option B), the Treasurer advised that this would give additional funding of £0.366million to the Authority which it was proposed should be added to the £1.2million previously agreed by the Committee on 3 February 2014 (Minute RC/15 refers) towards the continued rollout of the LRPs. This would take the contribution from revenue towards capital spending to £1.566million for the LRPs.

Councillor Greenslade **MOVED** and was seconded by Councillor Burridge-Clayton:

“that subject to the amendment of the recommendation printed in report RC/14/6 to remove the words ‘a minimum’ from the wording at (i), together with the amendment of the figure from £1.2million to £1.566million, the recommendations as printed within the report be approved”.

The motion was then put to the vote and **CARRIED** unanimously, whereupon it was:

RESOLVED that the Devon and Somerset Fire and Rescue Authority be recommended:

- (i) to approve a revenue contribution of £1.566m from the 2014-15 revenue budget towards the Light Rescue Pumps (LRP) project;
- (ii) to approve the draft Capital Programme 2014-15 to 2016-17 and associated Prudential Indicators, as detailed in the report and summarised at Appendices A and B respectively to report RC/14/6; and
- (iii) to note the forecast impact of the proposed Capital Programme (from 2017-18 onwards) on the 5% debt ratio Prudential Indicator as indicated in this report.

*** DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 14:00hours and finished at