

<b>REPORT REFERENCE NO.</b>	<b>DSFRA/18/1</b>
<b>MEETING</b>	<b>DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY (BUDGET MEETING)</b>
<b>DATE OF MEETING</b>	<b>16 FEBRUARY 2018</b>
<b>SUBJECT OF REPORT</b>	<b>2018-19 REVENUE BUDGET AND COUNCIL TAX LEVELS</b>
<b>LEAD OFFICER</b>	<b>Director of Finance (Treasurer) and Chief Fire Officer</b>
<b>RECOMMENDATIONS</b>	<p><b>(a) that the Authority consider the contents of this report, together with any relevant recommendation made by the Resources Committee, with a view to determining either:</b></p> <p><b>(i) that the level of council tax in 2018-19 for a Band D property be set at £81.57, as outlined in Option A in this report, representing no increase over 2017-18, and that accordingly a Net Revenue Budget Requirement for 2018-19 of £72,409,000 be approved;</b></p> <p><b>OR</b></p> <p><b>(ii) that the level of council tax in 2018-19 for a Band D property be set at £84.01, as outlined in Option B in this report, representing a 2.99% increase over 2017-18, and that accordingly a Net Revenue Budget Requirement for 2018-19 of £73,870,800 be approved;</b></p> <p><b>(b) that, as a consequence of the decisions at (a) above:</b></p> <p><b>(i) the tax base for payment purposes and the precept required from each billing authority for payment of total precept of £48,867,564 (Option A) OR £50,329,338 (Option B), as detailed on Page 2 of the respective budget booklet, be approved;</b></p> <p><b>(ii) the council tax for each property bands A to H associated with the total precept of £48,867,564 (Option A) OR 50,329,338 (Option B), as detailed on Page 2 of the respective budget booklet, be approved; and</b></p> <p><b>(iii) that the Treasurer's 'Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserve Balances', as set out at Appendix B to this report, be endorsed.</b></p> <p><b>(c) that any minor variation to central government funding, to be confirmed via the Final Settlement Agreement later in February, be adjusted for by the Director of Finance (Treasurer) using the National Non-Domestic Rates (NDR) Smoothing reserve as outlined in Paragraph 1.5 of this report.</b></p>

<p><b>EXECUTIVE SUMMARY</b></p>	<p>It is a legislative requirement that the Authority sets a level of revenue budget and Council Tax for the forthcoming financial year by the 1 March each year. The Secretary of State has announced that the Council Tax threshold to be applied in 2018-19 that would trigger a requirement to hold a Council Tax referendum is to be 3.0%. This report considers potential options A and B below for Council Tax in 2018-19:</p> <p><b>OPTION A</b> – Freeze Council Tax at 2018-19 level (<b>£81.57 for a Band D Property</b>).</p> <p><b>OPTION B</b> – Increase Council Tax by 2.99% above 2017-18 (<b>increase of £2.44 pa to £84.01 for Band D Property</b>).</p> <p>The Authority is asked to consider the contents of this report, and approve a council tax level for a Band D property and resultant revenue budget level for 2018-19.</p>
<p><b>RESOURCE IMPLICATIONS</b></p>	<p>As indicated in the report.</p>
<p><b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b></p>	<p>Not applicable.</p>
<p><b>APPENDICES</b></p>	<p>A. Core Net Revenue Budget Requirement 2018-19.</p> <p>B. Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves and Balances.</p> <p>C. DSFRA response to the Department of Communities and Local Government consultation document “Local Government Finance Settlement – Technical Consultation Paper”.</p> <p>D. BMG Report on Precept Consultation for 2018-19 Revenue Budget</p> <p>E. Report on Precept Consultation via Social Media</p>
<p><b>LIST OF BACKGROUND PAPERS</b></p>	<p>Nil.</p>

## **1. INTRODUCTION**

- 1.1 It is a legislative requirement that the Devon & Somerset Fire & Rescue Authority (the Authority) sets a level of revenue budget and Council Tax for the forthcoming financial year, before 1 March, in order that it can inform each of the fifteen Council Tax billing authorities within Devon and Somerset of the level of precept required from the Authority for 2018-19. The purpose of this report is to provide the necessary financial background for consideration to be given as to what would be appropriate levels for the Authority.
- 1.2 The Localism Act 2011 includes provisions which require a local authority to hold a Council Tax referendum where an authority's Council Tax increase exceeds the Council Tax "excessiveness principles" applied for that year.
- 1.3 On 19 December 2017, the Department for Communities and Local Government (DCLG) announced as part of the provisional Local Government Settlement the Council Tax limit to be applied in 2018-19. This is to be 3.0% which, if exceeded, would trigger the need to hold a referendum.
- 1.4 Given that the administration costs associated with holding a local referendum for the Service for one year are estimated to be in the region of £2.3m, this report does not include any proposals to go beyond the referendum limit. Instead, it considers two options, A and B below, of which the maximum proposed increase is 2.99%:
- **OPTION A** – Freeze Council Tax at 2017-18 level (£81.57 for a Band D Property).
  - **OPTION B** – Increase Council Tax by 2.99% above 2017-18 - an increase of £2.44 pa (20p a month) to £84.01 for Band D Property.
- 1.5 On the 25 January 2018 finance officers of the Authority were notified by DCLG that the Tariff and Top Up amounts used to calculate the National Non-Domestic Rates (NNDR) element of government funding issued in the Provisional Local Government Finance Settlement were subject to change due to updated information being made available by the Valuations Office. Any changes arising from the updated valuation information and in particular the multiplier used to reflect inflation would be adjusted for in the Final Settlement.
- 1.6 As this information is not yet available (due later in February 2018) it is proposed that any resulting adjustments to the net revenue budget requirement for 2018-19, up to £50,000, be offset against the NNDR smoothing reserve and that this is delegated to the Director of Finance (Treasurer) for action once the Final Settlement figures are published.
- 1.7 The Authority is asked to review the contents of this report along with recommendations from the Resources Committee of 8 February 2018 in determining the level of Council Tax precept and resulting net revenue budget for 2018-19.

## **2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2018-19**

- 2.1. The provisional Local Government Finance Settlement was announced on 19 December 2017, which provided local authorities with individual settlement funding assessment figures for 2018-19, and confirmed figures for 2019-20 as offered by the four-year settlement which has been accepted by the Authority.

- 2.2. Table 1 provides details of the Settlement Funding Assessment (SFA) for this Authority which results in a reduction in 2018-19 of 11.1% over 2017-18 and an overall reduction of 25.4% by 2019-20:

<b>TABLE 1 – SETTLEMENT FUNDING ASSESSMENT (SFA)</b>			
	<b>SFA</b>	<b>SFA Reduction</b>	
	<b>£m</b>	<b>£m</b>	<b>%</b>
2015-16	29.413		
2016-17	26.873	(2.540)	-8.6%
2017-18	23.883	(2.990)	-11.1%
2018-19	22.618	(1.265)	-5.3%
2019-20	21.950	(0.669)	-3.0%
<b>Reduction over 2015-16</b>		<b>(7.463)</b>	<b>-25.4%</b>

- 2.3. With regard to the accepted offer of a four-year settlement, the Government has made a clear commitment to provide central funding for the period of the Spending Review to those authorities that choose to accept the offer and have published an Efficiency Plan. A confirmation letter was received by the Authority on 14 December 2016 from the Minister of State for Policing and Fire Service confirming the settlements until 2019-20.
- 2.4. In practice, final figures for each year are subject to changes in the business rates multiplier which is based on the Retail Prices Index in September each year. However, barring exceptional circumstances, e.g. transfer of new responsibilities between authorities, and subject to the normal statutory consultation process for the local government finance settlement, the government expects the future year figures to be presented to Parliament each year.
- 2.5. In addition to the settlement figures reported in Table 1 above, the Authority has been awarded a share of a £65m Rural Services Delivery Grant which is only available to the most sparsely populated rural areas. The award is £340k for 2018-19. This grant will be paid as a Section 31 grant (which means it is not in base funding) and is therefore included as income within the draft budget proposed in this report.

### **3. REQUIREMENT TO HOLD A LOCAL REFERENDUM FOR EXCESSIVE COUNCIL TAX INCREASES**

- 3.1 Since 2013-14 there has been a requirement for an authority to hold a local referendum should it propose to increase Council Tax beyond a government set limit (principles), which for this Authority results in estimated referendum costs of £2.3m. The Service has asked DCLG to consider an alternative set of principles for fire and rescue authorities (most recent letter to DCLG in October 2017 – copy included at Appendix C to this report) that would apply a cash amount, e.g. £5, rather than applying a percentage increase.
- 3.2 On 19 December 2017, DCLG announced the referendum threshold to be applied in 2018-19 is 3.0% for the next two years, an increase of 1.0% over the 2017-18 limit. Whilst this is disappointing given that Police and Crime Commissioner areas have been given the flexibility to adopt a £12 threshold in 2018-19, the increase to the referendum limit recognises that Fire and Rescue Authorities are facing increasing inflationary pressures.

3.3 Due to the high proportion of people costs, pay awards have a significantly higher impact on the Authority's revenue budget than the effect of price rises on goods and services. Whilst not explicitly stated in the provisional finance settlement, it is likely that the raising of the referendum threshold to 3% is in recognition of likely pay awards.

3.4 Each 1% pay award for staff costs the Authority £0.517m and this budget proposal contains provision for a 3% pay award for uniformed staff.

#### 4. **COUNCIL TAX AND BUDGET REQUIREMENT 2018-19**

##### ***Council Tax***

4.1. Unlike in the previous Spending Review period, the Government has not overtly laid out any expectation that local authorities should freeze Council Tax, and therefore, there is no offer of a Council Tax Freeze Reward Grant to those authorities that freeze or reduce Council Tax in 2018-19.

4.2. It is, of course, still an Authority decision to set a level of Council Tax that is appropriate to its funding position. For 2018-19, this report considers two options A and B as below:

- **OPTION A** – Freeze Council Tax at 2017-18 level (£81.57 for a Band D Property);
- **OPTION C** – Increase Council Tax by £2.99% above 2017-18 - an increase of £2.44 pa (20p a month) to £84.01 for Band D Property.

4.3. The Committee could decide to set any alternative level below 3%. Each 1% increase in Council Tax represents an 82p a year increase for a Band D property, and is equivalent to a £0.487m variation on the revenue budget. In relation to the referendum option, it is the Treasurer's view that given the costs of holding a referendum (circa £2.3m), it is not a viable option for the Authority to consider a Council Tax increase in excess of the 3% threshold.

4.4. As outlined in Table 2 below, Option A would result in a net funding reduction for the Authority whilst Option B would result in increased funding.

**TABLE 2 – OPTIONS FOR COUNCIL TAX CHANGE – REDUCTION IN FUNDING 2018-19**

	<b>OPTION A</b>	<b>OPTION B</b>
	<b>Council Tax Freeze at £81.57</b>	<b>Council Tax Increase of 2.99% to £84.01</b>
	<b>£m</b>	<b>£m</b>
<b>TOTAL FUNDING 2017-18</b>	<b>72.596</b>	<b>72.596</b>
Reduction in Formula Funding	(1.355)	(1.355)
Increase in Retained Business Rates from Business Rate Retention System.	0.675	0.675
<u>Changes in Council Tax Precept</u>		
- increase in Council Tax Base	0.721	0.721
- resulting from an increase in Band D Council Tax	-	1.462
- Decrease in Share of Billing Authorities Council Tax Collection Funds	(0.228)	(0.228)
<b>Net Change in precept income</b>	<b>0.493</b>	<b>1.955</b>
<b>TOTAL FUNDING AVAILABLE 2018-19</b>	<b>72.409</b>	<b>73.871</b>
<b>NET CHANGE IN FUNDING</b>	<b>(0.187)</b>	<b>1.275</b>

### **Council Tax Base**

- 4.5. The total reduction in government funding of £1.355m was expected and planned for, the Service had also anticipated an increase in Council Tax receipts of 1.35% arising from house building in the area, although the actual increase has been even higher at 1.50%. This increase has been offset by a reduced amount of surplus available to the Authority of £0.228m which reflects a lower percentage of Council Tax collection by districts.

### **Net Budget Requirement**

- 4.6. Table 3 below provides a summary of the Core Budget Requirement for 2018-19. A breakdown of the more detailed items included in this draft budget is included in Appendix A of this report.

**TABLE 3 – SUMMARY OF CORE REVENUE BUDGET REQUIREMENT 2018-19**

	<b>£m</b>	<b>%</b>
<b>Approved Net Revenue Budget Requirement 2017-18</b>	<b>72.596</b>	
PLUS Provision for pay and price increases (Pay award assumed 3.0% in 2018 for Firefighters)	1.572	2.17%
PLUS Removal of one off income in 2017-18	0.579	0.80%
PLUS Inescapable Commitments	0.338	0.47%
PLUS New Investment	1.184	1.63%
MINUS Changes to income targets	-0.398	-0.55%
<b>CORE SPENDING REQUIREMENT 2018-19</b>	<b>75.871</b>	
<b>INCREASE IN BUDGET OVER 2017-18 (£m)</b>	<b>3.275</b>	<b>4.51%</b>

- 4.7. At the time of writing this report, the Service is reviewing Station Manager roles which includes a job sizing exercise to ensure equitable pay. Any resultant increases to pay would put additional pressure on the wholetime pay bill going forward as well as potential back pay. The structure of management roles is being considered and future post reductions could be used to offset the additional cost. Given that neither review is complete provision has not been made for these changes within the 2018-19 revenue budget and will need to be reflected in year via the budget monitoring process.

### **Budget Savings**

- 4.8. As is indicated in Table 3, the Core Budget Requirement for 2018-19 (which includes provision for pay and inflation, inescapable commitments and new investment) has been assessed as £75.871m. This is more than the amount of funding available under Options A or B and therefore budget savings need to be identified in order that a balanced budget can be set. Table 4 overleaf provides an analysis of on-going savings identified to be delivered in 2018-19.

**TABLE 4 – BUDGET SAVINGS 2018-19**

<b>REVENUE BUDGET SAVINGS</b>	<b>£m</b>
<b>Authority Pensions</b> – This budget line is subject to fluctuation in the number of Injury and Ill Health retirees anticipated during the year	(0.416)
<b>Estates costs</b> – Resulting from efficiencies in premises maintenance costs and rationalisation of the Estate by moving away from a leased property in Taunton	(0.206)
<b>Debt Charges</b> – As a result of the Authority Strategy to reduce reliance on borrowing, savings are being made on debt charges	(0.089)
<b>BUDGET SAVINGS (£m)</b>	<b>(0.711)</b>

- 4.9. Whilst the Service is confident that savings of £0.711m can be delivered, this still leaves the Authority with a budget shortfall in order that it can set a balanced budget for 2018/19. Based on Option B (increase of 2.99% of Council Tax) this shortfall is £1.3m. If Council Tax is frozen, the funding shortfall will increase to £2.8m. The shortfall is outlined in Table 5.

**TABLE 5 – BUDGET SHORTFALL 2018-19**

<b>SUMMARY OF ADDITIONAL SAVINGS REQUIREMENT</b>	<b>OPTION A</b>	<b>OPTION B</b>
Net change in funding over 2017-18	(0.187)	1.275
Increase in spending requirement since 2017-18	3.275	3.275
Savings requirement 2018-19	(3.462)	(2.000)
Less Budget savings already achieved	(0.711)	(0.711)
<b>FUNDS REQUIRED TO BALANCE BUDGET</b>	<b>(2.751)</b>	<b>(1.289)</b>

- 4.10. Funding pressures and the reduction in available budget has resulted in officers considering either a reduction in revenue contribution to capital budget or relying on earmarked reserves to meet the shortfall. Given the need to maintain the Comprehensive Spending Review (CSR) earmarked reserve to fund future change activity, the proposal is for the Authority to reduce its revenue contribution to Capital in 2018-19. The Authority has a published strategy to reduce reliance on borrowing to fund capital projects and has been successful in building a reserve for Capital funding over the last few years (forecast to be £17.6m at the end of 2017-18). Reducing the budget for Revenue contribution to capital is only a short term solution as this budget requirement will increase to circa £5m a year in the future if the Authority is to avoid further borrowing.
- 4.11. Given the healthy capital reserve, reducing the budget for revenue contribution to capital presents minimal short term risk but continuing this practice will result in pressure on capital budgets over a 5-10 year period. Borrowing to support capital increases the pressure on revenue budgets through interest charges and Minimum Revenue Provision (the amount which the Authority has a regulatory responsibility to set aside each year to repay debt). Supporting capital expenditure through revenue budgets represents a sound and prudent approach to long term financial planning. A Council Tax freeze would increase the likelihood of having to borrow to support Capital expenditure in the future, which is contrary to the financial strategy that the Authority has followed in recent years.
- 4.12. As outlined in Paragraphs 4.5 and 4.7 to 4.11 above, it is proposed as part of this draft budget that, in the event of a 2.99% increase to Council Tax (Option B) the revenue contribution to capital expenditure is reduced by £1.289m to £2.384m (of which an amount of £0.300m is earmarked from Red One contribution) in order to balance the budget for the 2018-19 financial year.
- 4.13. Each 1% increase in Council Tax income represents £0.487m of additional funding which could be used to support our future capital programme, some examples of what could be funded by maintaining a revenue contribution to capital as a result of a Council Tax increase of 2.99% are outlined below:

<b>Item of Capital Expenditure</b>	<b>Illustrative quantity which could be funded under Option B (£2.384m of Capital Funding available)</b>	<b>Total cost</b>
RDS Fire Station Rebuild	2	£1,800,000
Medium Rescue Pump	8	£2,320,000
Rapid Intervention Vehicle	21	£2,352,000

- 4.14. Should the Committee decide to recommend to the Authority Council Tax Option A (Council Tax Freeze), then the Revenue Contribution to fund Capital Expenditure would be reduced by a total of £2.8m to £0.922m.

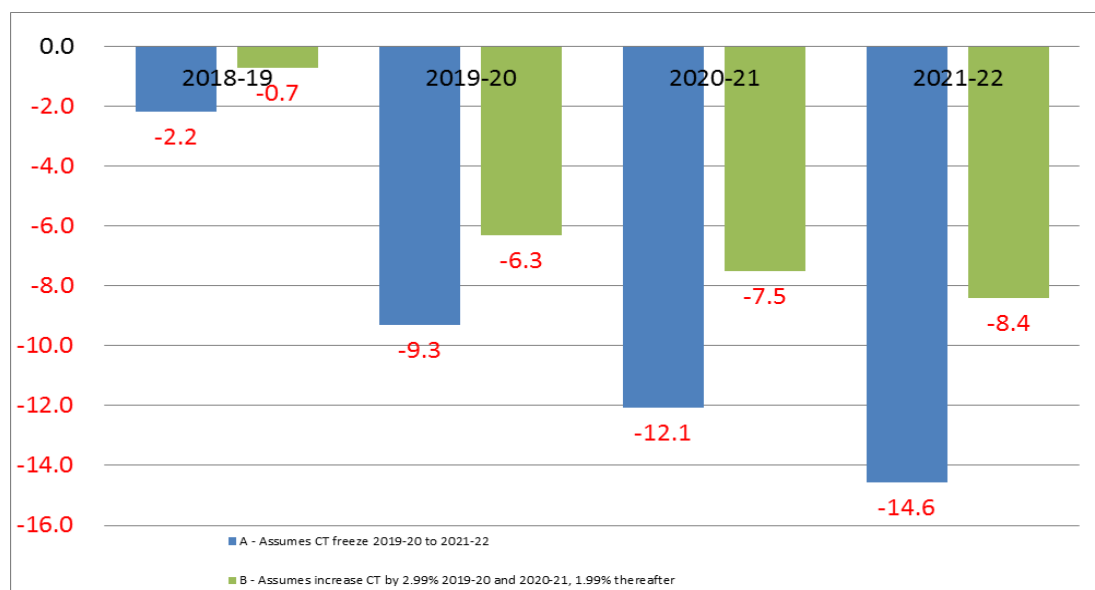
**TABLE 6 – PROPOSALS TO BALANCE 2018-19**

	OPTION A Council Tax Freeze at £81.57	OPTION B Council Tax Increase of 2.99% to £84.01
<b>PROPOSALS TO BALANCE THE REVENUE BUDGET</b>		
<b>Revenue Contribution to Capital</b> – Reducing the budget for Revenue contribution to capital is only a short term solution as this budget requirement will increase to circa £5m a year in the future if the Authority is to avoid further borrowing	(2.751)	(1.289)

**5. MEDIUM TERM FINANCIAL PLAN**

- 5.1 Given that indicative grant figures up to 2019-20 have been received, there is now greater certainty of the funding situation over the short term. This means that the Medium Term Financial Plan (MTFP) needs to be planning for further significant reductions beyond the saving of £0.711m achieved in 2018-19.
- 5.2 Clearly it is difficult to provide forecasts into future years with absolute certainty, particularly in relation to future pay awards (which are likely to see significant increase), inflationary increases and changes in pension costs. Key assumptions have therefore had to be made in our forecasts which will inevitably be subject to change. Prudent forecasts of future budgets can, however, be used to refresh the Authority’s MTFP to inform financial planning and provide updated forecasts of the levels of budget reductions required by 2021-22 to balance the budget.
- 5.3 The MTFP financial modelling tool has assessed a likely ‘base case’ scenario in terms of savings required over the period 2019-20 to 2021-22. Chart 1 provides an analysis of those forecast savings required in each year.

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





- 5.4 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.
- 5.5 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.

## **6. PLANS TO DELIVER SAVINGS 2018-2022**

### ***Our Plan 2018 onwards***

- 6.1 This budget report proposes a balanced budget for the next financial year 2018-19 including proposals as to how budget savings can be achieved.
- 6.2 Looking beyond 2018-19 it is clear that the Authority needs to plan for the delivery of further recurring savings to ensure that balanced budgets can be set in each year of the Spending Review period. The strategic approach to deliver the required savings is targeted against the three broad headings of:
- **Reducing our costs** (reductions against budget lines);
  - **Reduce Support Costs** (staffing budget lines);
  - **Reduce Operational Costs** (staffing budget lines).
- 6.3 On the 30 September 2016, the Authority approved the offer of a 4 year settlement proposed by the Home Office on the condition that it publishes a 4 year Efficiency Plan. This plan was submitted to and agreed by the Home Office and can be found at:
- <https://fireauthority.dsfire.gov.uk/documents/g332/Public%20reports%20pack%2030th-Sep-2016%2014.00%20Devon%20Somerset%20Fire%20Rescue%20Authority.pdf?T=10>.
- 6.4 In the ensuing time period, a new Integrated Risk Management Plan (IRMP) is under development and change plans including financial implications will be brought to the Authority depending on the outcome of the IRMP consultation.

## **7. PRECEPT CONSULTATION 2018-19**

### ***Background***

- 7.1 Section 65 of the Local Government Finance Act (1992) requires precepting authorities to consult non-domestic ratepayers on proposals for expenditure.
- 7.2 In addition to the statutory requirement, members of the public have in previous years also been consulted as it was deemed appropriate to include the public's views on the option of increasing Council Tax at a time of economic difficulty.
- 7.3 At its meeting on 20 October 2017 the Fire Authority considered the issue of Council Tax precept consultation and resolved (Minute DSFRA/41 refers):
- that, consultation in relation to the budget and precept for 2018-19 be conducted on the basis of:*
- *A telephone survey for both business and the public;*

- *A street survey for the public; and*
- *Use of social media*

*with all associated costs not to exceed £13,500.*

7.4 In line with the Authority decision, arrangements were made for a telephone survey to be undertaken with the business community and members of the public. The key specifications for the survey were:

- To ask four key questions on the precept, value for money and satisfaction
- To request demographic information
- To collect answers to both closed and open questions
- To provide a representative sample of 400 businesses by constituent authority area (Devon County Council; Plymouth City Council; Somerset County Council; and Torbay Council).

7.5 It was not possible to conduct a street survey of members of the public in addition to the telephone survey within the budget available. A decision was made by the Executive Board that resources should be focused on promotion of the consultation online and through social media.

7.6 The telephone survey was conducted by BMG Research, an external contractor, at a cost of £11,750.

7.7 An online survey was also created using the telephone survey script and a link provided on the Service's website. This was promoted through the Service's social media platforms Facebook and Twitter. In addition to the online survey and to make use of social media platforms, a Twitter poll was created asking Twitter users their opinions on the level of Council Tax increase they considered reasonable. The only costs incurred for the online and social media consultation were those of internal staff time.

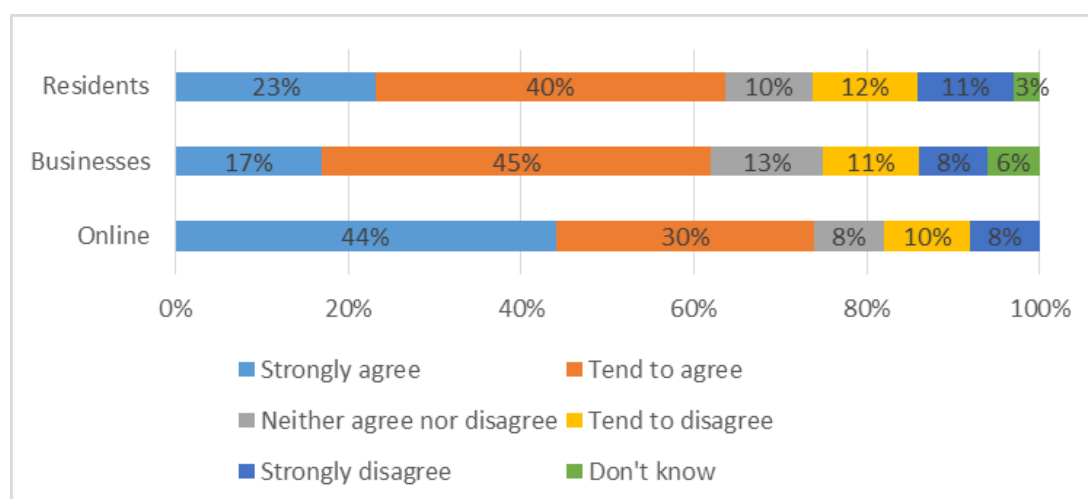
7.8 The consultation period ran from the week beginning Monday 13 November 2017 until Monday 18 December 2017. A summary of the results are displayed below, combining the telephone and online responses. It would not be appropriate to combine the Twitter responses as the context and methodology of the poll differed to that of the telephone and online surveys. Due to rounding the percentages in the graphs may equal 100% + or – 1%. The full results of the telephone survey, online survey and Twitter poll can be found in Appendices D and E.

### **Results**

*Question 1: How strongly do you agree or disagree that it is reasonable for the Authority to consider increasing its Council Tax charge for 2017/18 in order to lessen the impact of the funding cuts?*

7.9 The results for Question one, shown in Chart 1 overleaf, illustrate that the majority of business respondents (62%) agreed that it would be reasonable for the Authority to consider increasing the precept to lessen the impact of funding cuts. Members of public were also positive with 63% in agreement that it was reasonable for the Authority to consider increasing Council Tax charges. Online responses were even more positive with 73% in support for increasing the precept.

Chart 1: Question 1 results of agreement to consider increasing the precept

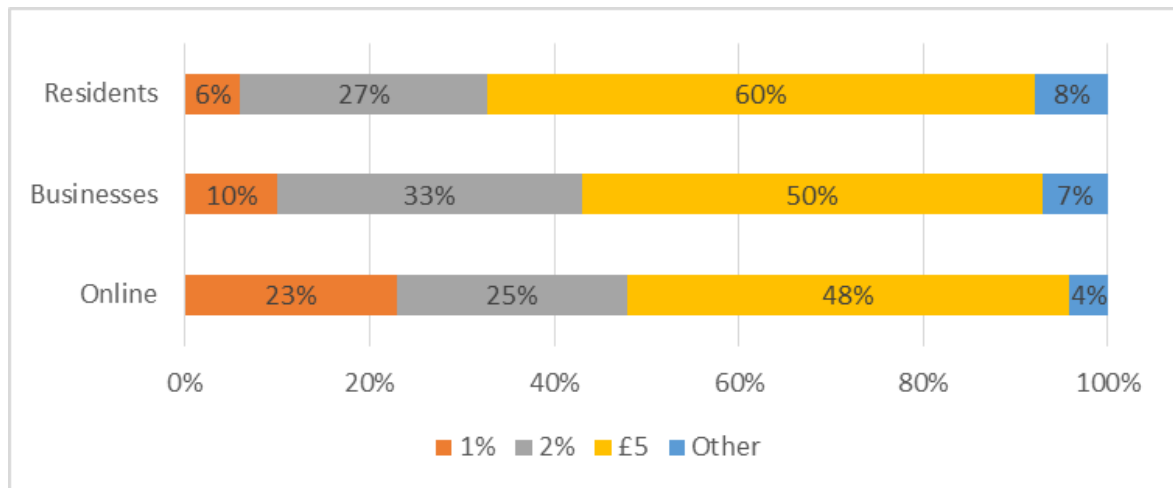


Unweighted sample base: 400 businesses, 400 residents, 50 online

N.B Online responses have not been separated into business and residents due to the low sample size.

- 7.10 The results of the telephone business survey have remained fairly consistent over the last three years: from 57% in 2015, 61% in 2016 and 64% in 2017. The results from the telephone survey with members of the public showed a decrease in agreement over previous years from 79% in 2015, 85% in 2016 and 71 % in 2017. The decrease could be attributed to the move away from face to face surveys to a telephone survey, where a less personal survey elicits a different response.
- 7.11 These results suggest strong support for the Authority to consider increasing the precept to minimise the impact of cuts to the government grant.
- 7.12 Those respondents who disagreed to Question 1 were asked why and their responses recorded. Typical comments received have been included in the full reports in Appendix D.
- 7.13 Respondents who agreed that the Authority should consider increasing the precept were asked:  
*Question 2: What level of increase would you consider is reasonable for the Authority to increase its element of the Council Tax charge by?*
- 7.14 The majority of business respondents (50%) were in favour of a £5 increase to the precept as seen in Chart 2 overleaf. Similarly, the majority of public respondents (60%) were also in favour of a £5 increase. 48% of respondents to the online survey were also in support of a £5 increase.

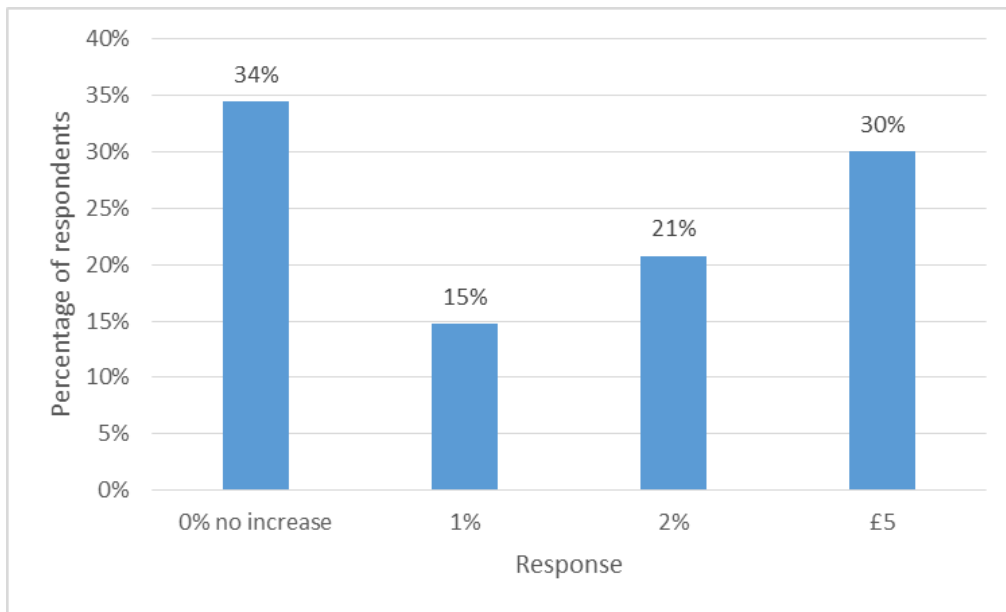
Chart 2: Question 2 results of options to increase the precept



Unweighted sample base: 252 businesses, 242 residents, 48 online

- 7.15 It is not possible to compare these results with previous years as the option of a £5 increase was not previously consulted upon. In 2017, a 2% increase was supported, with 74% from businesses and 60% from members of the public.
- 7.16 Conversely, the results of the Twitter poll indicate that most respondents did not consider an increase in Council Tax charges reasonable. The question posed on Twitter was as follows:
- Devon and Somerset Fire and Rescue Authority is considering its Council Tax charges for 2018/19. The current charge is £81.57 a year for a Band 'D' property. What level of increase would you consider reasonable? For more information visit our website [dsfire.gov.uk/consultation](http://dsfire.gov.uk/consultation).*
- 0% no increase
  - 1%
  - 2%
  - £5 for band D (pro rata)
- 7.17 The Service received a total of 178 responses to the Twitter poll.
- 7.18 The chart overleaf indicates that 34% of respondents to the Twitter poll voted for no increase, as opposed to 30% who voted for a £5 increase. This could be attributed to the different demographic of Twitter users, or to the difference in methodology.

Chart 3: responses to the Twitter poll

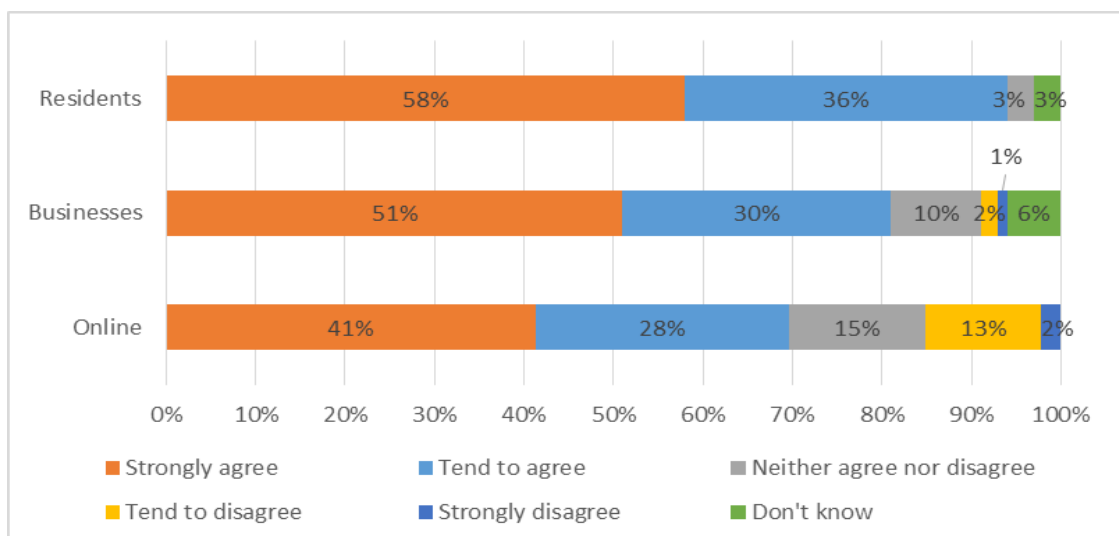


7.19 Although less so from Twitter users, the responses overall suggest support for the Authority to consider increasing the precept by £5 to minimise the impact of cuts to the government grant.

7.20 Question 3: How strongly do you agree or disagree that Devon and Somerset Fire and Rescue Service provides value for money?

7.21 For businesses, 81% agreed that the Service provides value for money. For members of the public 94% agreed that the Service provides values for money, with no respondent disagreeing to this. The online responses were slightly less positive than the telephone surveys, with 69% agreeing that the Service provides value for money.

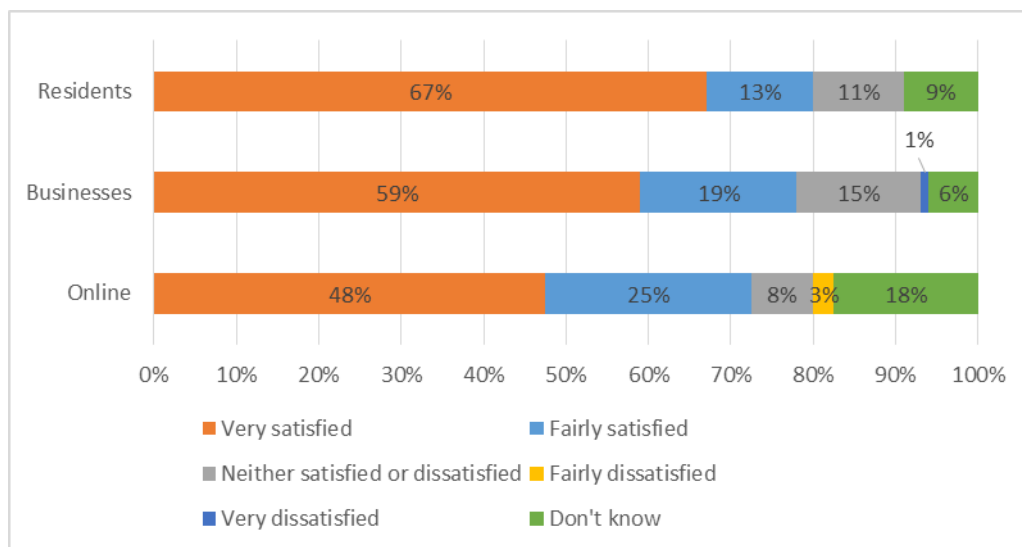
Chart 4 – Question 3 How strongly do you agree or disagree that the Service provides value for money?



Unweighted sample base: 400 businesses, 400 residents, 46 online

- 7.22 The level of agreement from businesses (81%) has been fairly consistent over the last three years, with 81% in 2015, 79% in 2016 and 83% in 2017. The trend for members of the public, although slightly more positive this year (94%) is fairly consistent; 99% in 2015, 93% in 2016 and 89% in 2017.
- 7.23 The results suggest that residents and businesses are satisfied that the Service provides value for money.
- 7.24 Question 4: How satisfied or dissatisfied are you with the service provided by Devon and Somerset Fire and Rescue Service?
- 7.25 Chart 5 below shows that the majority of respondents were satisfied with the service provided by the Service (78% from businesses and 80% from members of the public, 73% from the online survey).

Chart 5: Question 4 results of satisfaction with Service.



Unweighted sample base: 400 businesses, 400 residents, 40 online

- 7.26 Levels of satisfaction for businesses appear fairly consistent over the last three years with results of 77% satisfaction recorded in 2017, 76% in 2016 and 74% in 2014. Levels of satisfaction for members of the public show an increase on last year at 77% (prior to 2017, this question was not included in the face to face survey with members of the public in order to reduce the time taken to complete the survey; therefore no trend analysis is available.)
- 7.27 The results suggest that residents and businesses are satisfied with the service provided by the Service.
- Survey conclusion**
- 7.28 The results of the consultation indicate that a significant majority of respondents feel it would be reasonable for the Authority to consider increasing its precept for 2018/19. Those who agreed that it would be reasonable to consider an increase in the Council Tax precept were predominantly in favour of a £5 increase (50% of business respondents, 60% of public respondents, 48% of online respondents, but only 30% of Twitter respondents).

7.29 Since the survey was conducted, DCLG have confirmed that the maximum amount of Council Tax increase before a referendum is triggered is 3% and therefore a suggested Council Tax increase of 2.99%, equivalent to £2.44 for a Band D property is included within this report. The increase outlined in Option B of 2.99% represents a reduction against the maximum consultation figure of £5.00 or 6.13%.

7.30 Both business respondents and members of the public agreed that the Service provides value for money, at around £42 per head of the population per year, and were satisfied by the service provided by Devon and Somerset.

## **8. STATEMENT ON ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE LEVELS OF RESERVES AND BALANCES**

8.1. It is a legal requirement under Section 25 of the Local Government Act 2003 that the person appointed as the 'Chief Finance Officer' to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions. This statement is included as Appendix B to this report.

## **9. CONCLUSION**

9.1 The Authority is required to set its level of revenue budget and Council Tax for 2018-19 by 1 March so that it can meet its statutory obligation to advise each of the fifteen billing authorities in Devon and Somerset of the required level of precept. This report provides Members with the necessary background information to assist them in making decisions as to the appropriate levels for the Authority.

9.2 The report considers two potential options A and B and asks the Authority to consider the financial implications associated with each option with a determining the level of Council Tax and Core Revenue Budget requirement for 2018-19.

**AMY WEBB**  
Director of Finance (Treasurer)

**GLENN ASKEW**  
Chief Fire Officer