



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**M. Pearson
CLERK TO THE AUTHORITY**

**To: The Chair and Members of the Resources
Committee**

(see below)

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RESOURCES COMMITTEE

Thursday, 8 February, 2018

A meeting of the Resources Committee will be held on the above date, **commencing at 10.00 am in Committee Room B in Somerset House, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

SUPPLEMENTARY AGENDA NO. 2

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

- 5 a 2018-19 Revenue Budget and Council Tax Levels - Supplementary Report**
(Pages 1 - 4)

Report of the Treasurer and Chief Fire Officer (RC/18/7) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Biederman, Chugg, Coles, Greenslade, Hendy, Hosking and Peart

NOTES

1.	<u>Access to Information</u> Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the "Please ask for" section at the top of this agenda.
2.	<u>Reporting of Meetings</u> Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority. Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
3.	<u>Declarations of Interests (Authority Members only)</u>
	(a). <u>Disclosable Pecuniary Interests</u> If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority's Monitoring Officer, you must: <ul style="list-style-type: none">(i). disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest;(ii). leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and(iii). not seek to influence improperly any decision on the matter in which you have such an interest. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (ii) and (iii) above.
	(b). <u>Other (Personal) Interests</u> Where you have a personal (i.e. other than a disclosable pecuniary) interest in any matter to be considered at this meeting then you must declare that interest no later than the commencement of the consideration of the matter in which you have that interest, or (if later) the time at which the interest becomes apparent to you. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the precise nature of the interest but merely declare that you have a personal interest of a sensitive nature. If the interest is such that it might reasonably be perceived as causing a conflict with discharging your duties as an Authority Member then, unless you have previously obtained a dispensation from the Authority's Monitoring Officer, you must not seek to improperly influence any decision on the matter and as such may wish to leave the meeting while it is being considered. In any event, you must comply with any reasonable restrictions the Authority may place on your involvement with the matter in which you have the personal interest.
4.	<u>Part 2 Reports</u> Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.
5.	<u>Substitute Members (Committee Meetings only)</u> Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.

REPORT REFERENCE NO.	RC/18/7
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	8 FEBRUARY 2018
SUBJECT OF REPORT	2018-19 REVENUE BUDGET AND COUNCIL TAX LEVELS – SUPPLEMENTARY REPORT
LEAD OFFICER	Treasurer and Chief Fire Officer
RECOMMENDATIONS	<i>That the contents of this paper be considered alongside the 2018-19 revenue Budget and Council Tax Report and that recommendations to the Fire and Rescue Authority on Council Tax levels be based upon the latest information contained herein</i>
EXECUTIVE SUMMARY	<p>Since the publication of the agenda and papers for the Committee on 31 January 2018, updated information has been received from billing authorities regarding Council Tax and National Non Domestic Rates income.</p> <p>This report contains those updated figures with narrative behind the changes since the original report.</p> <p>The Committee is asked to consider the contents of this paper when making their recommendation to the full Authority on Council Tax.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	Not applicable.
APPENDICES	None
LIST OF BACKGROUND PAPERS	Nil.

1. INTRODUCTION

- 1.1 Since the publication of the agenda and papers for the Committee on 31 January 2018, updated information has been received from billing authorities regarding Council Tax and National Non Domestic Rates (NNDR) income. The table below shows the updated figures with narrative behind the changes since the original report. The funding changes outlined do not impact on the precept levels for a Band D property as outlined in the original report.

Based on Option B - Council Tax Increase of 2.99% to £84.01	Per Resources Committee Paper	Per Authority Paper (update to RC meeting)	Change	Note
	£m	£m	£m	
TOTAL FUNDING 2017-18	72.596	72.596	0.000	
Reduction in Formula Funding	(1.293)	(1.355)	(0.062)	a
(Reduction)/Increase in Retained Business Rates from Business Rate Retention System.	(0.219)	0.675	0.894	b
<u>Changes in Council Tax Precept</u>				
- increase in Council Tax Base	0.711	0.721	0.011	c
- resulting from an increase in Band D Council Tax	1.461	1.462	0.000	
- Decrease in Share of Billing Authorities Council Tax Collection Funds	(0.228)	(0.228)	0.000	
Net Change in precept income	1.944	1.955	0.011	
TOTAL FUNDING AVAILABLE 2018-19	73.029	73.871	0.842	d
NET CHANGE IN FUNDING	0.433	1.275	0.842	
<u>Adjustments to net budget requirement:</u>				
- Cumulative budget variances	0.145	0.061	(0.084)	e
- Section 31 grant treated as income	0.122	(0.114)	(0.236)	f
Change to Revenue Contribution to Capital Expenditure	(2.451)	(1.289)	1.162	g
NET REVENUE BUDGET REQUIREMENT	73.029	73.871	0.842	h

Notes on changes to net revenue budget requirement since last reported

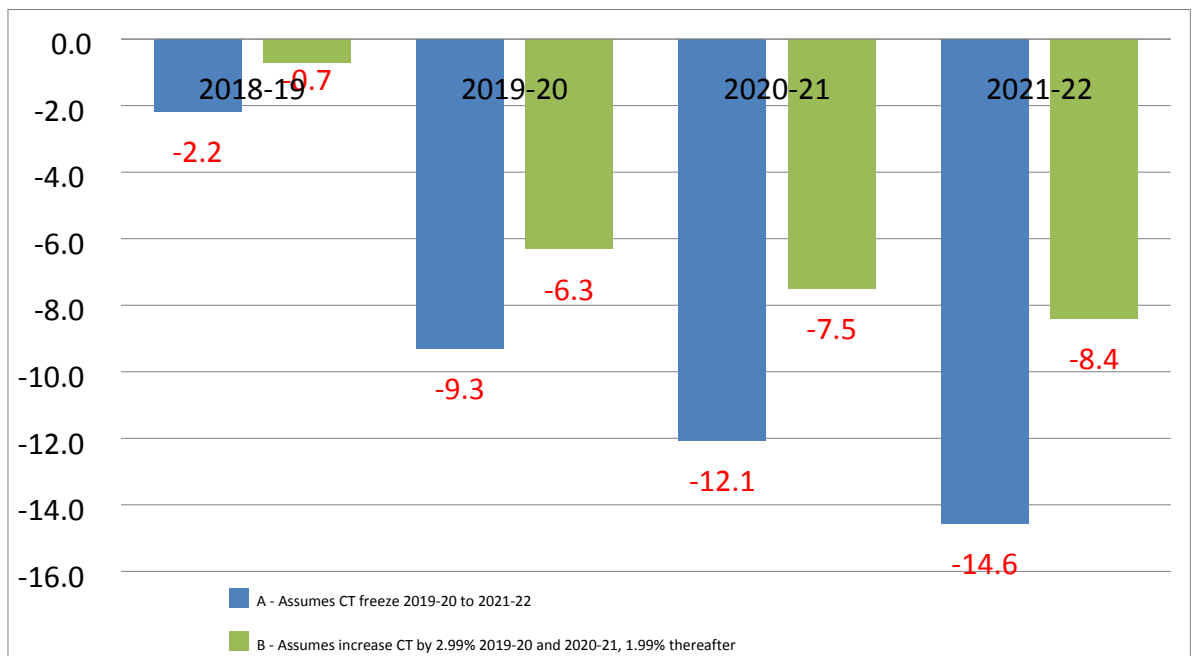
- a. Formula Funding is split in to two elements – National Non-domestic rates (NNDR) top up grant and Revenue Support Grant. The amount of NNDR top up grant is revised to take account of changes in final figures received from Billing Authorities
- b. There has been a significant increase since last year to NNDR income receivable directly from Billing Authorities. Officers have been notified of these figures between 1 and 7 of February. The most significant increase relates to the surplus available from South Hams District Council, which has improved by £0.653m due to an NNDR appeal on Langage Power Station being found in the Council's favour
- c. On receipt of final figures for Council Tax Bases from Billing Authorities, an increase of £0.011m is now reported – a total of 1.5% growth in Council Tax Base since last year

- d. The combined changes to central government funding, Council Tax and NNDR income mean that there is £0.842m more funding available
- e. Budgeted income from investment activity has been increased by £0.084m to reflect advice from our Treasury Management advisors that Authorities should anticipate returns of 0.6% in 2018/19
- f. The amount of Section 31 grant receivable to offset Small Business Rates Reliefs is calculated as a result of the information received from Billing Authorities and has therefore been updated to reflect most recent figures, an additional £0.236m of income
- g. The total impact of the increased funding of £0.842m, Investment income of £0.084m and Section 31 grant income of £0.236m is £1.162m. The Authority will therefore not need to reduce the Revenue Contribution to Capital budget as much in order to balance the budget for 2018/19
- h. The revised net revenue budget requirement is £73.871m (based on Option B, a Council Tax increase of 2.99%) or £72.409m (based on Option A, a Council Tax Freeze)

1.2 The total savings requirement for 2018/19 has reduced to £1.3m under Option B or £2.8m under Option A. Each 1% increase in Council Tax is equivalent to £0.487m.

1.3 Given that there is sufficient Revenue Contribution to Capital to cover both savings requirements, the committee is asked to disregard previous recommendations to balance the budget involving use of reserves.

CHART 1 – REVISED FORECAST BUDGET SAVINGS REQUIREMENT (CUMULATIVE) 2018 TO 2022 (BASE CASE) - £MILLIONS



- 1.4 Chart 1 illustrates that further savings will be required beyond 2018-19 to plan for a balanced budget over the next three years to 2021-22. Should the Authority decide to freeze Council Tax in 2018-19 (Option A) and the following three years then the MTFP forecast that further savings of £14.6m need to be planned for.
- 1.5 As is stated earlier in this report each 1% increase in Council Tax results in additional precept of £0.487m. Should it be agreed to increase Council Tax by 2.99% in 2018-19 (Option B) and by the maximum increase (not subject to a decision at this meeting) in each year from 2019-20 to 2021-22 then the saving target by 2020-22 would be reduced from £14.6m to £8.4m.

AMY WEBB
Director of Finance (Treasurer)