

<b>REPORT REFERENCE NO.</b>	RC/16/3
<b>MEETING</b>	RESOURCES COMMITTEE
<b>DATE OF MEETING</b>	10 FEBRUARY 2016
<b>SUBJECT OF REPORT</b>	2016-17 REVENUE BUDGET AND COUNCIL TAX LEVELS
<b>LEAD OFFICER</b>	Treasurer and Chief Fire Officer
<b>RECOMMENDATIONS</b>	<i>That the Committee consider the contents of this report with a view to recommending to the budget meeting of the Devon and Somerset Fire and Rescue Authority on 19 February 2016, an appropriate level of revenue budget and council tax for 2016-17.</i>
<b>EXECUTIVE SUMMARY</b>	<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.</p> <p>The Secretary of State has announced that the council tax threshold to be applied in 2016-17 that would trigger a requirement to hold a council tax referendum is to be 2.0%. This report considers two potential options A and B below for council tax in 2016-17.</p> <p style="padding-left: 40px;">OPTION A – Freeze council tax at 2015-16 level (<b>£78.42 for a Band D Property</b>).</p> <p style="padding-left: 40px;">OPTION B – Increase council tax by 1.99% above 2015-16 (<b>increase of £1.56 to £79.98</b>).</p> <p>The Committee is asked to consider the implications associated with each option, with a view to making a recommendation of one option to the full Authority budget meeting on 19 February 2016.</p>
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	Not applicable.
<b>APPENDICES</b>	<p>A. Core Net Revenue Budget Requirement 2016-17.</p> <p>B. Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves and Balances.</p> <p>C. Letter of Representation sent to the CLG regarding the Provisional Local Government Finance Settlement.</p> <p>D. BMG Report on Precept Consultation for 2016-17 Revenue Budget</p> <p>E. Report on face to face Precept Consultation</p>
<b>LIST OF BACKGROUND PAPERS</b>	Nil.

## 1. INTRODUCTION

- 1.1 It is a legislative requirement that 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 2016-17. 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 the 17th December 2015 the Department for Communities and Local Government announced as part of the provisional Local Government Settlement the council tax limit to be applied in 2016-17, which if exceeded would trigger the need to hold a referendum, is to be 2.0%.
- 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 1.99%.
- **OPTION A** – Freeze council tax at 2015-16 level (£78.42 for a Band D Property).
  - **OPTION B** – Increase council tax by 1.99% above 2015-16 (£79.98).
- 1.5 The Committee is asked to consider each of these options with a view to making a recommendation of one option to the Fire and Rescue Authority meeting to be held on the 19 February 2016.

## 2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2016-17

- 2.1 The provisional Local Government Finance Settlement was announced on the 17<sup>th</sup> December 2015, which provided local authorities with individual settlement funding assessment figures for 2016-17 and an offer of a four-year settlement to 2019-20 for those authorities that wish to take it.
- 2.2 The Settlement Funding Assessment (SFA) for this Authority results in a reduction in 2016-17 of 8.6% over 2015-16 and should the Authority accept the four-year settlement a total reduction of 24.9% by 2019-20:

<b>TABLE 1 – SETTLEMENT FUNDING ASSESSMENT</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)	<b>-8.6%</b>
2017-18	23.872	(3.001)	<b>-11.2%</b>
2018-19	22.599	(1.273)	<b>-5.3%</b>
2019-20	22.080	(0.519)	<b>-2.3%</b>
<b>Reduction over 2015-16</b>		<b>(7.333)</b>	<b>-24.9%</b>

- 2.3 With regard to the offer of a four-year settlement the government is making 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. Therefore, it has published indicative figures for future years which will be confirmed in the final settlement.
- 2.4 In practice, final figures for each year will be 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 At this time there is no further detail on the timetable for accepting the four-year offer.
- 2.6 The provisional settlement figures for the Authority are in line with the figure previously included within the Service medium term financial plans (anticipated 8% reduction in 2016-17 rising to 25% over the four year period).
- 2.7 When compared to other fire and rescue authorities, this Authority has received the 7<sup>th</sup> worst settlement with 24.9% reduction over the period against an average of 20%. In terms of spending power (which also includes income from Council Tax and the Rural Services Delivery Grant) the government is anticipating a reduction of 0.8% of our spending power by 2019-20, the 9<sup>th</sup> best settlement against an average of 2.0% for the sector.
- 2.8 In addition to the settlement figures reported in Table 1, the Authority has been awarded a share of a separate Rural Services Delivery Grant which is only available to the most sparsely populated rural areas. The government has increased this grant from £15.5m this year to £65m by 2019-20 resulting in a grant for this Authority of £104k in 2016-17 rising to £340k by 2019-20. This grant will be paid as a Section 31 grant and the 2016-17 grant of £104k is included as income within the draft budget proposed in this report.
- 2.9 A response to the provisional 2015-16 Local Government Finance Settlement announcement has been sent to the CLG on behalf of the Authority expressing disappointment with the provisional settlement and the lack of recognition of rural sparsity and its impact on the Authority's cost base. A copy of this letter is attached as Appendix C.

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

- 3.1 Members will be aware of the new rules introduced in 2013-14 which require an authority to hold a local referendum should it propose to increase council tax beyond a government set limit (principles). A referendum would need to be held on our behalf by all of the billing authorities in Devon and Somerset by May of the financial year in question. The administrative costs associated with holding such a referendum would have to be funded by the Authority.

- 3.2 If the referendum results in a 'yes' vote then the increase will stand. However, if a 'no' vote is the outcome then the authority will need to revert to a council tax increase limited to the government set limit. This means that, in such circumstances, at the budget meeting two budgets would need to be considered - the budget at the council tax level in excess of the referendum limit and a second "shadow budget" based on the government set limit for council tax increases.
- 3.3 Given that Band D council tax figures for fire and rescue authorities are relatively low, typically only 4% of the total council tax bill, the Service has argued with the Department of Communities and Local Government (DCLG), that fire and rescue authorities should be exempt from this requirement as the costs associated with holding a referendum are disproportionate to the amount of additional precept gained from any increase. For this Authority the position is exacerbated by the fact that it has to liaise with fifteen billing authorities that would be required to hold referendums on its behalf, resulting in estimated referendum costs in the region of £2.3m. We have asked DCLG to consider an alternative set of principles for fire and rescue authorities that would apply a cash amount, e.g. £5, rather than applying a percentage increase. Disappointingly, whilst some police and crime commissioner areas and shire district councils have been given the flexibility to adopt the £5 threshold in 2016-17, the provisional settlement confirms that for fire and rescue authorities a percentage increase threshold will continue to be applied.
- 3.4 On the 17<sup>th</sup> December 2015, the Department for Communities and Local Government announced the referendum threshold to be applied in 2016-17 is to be 2.0%.

#### **4. COUNCIL TAX AND BUDGET REQUIREMENT 2016-17**

##### ***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 2016-17.
- 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 2016-17 this report considers two options A and B.
- **OPTION A** – Freeze council tax at 2015-16 level (£78.42 for a Band D Property).
  - **OPTION B** – Increase council tax by 1.99% above 2015-16 (£79.98).
- 4.3 Members could of course decide to set any alternative level between these two options. Each 1% increase in council tax represents a £0.78p increase for a Band D property, and is equivalent to a £0.452m variation on the revenue budget. In relation to the referendum option it is my 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 2% threshold.
- 4.4 Each of the options will result in a reduction in the amount of revenue funding for 2016-17. Table 2 overleaf provides a summary of the reduction associated with each option, including additional precept income.

Please note that at the time of writing this report we are still awaiting figures from some billing authorities relating to the amount of estimated business rates income in 2016-17 and therefore the figures in Table 2 will be subject to change. The impact of any changes will be reported at the meeting.

**TABLE 2 – OPTIONS FOR COUNCIL TAX CHANGE – REDUCTION IN FUNDING 2016-17**

	<b>OPTION A Council Tax Freeze at £78.42  £m 74.710</b>	<b>OPTION B Council Tax Increase of 1.99% to £79.98  £m 74.710</b>
<b>TOTAL FUNDING 2015-16</b>		
Reduction in Formula Funding	(2.593)	(2.593)
Increase in Retained Business Rates from Business Rate Retention System.	0.053	0.053
<u>Changes in Council Tax Precept</u>		
- increase in Council Tax Base	0.859	0.859
- resulting from an increase in Band D Council Tax	-	0.904
- Increase in Share of Billing Authorities Council Tax Collection Funds	0.230	0.230
<b>Net Change in precept income</b>	<b>1.089</b>	<b>1.992</b>
<b>TOTAL FUNDING AVAILABLE 2016-17</b>	<b>73.259</b>	<b>74.163</b>
<b>NET REDUCTION IN FUNDING</b>	<b>(1.451)</b>	<b>(0.547)</b>

### **Council Tax Base**

- 4.5 Whilst the reduction in government funding of £2.540m was expected and planned for, we had not expected to see such a high increase in the council tax base for the area resulting in additional precept income of £0.875m, an increase in the tax base of nearly 2%. This is largely as a result of an increase in the council tax base across the area of Devon and Somerset (£0.9m) which reflects increases in the number of properties, e.g. Cranbrook in East Devon. In addition, following a review of council tax collection rates by districts, the amount of surplus available to the Authority has increased by £0.230m.

### **Net Budget Requirement**

- 4.6 Table 3 overleaf provides a summary of the core budget requirement (*based upon Option B for illustrative purposes*) for 2016-17. A breakdown of the more detailed items included in this draft budget is included in Appendix A.

**TABLE 3 – SUMMARY OF CORE REVENUE BUDGET REQUIREMENT 2016-17**

	£m	%
<b>Approved Net Revenue Budget Requirement 2015-16</b>	<b>74.710</b>	
PLUS Provision for pay and price increases (Pay award assumed 1.0% in 2016 for Firefighters)	0.549	0.73%
MINUS Removal of one off provisions in 2015-16	(0.758)	-1.01%
PLUS Inescapable Commitments	1.308	1.75%
PLUS Capital contribution	1.150	1.54%
PLUS Changes to income targets	0.426	0.57%
<b>CORE SPENDING REQUIREMENT 2016-17</b>	<b>77.384</b>	
<b>INCREASE IN BUDGET OVER 2015-16 (£m)</b>	<b>2.674</b>	<b>3.58%</b>

***Invest-to-Save***

- 4.7 Elsewhere on the agenda is a separate report relating to the proposed capital programme 2016-17 to 2018-19. That report highlights the concerns of the Authority's reliance on increased borrowing to fund future capital investment requirements, particularly as a result of the lack of any government grant funding since 2014-15. It is therefore recommended that the Authority supports revenue contributions to fund capital spending wherever possible in order to reduce future borrowing requirement and therefore the resultant commitment required in the revenue budget to service debt charges.
- 4.8 It is therefore proposed that the revenue budget for 2016-17 includes an increase to the provision for a direct revenue contribution towards capital spending, enabling debt charges to be maintained below the 5% Prudential Code limit up to 2018-19. Table 3 (Option B) above includes an additional contribution of £1.150m giving a revised contribution of £3.3m (£3.048m to be utilised in 16-17, £0.220m to be transferred to reserve to be used to fund future capital spending). Should Members be minded to approve Option A then it is proposed that this contribution be reduced by £0.9m (representing the loss of funding from a council tax freeze) to £2.4m.

***Budget Savings***

- 4.9 As is indicated in Table 3, the Core Budget Requirement for 2016-17 (which includes provision for pay and inflation, inescapable commitments and new investment) has been assessed as £77.384m. 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 identifies the savings target required and summarises how those targets would be achieved.

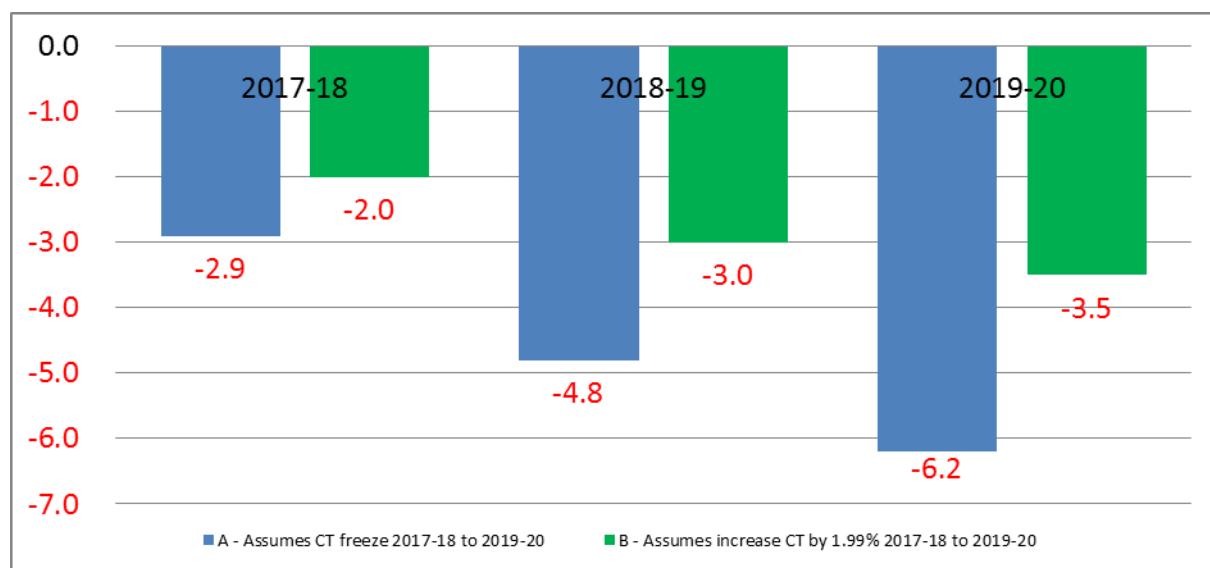
**TABLE 4 – BUDGET SAVINGS REQUIRED 2016-17**

	<b>OPTION A £m</b>
<b>Budget Management Savings</b> – As in previous years the budget setting process has included the requirement for budget managers to scrutinise non-operational budget heads with a view to the identification of recurring savings. This process and challenge by managers has identified £0.988m of recurring savings which can be removed from base budget.	<b>(0.988)</b>
<b>Retained Pay</b> – Activity anticipated to reduce as a result of changes to activity levels and asset utilisation on some stations	<b>(0.302)</b>
<b>Corporate Plan Proposals (operational)</b> – The Corporate Plan proposals agreed by the Authority in July 2013 included the deletion of 149 operational posts to deliver £5m of on-going savings once fully implemented. Given that a strategy has been adopted to deliver this level of reduction without resort to compulsory redundancies it will take a number of years for this reduction to be fully achieved. An element of these staff numbers may be used in the transition of future staffing projects	<b>(1.421)</b>
<b>Support Staffing</b> – In order to meet financial challenges over the coming years, a strategy has been set to reduce support staff numbers and therefore managers have deleted 16.5 posts from the support staff establishment, resulting in a saving of £0.511m	<b>(0.511)</b>
<b>TOTAL BUDGET SAVINGS (£m)</b>	<b>(3.222)</b>

## **5. MEDIUM TERM FINANCIAL PLAN**

- 5.1 Given that indicative grant figures up to 2019-20 have been received, there is now potential for greater certainty of the funding situation over the medium term. This means that the Medium Term Financial Plan needs to be planning for further significant reductions beyond the saving of £3.2m achieved in 2016-17.
- 5.2 Clearly it is difficult to provide forecasts into future years with absolute certainty, particularly in relation to future pay awards, 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 Medium Term Financial Plan to inform financial planning and provide updated forecasts of the levels of budget reductions required by 2019-20 to balance the budget.
- 5.3 The Medium Term Financial Plan financial modelling tool has assessed a likely 'base case' scenario in terms of savings required over the period 2017-18 to 2019-20. Chart 1 provides an analysis of those forecast savings required in each year.

**CHART 1 – FORECAST BUDGET SAVINGS REQUIREMENT (CUMULATIVE) 2017 TO 2020 (BASE CASE) - £MILLIONS**



5.4 Chart 1 illustrates that further savings will be required over the next three years (forecast to be cumulative savings of circa £6.2m by 2019-20). As is stated earlier in this report each 1% increase in council tax results in additional precept of £0.452m. Should it be agreed to increase by a further 1.99% (not subject to a decision at this meeting) in each year from 2017-18 to 2019-20 then the saving target by 2019-20 would be reduced from £6.2m to £3.5m.

5.5 It is only a legislative requirement for this report to consider a council tax level for 2016-17, however, as future levels will be set as part of the annual budget setting process, the issue of a council tax strategy during the Spending Review period will be vitally important at the point that the Authority considers whether it is to accept the government offer of a four-year settlement. This consideration will be subject to a further report to the Authority when more detailed information is available on the offer, including the timetable for acceptance.

**6. PLANS TO DELIVER SAVINGS 2016-2020**

***Our Plan 2016 onwards***

6.1 This budget report proposes a balanced budget for the next financial year 2016-17 including proposals as to how budget savings can be achieved.

6.2 The Corporate Plan, approved by the Authority at its meeting held on the 10 July 2013, included a range of proposals, which when fully implemented will deliver total on-going savings of £6.8m. It is recognised, however, that not all of this sum will be deliverable by 2016-17 as the speed at which it can be delivered will be dependent on the natural turnover of staff over the next two years. Savings of £1.4m are targeted to be achieved towards this total in 2016-17.



6.3 Looking beyond 2016-17 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. As has been previously shared with Members our 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)

6.4 Officers are currently developing a range of proposals under each of these headings in order to achieve the required savings and meet our Integrated Risk Management Plan objectives. Consideration of proposals for further savings beyond 2016-17 will be subject to Authority consideration.

## 7. **PRECEPT CONSULTATION 2016-17**

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 14 December 2015, the Authority considered the issue of council tax precept consultation and resolved (Minute DSFRA/42 refers):

“That Option C as set out in report DSFRA/15/30 (consulting the business community via telephone survey and with the public via street level face to face surveys) be undertaken in relation to the Authority's proposed expenditure and level of council tax precept for 2016-17”.

7.4 In line with the Authority decision, arrangements were made for a telephone survey to be undertaken with the business community only. 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 The business survey commenced in the week beginning Monday, 4 January 2016 and was undertaken by BMG Research.

7.6 Again in line with the Authority decision, a street level face-to-face survey was undertaken using our own staff. The questions used closely followed the format used for the business telephone survey. To maximise the value of this time, the opportunity was taken to distribute the Home Safety booklet and remind people to remain vigilant on home safety issues at the start of the New Year. The survey was publicised through the Service's social media feeds.

7.7 Face-to-face surveys with members of the public were conducted by Devon & Somerset Fire & Rescue Service staff in Plymouth, Torquay, Exeter and Taunton on 8, 13, 15 and 20 January 2016 respectively. A total of 253 responses were obtained.

7.8 The results obtained from businesses and members of the public have been brought together in the charts below for ease of comparison. The full results of the business and public surveys can be found in Appendix D and E.

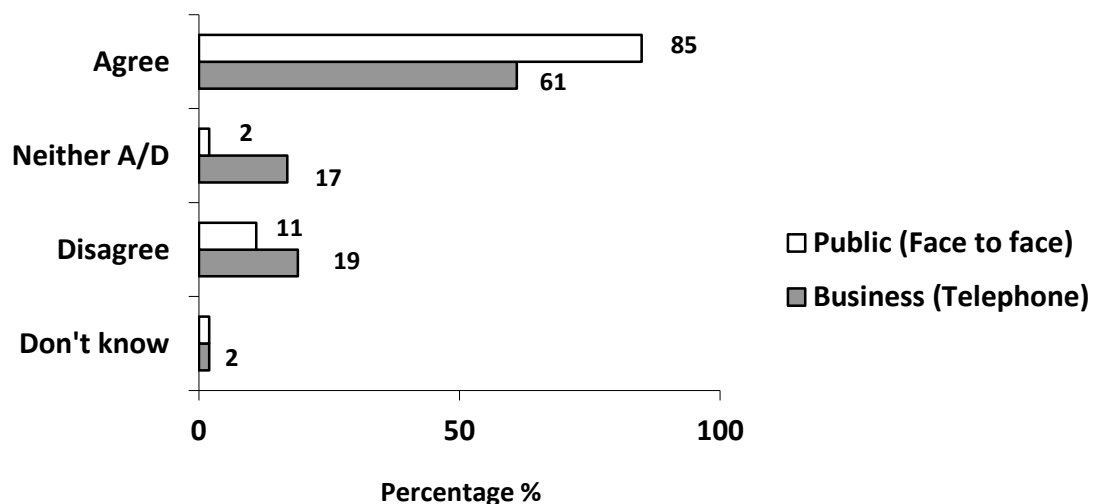
**RESULTS**

7.9 Due to rounding the percentages in the graphs may equal 100% + or – 1%.

*Question 1: How strongly do you agree or disagree that it is reasonable for the Authority to consider increasing its council tax charge for 2015/16 in order to lessen the impact of the funding cuts?*

7.10 The results for Question one, shown in Chart 2, illustrate that the majority of business respondents 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 more positive with 85% in agreement that it was reasonable for the Authority to consider increasing Council Tax charges. Members of the public were also less neutral than business respondents.

Chart 2: Question 1 results of agreement to consider increasing the precept



Count (unweighted)

Business responses 400, Public responses 253

7.11 The 2016 results of the business survey show a slight increase in the level agreement for the Authority to consider an increase to the precept over the last two years: up from 53% in 2014 and 57% in 2015. The majority of this change reflects movement in opinion from 'disagree' to 'agree'. The results for the public street survey also showed an increase in agreement over previous year's results of 74% in 2014 and 79% in 2015. The increase in agreement in 2016 appears to have come from mainly a reduction in those responding 'Neither agree nor disagree'.

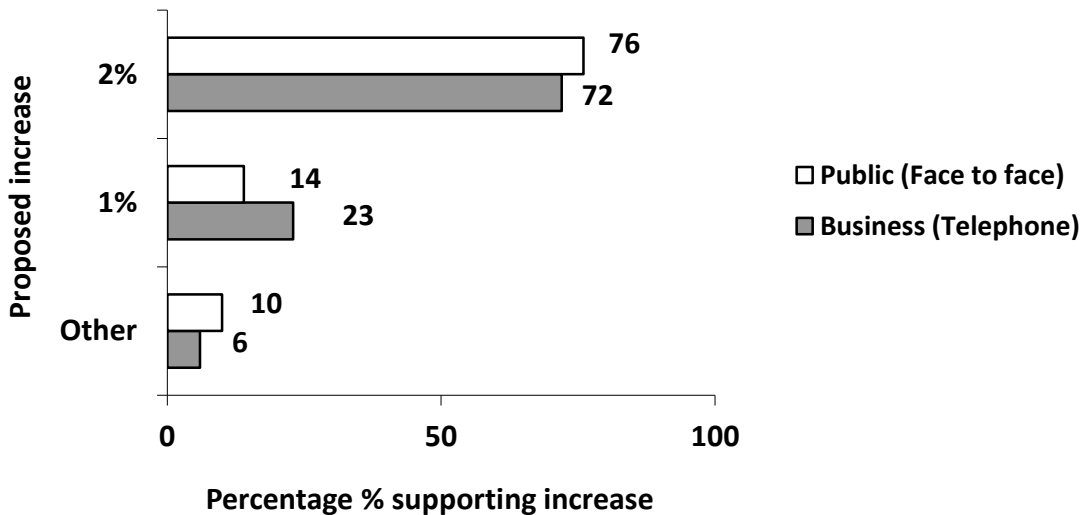
7.12 These results suggest support from businesses and members of the public for the Authority to consider increasing the precept to minimise the impact of cuts to the government grant.

7.13 Respondents who agreed that the Authority should consider increasing the precept were asked:

*Question 2: Of the following options, what increase would you consider it reasonable for the Authority to make to its element of the Council Tax?*

7.14 The majority of business respondents (72%) were in favour of a 2% increase to the precept as seen in Chart 3. Similarly, the majority of public respondents (76%) were also in favour of a 2% increase.

Chart 3: Question 2 results of options to increase the precept



Count (unweighted)

Business responses 248, Public responses street 214

7.15 There was a marked increase in support from both businesses and the public for a 2% increase in Council Tax when compared with the 2015 results of 61% for businesses and 67% public.

7.16 Of those business respondents who indicated an increase other than 1 or 2% (14 respondents), the majority suggested an increase greater than 2% (8) respondents, with figures ranging from 3% up to 15%. The most common suggestion was an increase of 5% (4 respondents).

7.17 The increases given by members of the public who gave an 'Other' response (17 respondents) ranged from 0.1% (1 respondent) to 5%, which was the most common increase (8 respondents).

7.18 Those business respondents who disagreed to Question 1 were asked why and their responses recorded. A full record of the 74 verbatim comments is provided in Appendix D. These comments have been since been themed and a summary of the top five themes are provided in Table 4.

Table 4: Theme summary of the comments given for disagreement to Question 1.

Theme	Count
The Government should not cut the funding to the fire and rescue service and should fund it better.	21
The fire and rescue service already receives reasonable funding and the tax charge is high enough without putting up Council Tax.	14
The fire and rescue service is an essential service and it would not be wrong to put up council tax. (Comments in support recorded)	10
Efficiencies in the local and national organisation of the fire and rescue service should come before increasing Council Tax.	9
General costs are increasing enough as it is and wages have not increased for an increase in Council Tax to be affordable, everyone else is having cut backs	8

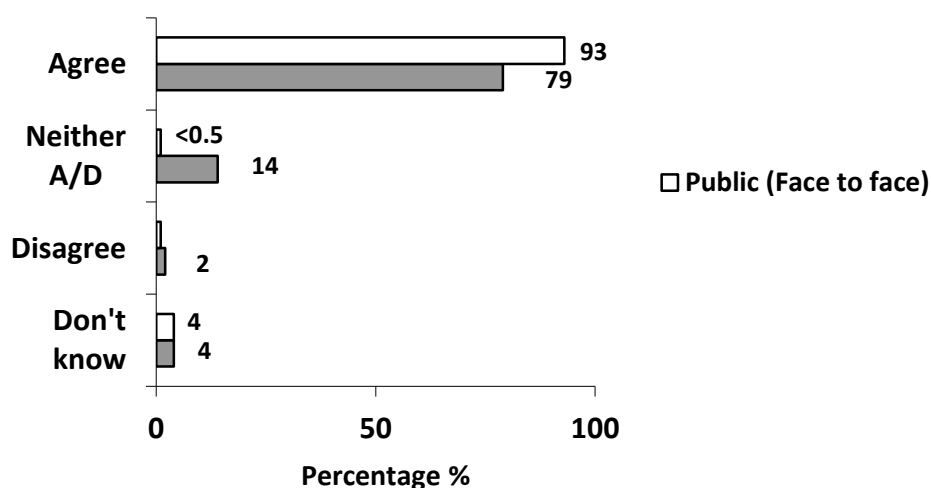
Question 3: How strongly do you agree or disagree that Devon and Somerset Fire and Rescue Service provides value for money?

7.19 Chart 4 below shows that business respondents agreed that the Service provides value for money. The level of agreement from businesses (79%) was similar to that recorded in the 2015 survey (81%).

7.20 For members of the public, 93% agreed that the Service provides value for money. This result is slightly lower than the 99% agreement recorded in the 2015 survey, but is the same result as achieved in the 2014 survey.

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

Chart 4: Question 3 results of agreement with providing value for money



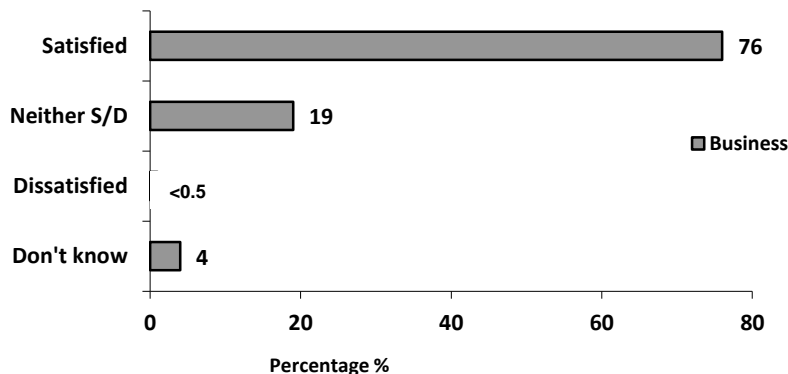
Count (unweighted)

Business responses 400, Public responses street 249

*Question 4: How satisfied or dissatisfied are you with the service provided by Devon and Somerset Fire and Rescue Service?*

7.21 Chart 5 below shows that the majority of respondents were satisfied with the service provided by the Service. Levels of satisfaction appear fairly consistent over the last three years with results of 78% satisfaction recorded in 2014 and 74% in 2015. Only one respondent expressed dissatisfaction but provided no explanation as to the reason. This question was not put to members of the public in order to reduce the time taken to complete the survey.

Chart 5: Question 4 results of satisfaction with Service.



Count (unweighted)

Business responses 400.

## **CONCLUSION**

7.22 The results of the consultation indicate that a significant majority of businesses and members of the public feel it would be reasonable for the Authority to consider increasing its precept for 2016/17. Those who agreed that it would be reasonable to consider an increase in the Council Tax precept were predominantly in favour of a 2% increase (72% of business respondents and 76% of public respondents who agreed it was reasonable to consider an increase).

7.23 Business respondents agreed that the Service provides value for money, at around £46 per head of the population per year and were satisfied by the service provided by Devon and Somerset. Members of the public also agreed that the Service provided value for money.

7.24 Compared with the surveys conducted in 2014 and 2015 there appears to be an increasing sentiment from both business and public respondents that the Authority should consider increasing the Council Tax precept. There also appears to be increasing sentiment to increase the level of Council Tax by 2% when compared to the 2015 survey results.

## **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. SUMMARY**

- 9.1 The Authority is required to set its level of revenue budget and council tax for 2016-17 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 Committee to consider the financial implications associated with each option with a view to recommending one of these options to the budget setting meeting of the full Authority, to be held on the 19 February 2016.

**KEVIN WOODWARD**  
Treasurer

**LEE HOWELL**  
Chief Fire Officer

## APPENDIX A TO REPORT RC/16/3

### DRAFT REVENUE BUDGET REQUIREMENT 2016-17 (BASED UPON OPTION B FOR ILLUSTRATIVE PURPOSES)

	2016/2017		
	£'000	£000	%
<b>Approved Budget 2015-16</b>		<b>74,710</b>	
<b><u>Provision for pay and prices increase</u></b>			
Uniformed Pay Award (assume 1.0% from July 2016)	431		
Non-uniformed Pay Award (assume 1% from April 2016)	102		
Prices increases (assumed 2% CPI from April 2017)	16		
Pensions inflationary increase (2% from April 2017)	0		
		549	0.7%
<b><u>Removal One-off Provisions for 2015/16 only</u></b>			
Change and Improvement Programme	(323)	(758)	
<b><u>Inescapable Commitments</u></b>			
Increase in debt charges emanating from agreed capital programme	202		
National Insurance end of contracted out rebate	953		
Increased Medical costs as a result of Asbestos testing	102		
Other ongoing commitments	50		
		1,308	
<b><u>New Investment</u></b>			
Transfer to Reserve for Capital	220		
Revenue Contribution to Capital	930		
		1,150	
<b><u>Income</u></b>			
Reduce Red One Contribution target	99		
Remove one off National Procurement income	379		
Investment income due to high yields/cash	(37)		
NNDR/ Sparsity Section 31 grant (unconfirmed)	(16)		
		426	
<b><u>Savings in 2016-17</u></b>			
Implementation of staffing reductions linked to IRMP	(1,421)		
Reduction in Retained activity levels	(302)		
Support staff reductions	(511)		
Reduction in lease charges	(516)		
Reduction to pension charges for IHR/ Injuries	(101)		
Training/ Seminars	(101)		
Estates (Property Maintenance)	(129)		
Light vehicles/ travel/ subs/ mileage	(141)		
		(3,222)	
<b>CORE BUDGET PROPOSAL</b>		<b>74,163</b>	

**STATEMENT OF THE ROBUSTNESS OF THE BUDGET ESTIMATES AND THE ADEQUACY OF THE DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY LEVELS OF RESERVES**

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.

**THE ROBUSTNESS OF THE 2016-17 BUDGET**

The net revenue budget requirement for 2016-17 has been assessed as £74.135m (Option B in report). In arriving at this figure a detailed assessment has been made of the risks associated with each of the budget headings and the adequacy in terms of supporting the goals and objectives of the authority as included in the Corporate Plan. It should be emphasised that these assessments are being made for a period up to the 31<sup>st</sup> March 2017, in which time external factors, which are outside of the control of the authority, may arise which will cause additional expenditure to be incurred. For example, the majority of retained pay costs are dependent on the number of call outs during the year, which can be subject to volatility dependent on spate weather conditions. Other budgets, such as fuel are affected by market forces that often lead to fluctuations in price that are difficult to predict. Details of those budget heads that are most at risk from these uncertainties are included in Table 1 overleaf, along with details of the action taken to mitigate each of these identified risks.

Whilst there is only a legal requirement to set a budget requirement for the forthcoming financial year, the Medium Term Financial Plan (MTFP) provides forecasts to be made of indicative budget requirements over a four year period covering the years 2016-17 to 2019-20. These forecasts include only prudent assumptions in relation future pay awards and prices increases, which will need to be reviewed in light of pay settlements and movement in the Consumer Prices Index.



**TABLE 1 – BUDGET SETTING 2016-17 ASSESSMENT OF BUDGET HEADINGS MOST SUBJECT TO VOLATILE CHANGES**

Budget Head	Budget Provision 2016-17 £m	RISK AND IMPACT	MITIGATION
Retained Pay Costs	12.3	A significant proportion of costs associated with retained pay is directly as a result of the number of calls responded to during the year. The level of calls from year to year can be volatile and difficult to predict e.g. spate weather conditions. Abnormally high or low levels of calls could result in significant variations against budget provision.	In establishing a General Reserve for 2016-17, allowance has been made for a potential overspend on this budget.
		In 2008 the Part-Time Workers (less than favourable working conditions) tribunal ruled in favour of retained firefighters having the same conditions of service in relation to pension and sickness benefits as wholtime firefighters. The next Government Actuarial Valuation (due during 16-17) of future pension costs will include these retained firefighters for the first time, which may significantly change the rate of employer's pensions contributions payable from 2017-18.	An Earmarked Reserve of £1.5m has been set aside for the impact of the ruling from the Part Time Workers tribunal. However, until final valuations are complete the full extent of the impact to rates and therefore the Service budget cannot be quantified.
Fire-fighter' s Pensions	2.8	Whilst net pension costs funded by the government through a top-up grant arrangement, the Authority is still required to fund the costs associated with ill-health retirements, and the potential costs of retained firefighters joining the scheme.	In establishing a General Reserve for 2016-17 an allowance has been made for a potential overspend on this budget
Insurance Costs	0.8	The Fire Authority's insurance arrangements require the authority to fund claims up to agreed insurance excesses. The costs of these claims are to be met from the revenue budget. The number of claims in any one-year can be very difficult to predict, and therefore there is a risk of the budget being insufficient. In addition some uninsured costs such as any compensation claims from Employment Tribunals carry a financial risk to the Authority.	In establishing a General Reserve for 2016-17 an allowance has been made for a potential overspend on this budget
Fuel Costs	0.8	Whilst the budget has made some allowance for further increases in fuel costs during 2015-16, due to current low fuel costs it is highly possible that inflationary increases could be in excess of the budget provided.	In establishing a General Reserve for 2016-17 an allowance has been made for a potential overspend on this budget
Treasury Management Income	(0.2)	As a result of the economic downturn in recent years, and the resultant low investment returns, the ability to achieve the same levels of income returns as in previous years is diminishing. The uncertainty over future market conditions means that target investment returns included in the base budget could be at risk.	The target income for 2016-17 has been set at a prudent level of achieving only a 0.4% return on investments. Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible.
Income	(0.6)	Whilst the authority has only limited ability to generate income, the budget has been set on the basis of delivering £1.0m of external income whilst reducing the reliance on the Service budget for Red One Income to £0.2m. Due to economic uncertainty this budget line may be at risk.	Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible.
Capital Programme	5.1	Capital projects are subject to changes due to number of factors; these include unforeseen ground conditions, planning requirements, necessary but unforeseen changes in design, and market forces.	Capital projects are subject to risk management processes that quantify risks and identify appropriate management action. Any changes to the spending profile of any capital projects will be subject to Committee approval in line with the Authority Financial Regulations.
Business Rates	(0.4)	There is a high degree of uncertainty over levels of Retained Business rates income and the method of allocation between funding and revenue grants in future years.	There is a specific reserve of £0.5m set up for NNDR smoothing in future years although this is not expected to be utilised in 2016-17.

## **THE ADEQUACY OF THE LEVEL OF RESERVES**

Total Reserve balances for the Authority as at April 2015 is £23.8m made up of Earmarked Reserves (committed) of £18.5m, and General Reserve (uncommitted) of £5.3m. This will increase by the end of the financial year as a result of projected underspend against the current year's budget. A General Reserve balance of £5.3m is equivalent to 7.1% of the total revenue budget, or 26 days of Authority spending.

The Authority has adopted an "in principle" strategy to maintain the level of reserves at a minimum of 5% of the revenue budget for any given year, with the absolute minimum level of reserves only being breached in exceptional circumstances, as determined by risk assessment. This does not mean that the Authority should not aspire to have more robust reserve balances based upon changing circumstances, but that if the balance drops below 5% (as a consequence of the need to utilise reserves) then it should immediately consider methods to replenish the balance back to a 5% level.

It is pleasing that the Authority has not experienced the need to call on reserve balances in the last five years to fund emergency spending, which has enabled the balance, through budget underspends, to be increased to a level in excess of 5%. The importance of holding adequate levels of general reserves has been highlighted on a number of occasions in recent times. For instance the impact of the deterioration of the banking system and in 2008 exposed some authorities to potential loss of investments held e.g. Northern Rock and some Icelandic banks. On the back of this deterioration the Chartered Institute of Public Finance and Accountancy (CIPFA) immediately introduced a new Local Authority Accounting Principle in November 2008 (LAAP 77) bulletin to provide further guidance to local authority chief finance officers on the establishment and maintenance of local authority reserves and balances, which should be followed as a matter of course. Whilst this bulletin 'stopped short' of advising of a minimum level of reserves, it acted as a further reminder that it is for the authority, on the advice of the chief finance officer, to make their own judgements on such matters based upon local circumstances

The impact of flooding and the problems experienced by the global financial markets are just two examples, highlighted within the bulletin, of external risks which local authorities may need to take into account in setting levels of reserves and wider financial planning.

It should also be emphasised that a reserve level at 7.1% compares to an average reserve balance of 8.7% for all fire and rescue authorities, which places this Authority in the middle quartile for all FRAs.

Given the scale of budget reductions that the Authority will be required to find over the next four years, it is my view that the Authority should seek to protect reserve balances as much as possible to provide added financial stability through the period of austerity.

## **CONCLUSION**

It is considered that the budget proposed for 2016-17 represents a sound and achievable financial plan, and will not increase the Authority's risk exposure to an unacceptable level. The estimated level of reserves is judged to be adequate to meet all reasonable forecasts of future liabilities.

**KEVIN WOODWARD**  
Treasurer

**APPENDIX C TO REPORT  
RC/16/3**

**Lee Howell  
CHIEF FIRE OFFICER**

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Shafi Khan  
Communities and Local Government  
2 Marsham Street  
LONDON SW1P 4DF

**SERVICE HEADQUARTERS  
THE KNOWLE  
CLYST ST GEORGE  
EXETER  
DEVON  
EX3 0NW**

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Your ref :  
:  
Our ref :  
Website [www.dsfire.gov.uk](http://www.dsfire.gov.uk)  
:

Date : 15<sup>th</sup> January 2016  
Please ask for : Mr Woodward  
Email : [kwoodward@dsfire.gov.uk](mailto:kwoodward@dsfire.gov.uk)

Telephone : 01392 872200  
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Dear Shafi,

**CONSULTATION – PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT  
2016-17**

I am writing to you on behalf of Devon and Somerset Fire and Rescue Authority (the Authority) in response to the above consultation.

The Authority welcomes the opportunity to provide a response to the provisional settlement and provides at Annex A responses to those specific questions included in the document that have an impact to fire and rescue authorities.

In addition to responses to the specific questions, the Authority would also like to take the opportunity to raise some general comments below, some of which we have raised on previous occasions but disappointingly not had any feedback from your department.

- We are very concerned as to the disproportionate impact that the cuts are having on the more rural fire and rescue services which rely heavily on the Retained Duty System (RDS) to provide fire and rescue cover over a large geographical area. In his independent report **FACING THE FUTURE: Findings from the review of efficiencies and operations in fire and rescue authorities in England**, Sir Ken Knight found that there were efficiencies to be released by increasing the proportion of retained (or 'on call') fire fighters. Given that 87% of the Authority's stations are already crewed by on call firefighters we have limited scope to make significant savings in this area.
- The Authority is disappointed that the findings of the report commissioned by the CLG in 2014 "Research into Drivers of Service Costs in Rural Areas" found that whilst it recognises that there is a positive relationship between sparsity and unit costs, it is not considered statistically significant to merit recognition in the formula settlement. Whilst we welcome the fact that additional funding has been allocated to the most rural local authorities, an allocation of just £104k for the Authority in 2016-17 is very disappointing and does very little to redress the inequitable distribution, which is currently in favour of the more urban areas. The Authority does not feel as though the rural arguments are being taken seriously enough.

- The Authority supports the All Party Parliamentary Group on Rural Services which has asked for the 50% gap in grant funding between urban and rural areas to be reduced in stages to 40% by the year 2020.
- We are disappointed that the 2016-17 settlement has removed the capital grant allocations previously made available to fire and rescue authorities. Whilst the Authority received no allocation from the bidding process in 2015-16, previous years has seen annual allocations of up to £2m, which has provided very helpful financial support to our capital investment programmes. Given that the Authority has a substantial asset base, second only to London in terms of numbers of fire stations and vehicles, the removal of this grant places increasing financial pressure on our capital spending plans at a time that the Authority is very reluctant to incur further external debt given the affordability of the resultant revenue debt charges.
- The Authority is also disappointed that there has been no change in the council tax referendum rules to apply a different approach to fire and rescue authorities. We have asked that rather than a percentage limit that a cash sum e.g. £5 be applied. The fact remains that because of the relatively low Band D council tax figures for a fire authority, typically only 4% of the total council tax bill for any area, the cost of holding the referendum would be totally disproportionate to the additional amount of precept to be possibly achieved, meaning that no fire and rescue authority could possibly justify such a course of action. For this Authority, which has 15 billing authorities across Devon and Somerset, the cost of holding the referendum has been estimated at £2.3m (equivalent to a 6% increase in council tax).

Yours sincerely

Kevin Woodward  
Treasurer to Devon and Somerset Fire and Rescue Authority

**RESPONSE TO QUESTIONS**

We provide below our responses to the specific questions raised in the consultation document. **Please note that we are not responding to all of the Consultation Questions, just those that we consider to be especially relevant to fire and rescue authorities.**

**Question 1: Do you agree with the methodology for allocating central funding in 2016-17, as set out in paragraphs 2.6 to 2.8?**

*Response* – No, we cannot agree with this methodology which results in a shift of government funded resources away from the Shire Counties to the Metropolitan areas. An analysis of the changes in Government Funded Spending Power (Core Spending Power less Council Tax - which we consider to be the correct comparator as Council Tax is, on average, higher in rural areas than urban areas due to the historic underfunding of rural areas) highlights that metropolitan fire and rescue services are facing a 15% reduction (2015-16 compared to 2019-20) compared to a 23% reduction to predominantly rural services.

We cannot agree with the principle behind this methodology that those Authorities most reliant on government funding should be protected. This principle fails to reflect the fact that, Council Tax is, on average, already significantly higher per head of population in rural areas compared to urban due to historic underfunding of rural services by successive governments. We feel that it is therefore unfair to protect those more urban areas at the expense of the more rural areas.

**Question 2: Do you agree with the proposed methodology for calculation of the council tax requirement for 2016-17, as set out in paragraphs 2.10 and 2.11?**

*Response* – Yes, the proposal to use individual authority 2015-16 council tax requirement figures would provide the most accurate assessment, and provide the incentive to improve the base figure through new housing developments.

**Question 3: Do you agree with the proposed methodology in paragraph 2.12 for splitting the council tax requirement between sets of services?**

*Response* – Yes.

**Question 4: Do you wish to propose any transitional measures to be used?**

*Response* – No.

**Question 6: Do you agree with the Government's proposal to hold back £50 million to fund the business rates safety net in 2016-17, on the basis of the methodology described in paragraph 2.19?**

*Response* – Whilst we agree with the proposed methodology it is of concern that we are being asked to agree to a further hold back of £50m without any detail as to how much of previously agreed hold backs have actually been called on. We would propose that further information be made available of any surplus/deficit on previous hold backs with proposals of how any balance is to be redistributed.

**Question 7: Do you agree with the Government's proposed approach in paragraph 2.24 to paying £20 million additional funding to the most rural areas in 2016-17, distributed to the upper quartile of local authorities based on the super-sparsity indicator?**

*Response* – Yes. As a beneficiary of this funding (£104k in 2016-17 rising to £340k by 2019-20) we naturally welcome the proposal for it to continue and be increased. However, it has to be said that an increase of just £23k in 2016-17 over 2015-16 pales into insignificance when compared to the shift in government funded resources away from the Shire counties towards the Metropolitan areas (as highlighted in response to Question 1). The Question implies there is £20m extra funding in 2016/17 when, in fact, there is just a £4.5m increase to bring the 2015/16 level up to £20m.

It is also extremely disappointing that the extra £50m (by 2019/20) over and above the £15.5m paid in 2015/16 is to be “back-end loaded”.

We also challenge the perceived impression given by the Secretary of State's Statement “by which time (2019/20), when 100% business rate retention has been achieved, we can consider what further correction is due”, that this may be sufficient. It is not. The Consultation Document shows that 77.5% of the additional funding is in respect of Adult Social Care. This means that £14.74m (of the 2019/20 £65.5mm) is for all other local government services across all tiers of Principal Councils. This is woefully inadequate and does very little to redress, what we see, as the inequitable distribution of funding which sees the most urban areas having 50% more grant funding per head than rural areas.

We continue to be very concerned about the disproportionate impact that the current approach to funding reductions is having on the most rural fire authorities, which has resulted in most urban authorities having 50% more grant funding per head than rural authorities. We support the All Party Parliamentary Group on Rural Services which has asked for the 50% gap to be reduced in stages to 40% by the year 2020.

**Question 10: Do you agree with the Government's proposal to include all 2015-16 Council Tax Support Grant funding in the settlement and with the methodology set out in paragraph 3.3?**

*Response* – Yes.

**Question 11: Do you agree with the Government's proposal to include all 2015-16 Efficiency Support Grant funding in the settlement and with the methodology set out in paragraph 3.5?**

*Response* – Yes.

**Question 15: Do you agree with the Government's proposal to adjust councils' tariffs / top ups where required to ensure that councils delivering the same set of services receive the same percentage change in settlement core funding for those sets of services?**

*Response* – It is difficult to comment on the specific proposal to adjust tariff/top ups to deliver the intended principle before we have more detail (consultation document, due to be published in the summer of 2016) relating to the major move to a 100% locally retained business rates system. All fire and rescue authorities fall into the category of “Top Up” and need assurance that the move to 100% retention will not have a detrimental impact to overall control totals to 2019-20 and beyond.

As highlighted in our response to Question 1, we strongly object to the new methodology which supports the principle that shifts government funded resources away from the Shire Counties towards the Metropolitan areas.

**Question 16: Do you have an alternative suggestion for how to secure the required overall level of spending reductions to settlement core funding over the Parliament?**

*Response* – As stated in our response to the previous Question 15, it is difficult to make too much comment without more detail on the impact of the move to a 100% local business rates system.

**Question 17: Do you have any comments on the impact of the 2016-17 settlement on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation?**

*Response* – Yes. As we have already stated in our response to Q7, we do not believe that the amount of additional funding to rural areas goes anywhere near far enough to protect the most rural areas from the impact of the funding reductions. In addition, we do not agree with the strong protections provided to those authorities more dependent on grant funding, which is not provided from new money but is provided at the expense of a different group i.e. those authorities less dependent on grant funding.

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## REPORT REFERENCE NO

**Prepared for:** [Type the document subtitle]

**Prepared by:** Lys Coleman, Research Director

**Date:** January 2016

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# 1 Introduction

## 1.1 Background and method

In December 2015, Devon and Somerset Fire and Rescue Service (DSFRS) commissioned BMG Research to undertake a survey amongst 400 businesses. The purpose of the survey was to assess the opinions of business decision makers on how DSFRS should approach setting its budget for 2016/17 and on whether the Service is currently deemed to be providing value for money.

The questionnaire for the survey was provided by DSFRS. The contacts for the survey were purchased by BMG Research from a commercial database provider. To ensure the survey was broadly representative, quotas were set by local authority district (LAD), number of employees and broad industry sector. The data has been weighted (adjusted) by these characteristics to correct for any under or over-representation in the final data set.

In total, 400 interviews with businesses were completed during January 2016. Details of the profile of the sample can be found in appendix 2, and a breakdown of call outcomes can be found in appendix 3.

On a sample of 400 the confidence interval at the 95% level is +/- 4.3%. This means that if a statistic of 50% was observed, we can be 95% confident that the true response among the total population lies between 45.7% and 54.3%.

This report summarises the main findings from the survey.

## Survey Findings

### 1.2 Whether it is reasonable for DSFRS to consider increasing its element of the Council Tax charge for 2016/17

Respondents were provided with the following contextual information regarding DSFRS:

*'Devon and Somerset Fire and Rescue Authority is committed to maintaining a professional service across the two counties whilst addressing the funding cuts passed down by the Government. The service provides 85 local fire stations across Devon and Somerset and employs approximately 2,200 staff, helping to keep safe a population of 1.7 million. On average the service attends around 18,000 incidents each year, which includes flooding, road traffic collisions, fires and other emergencies. The Authority would like your feedback about its level of Council Tax precept for the coming year and how satisfied you are with the service it provides.'*

They were then informed of the following:

*'Devon & Somerset Fire & Rescue Authority is considering its Council Tax charges for 2016/17. The current charge is £78.42 a year for a Band 'D' property. Over the last few years the Government has been reducing the Authority's funding, which means that by 1 April 2016 its funding will have been reduced by approximately £5.5million since 1 April 2013. A further £7.3million reduction is anticipated by 2019/20.'*

Respondents were asked how strongly they agree or disagree that it is reasonable for DSFRS to consider increasing its Council Tax charge for 2016/17 in order to lessen the impact of the funding cuts.

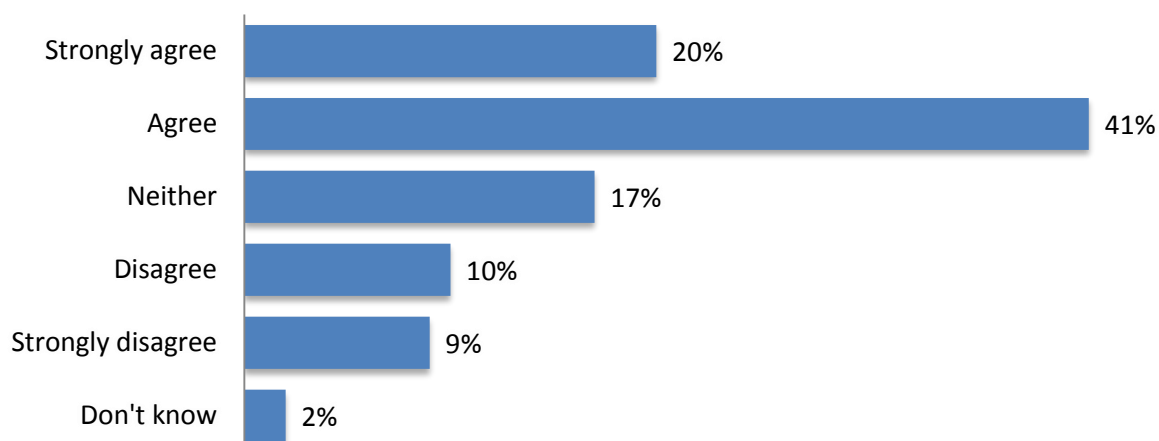
Over three in five (62%) of businesses agreed that it is reasonable for DSFRS to consider increasing its Council Tax charge for 2016/17, while less than a fifth (19%) disagreed that it is reasonable for them to do so, resulting in a net agreement<sup>1</sup> of +43%.

Agreement was consistent by industry sector, gender and age, although respondents in Somerset were somewhat less positive (53% agreed it is reasonable for DSFRS to consider increasing its Council Tax charge).

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<sup>1</sup> Net agreement = the proportion who strongly agree/agree minus the proportion who disagree/strongly disagree.

**Figure 1: Agreement or disagreement that it is reasonable for DSFRS to consider increasing its Council Tax charge for 2016/17 (All respondents)**



Unweighted sample base: 400

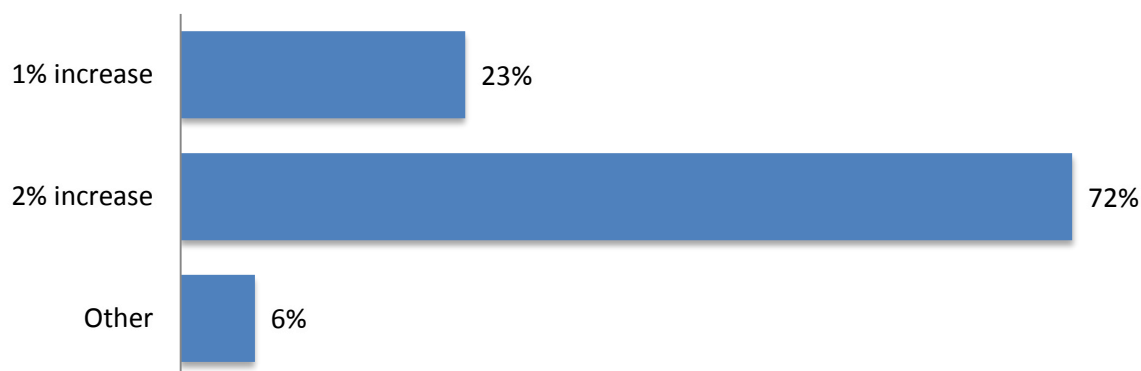
### 1.3 Level of increase that would be reasonable

Those respondents who agreed that it is reasonable for DSFRS to consider increasing its Council Tax Charge for 2016/17 were asked at what level the increase should be;

- 1 1%, this would be an increase of 78p per year
  - Equals a total charge of £79.20 for a Band 'D' property
  
- 2 2%, this would be an increase of £1.57 per year
  - Equals a total charge of £79.99 for a Band 'D' property
  
- 3 Some other level of increase

The largest proportion of respondents opted for a 2% increase (72%), and this was consistent by industry sector, gender and age, although again the response in Somerset was directionally lower (63% felt there should be a 2% increase).

**Figure 2: Level of increase that would be reasonable (Those respondents agreeing that it is reasonable for DSFRS to consider increasing its Council Tax charge for 2016/17)**



Unweighted sample base: 248

Where respondents offered an 'other' response (14 respondents), the majority suggested an increase greater than 2% (8 respondents), with figures ranging from 3% up to 15%. The most common suggestion was an increase of 5% (4 respondents).

Other comments provided include the following:

*'I would rather them charge an extra fiver for everyone.'*

*'It depends how much it would make a difference overall.'*

#### **1.4 Reasons for disagreeing that it is reasonable for DSFRS to increase its element of the Council Tax charge for 2016/17**

Those respondents who disagreed that it is reasonable for DSFRS to consider increasing its element of the Council Tax charge for 2016/17 (19%) were asked why they disagreed. Typical comments made by respondents are highlighted below, and the full list of comments is available in appendix 1 of this report.

*'I don't think they should be asking businesses. They should be going to the Government and make an effort to stop the lack of effort of the Tory party.'*

*'I think there is a lot of wastage within the fire service. The current funding can be better used. They should look to see if the shortfall can be made elsewhere before raising council tax.'*

*'The council tax should be coming centrally.'*

*'Pay too much council tax already.'*

*'They should be getting it from Government not from us. Public service cuts have gone too far. There is always an area to reduce some overheads but not all. Some savings are there, for example joint purchasing of equipment, but when it comes to providing services to the public, that's crazy.'*

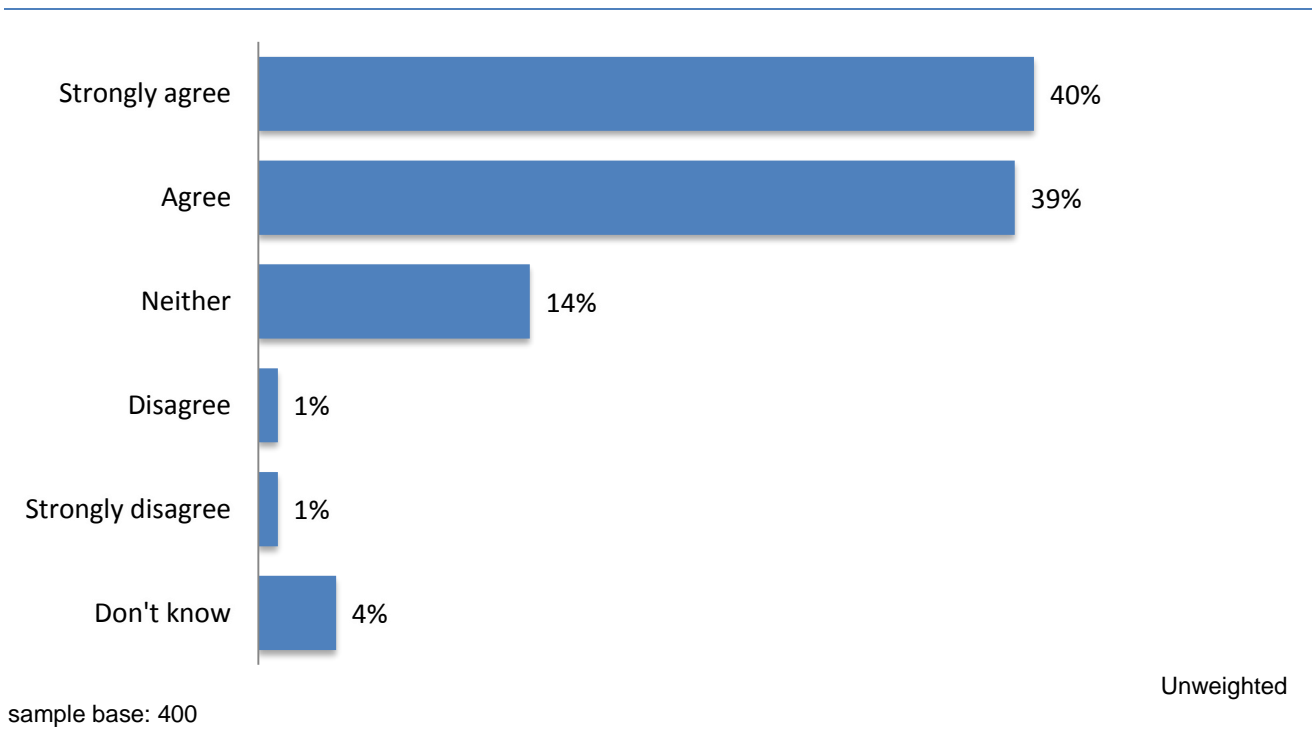
*'If you were to have a fire, they wouldn't come because we are a farm, also it wouldn't get to us on time. Only way to get to us quick is by air ambulance.'*

## 1.5 Agreement or disagreement that DSFRS provides value for money

All respondents were asked if they agree or disagree that DSFRS provides value for money.

Four in five (79%) of businesses agreed that DSFRS does provide value for money, with only a small proportion of respondents disagreeing (2%), resulting in a net agreement of +77%.

**Figure 3: Agreement or disagreement that DSFRS provides value for money (All respondents)**



## 1.6 Reasons for disagreeing that DSFRS provides value for money

The 10 businesses who disagreed that DSFRS provides value for money were asked why they disagreed, and, where provided, their reasons for this are listed below.

*Dealt with them on various occasions, believe they waste money.*

*I have a couple of friends in the fire brigade and I've heard they spend a lot of time playing sports and in the gym. Their time should be used better. For me to pay more for the service is outrageous. It's poor, very poor.*

*Same reason - if you was to have a fire, they wouldn't come because we are a farm, also it wouldn't get to us on time. Only way to get to us quick is by air ambulance.*

*When I see them in action, they all do the same job, slow response, a lot of duplication.*

*I don't do their job so don't know if they provide value for money or not.*

*With the cuts they make they have to keep cutting back.*

*By virtue that the cost is £46 and we're being charged £65. Why am I not getting better value and I'm being charged £65. That difference doesn't make sense to me. I expect more value for money.*

*Waste of money due to them spending on things like a building which they do not use.*

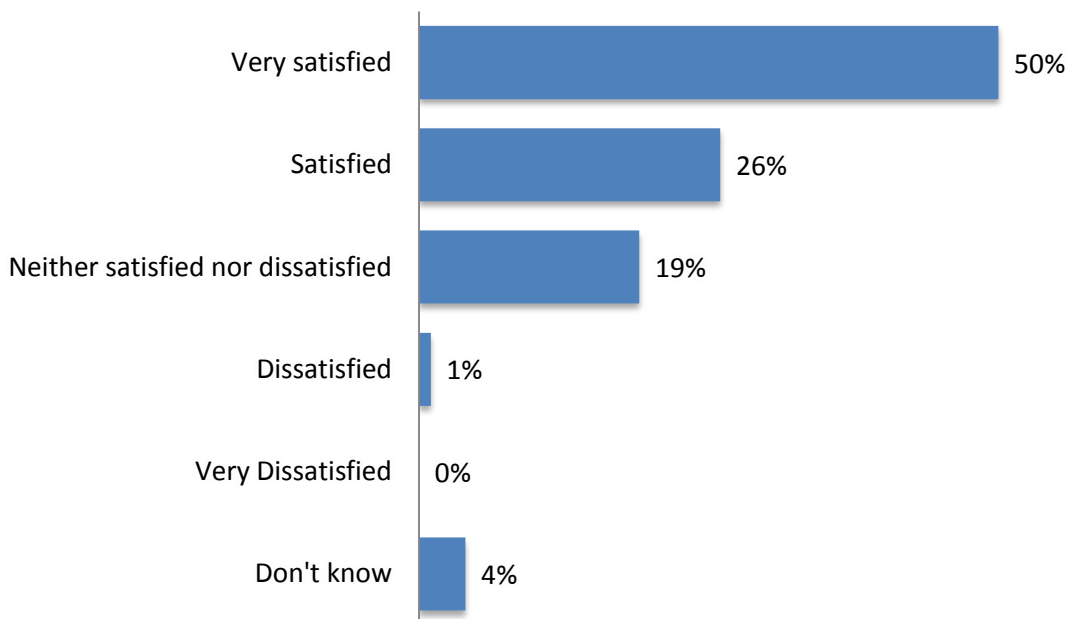
*Because they don't turn up on time.*

*Because they make multiple visits which are unnecessary.*

## 1.7 Satisfaction with the service provided by DSFRS

All respondents were asked how satisfied or dissatisfied they are with the service provided by DSFRS. Three quarters (76%) of businesses were satisfied with the service provided, and only three respondents expressed dissatisfaction, yielding a net level of satisfaction of +75%.

**Figure 4: Satisfaction with the service provided by DSFRS (All respondents)**



Unweighted

sample base: 400

## 1.8 Services used

To contextualise the findings reported above, all respondents were asked if they had used any of ten specific services provided across Devon and Somerset.

Overall, over three in five (59%) reported using at least one of the services, most commonly a fire safety audit (27%) at a business.

Respondents in Torbay were more likely than those elsewhere to report having used any of the services (78%, compared to 49% in Plymouth, 59% in Devon and 59% in Somerset).

**Table 1 Services used**

	<b>Businesses</b>
<b>Fire safety audit/ check in a business</b>	27%
<b>Community event</b>	22%
<b>Home fire safety visit / smoke alarm fitting</b>	19%
<b>Other fire safety advice</b>	13%
<b>Emergency response - house fire</b>	10%
<b>Community use of fire stations</b>	10%
<b>Youth education</b>	10%
<b>Emergency response - other rescue</b>	6%
<b>Emergency response - co-responder</b>	6%
<b>Emergency response - road traffic collision</b>	6%
<b>Emergency response - flooding</b>	3%
<b>Other service (please specify)</b>	2%
<b>Unweighted sample base: 400</b>	



## 2 Appendix 1: Overview of verbatim responses

### 2.1 Reasons for disagreeing that it is reasonable for DSFRS to increase its element of the Council Tax charge for 2016/17

I think the fire and rescue are still too many individual authorities, too many seniors, the number of authorities, the fire pensions and age too low, pensions too high. More opportunities nationally. Also the fire and rescue too brief what the public expect. Under the fire reform of 2005 the cost of fire could be claimed from business and insurer. It is both an enforcement authority and the service, that's a conflict of interest!

Because I don't think the funding would be cut in the first place.

Costs are going up.

Charge is high enough, the government have enough money and they should use it wisely.

Fire and rescue don't effect council tax, don't see why we should pay more on council tax, should come through government. I would like answers in regards to where the money is going that I'm paying.

I don't think they should be asking businesses. They should be going to the Government and make an effort to stop the lack of effort of the Tory party.

Because it's an essential service that everyone needs.

It would put my council tax up by a lot.

Don't know.

I think there is a lot of wastage within the fire service. The current funding can be better used. They should look to see if the shortfall can be made elsewhere before raising council tax.

Because the government should be funding it not the general public.

Wages are not being increased.

Government should not be reducing its costs.

I don't think it's wrong to increase council tax. I think the fact that the government are taking away from important services is wrong.

Government should be putting more money into it.

Paying enough tax already.

The amount of houses being built are getting more revenue as well from that.

The council tax should be coming centrally.

Providing a service which is necessary.

They get enough as it is.

The government are offered money by the council to raise money by building. We are being penalized.

It's a very important service

Doesn't seem to be a burden for a single person

Don't think they should make cuts, much worth spending on fire.

We need to invest more money in it obviously.

The Government should raise the money for the fire and rescue service, like NHS and military, instead of sending money abroad.

It should be totally government funded.

Because the local authority should discuss it with the people first.

My council tax is high enough.

They should get government funding.

Because they're reasonably funded anyway. Funding should be centralised anyway and don't see the funding coming for them anyway.

Pay too much council tax already.

They should be getting it from Government not from us. Public service cuts have gone too far. There is always an area to reduce some overheads but not all. Some savings are there, for example joint purchasing of equipment, but when it comes to providing services to the public, that's crazy.

We pay enough on council tax as well as business rates.

The rates we pay are astronomical.

The government should not take money from council tax, government nor the police because it is a form of additional taxation, some people who may not have pay rises and not enough pay to eat.

Fire and Rescue Authority have run on low budgets in the past. They should use their experience of working on low budgets now.

It is because if they increase the charge it will increase tax for tax payers.

We are a small company and we are struggling with paying out at the moment.

Because you need more funding to do what you need for your job.

Because everyone keeps on putting the council tax up and people can not afford to pay it.

Because mismanagement and poor organization. They should look at themselves before looking elsewhere.

We need these services and do not want these services to be put under pressure. Not fair to have decreased funding by government.

We as xxxx traders are on managed margin, and if they cut our pay we can't make that money up from anywhere, so why should we have to pay more council tax. I think the government need to become more commercial.

I disagree because we still get flooding on our road and they're building more houses which means the flooding is going to get worse.

The council should find other ways of saving money.

Fire and Rescue should cut its costs by restructuring and reengineering

They should come out of central funds.

People in the force retire too early.

Not value for money.

They should cut funds accordingly, cut fire and police budget.

They keep the same money for what they are putting into it now. Why do they need to increase council tax charge, why do they need to reduce funding.

It's important to keep the emergency services going - they are essential.

When they arrive it's exceptional. I'm situated far from town and when we call for emergencies I have to wait 45 minutes. I wouldn't pay more council tax when the service is

not provided in the first place.

If you were to have a fire, they wouldn't come because we are a farm, also it wouldn't get to us on time. Only way to get to us quick is by air ambulance.

I believe they can do it, the fire service and don't believe in the fat cats. That's the local councils.

As well as the police, we should give all the funding they need. They provide a good service.

There's too many managers and not enough people on the ground.

The Government should pay.

They shouldn't increase it because our council tax charges are going up anyway. Why do government allow themselves to be paid more, so if to compare wages and the ability to pay for these services.

They should have more funding but it should come from the council. The council doesn't do the job the council tax pays for.

It is because of the efficiency made in the industry and proposed government cuts.

The council tax going up.

Majority of firemen have a double lifestyle, they are paid for the work they do and then have a second job.

Could be more efficient in man power.

Fire and Rescue service should be reduced, most of the call outs are for businesses and flooding. National issue for flooding and business call outs should be funded through business rates. The whole thing shouldn't be taken from council tax, nationally funded.

Pay enough on revenue and taxes.

Because we pay enough in tax already. Millions are wasted with things like the Fire centre in Taunton and nobody uses it. Absolute disgrace.

The Fire service did not do their job properly when they could have used another fire brigade to put out the fire.

Because they have been called here twice and I've put the fire out before they arrived. Not getting the money's worth for the service we are paying for. On one incident they went to the wrong location. There's a guaranteed time they should arrive by and this was doubled and another time they were an hour late. Unfair tax as well, based on someone's opinion what the house was worth.

The government should not play economic games with the fire service.

Everyone is having cut backs. Things should be maintained at the current level of expenditure.

The government should be able to find more efficient for value for money themselves.

Keeps going up and we don't get anything for it.

## Appendix 2: Profile Information

The following tables outline the unweighted and weighted demographic profiles of the sample.

**Table 2 – Local authority district**

Local authority district	Unweighted		Weighted	
	%	Number	%	Number
Torbay	10%	41	7%	26
Plymouth	12%	46	9%	35
Devon	48%	192	53%	211
Somerset	30%	121	32%	128

**Table 3 – Respondent age**

Age	Unweighted		Weighted	
	%	Number	%	Number
16 – 24 years	3%	11	3%	12
25 – 34 years	11%	44	11%	44
35 – 44 years	14%	55	13%	51
45 – 54 years	33%	133	33%	133
55– 64 years	27%	106	27%	107
65+	13%	50	13%	52
Prefer not to say	<0.5%	1	<0.5%	1

**Table 4 – Respondent gender**

Gender	Unweighted		Weighted	
	%	Number	%	Number
Male	65%	259	65%	260
Female	35%	141	35%	140

**Table 5 – Industry sector**

Industry Sector	Unweighted		Weighted	
	%	Number	%	Number
A to F	26%	103	27%	106
G to N, R + S	74%	297	73%	294

**Table 6 –Industry size**

Industry Sector	Unweighted		Weighted	
	%	Number	%	Number
1 to 49	95%	380	98%	392
50 to 249	5%	20	2%	8

**Table 7 – Respondent ethnic origin**

Ethnic Origin	Unweighted		Weighted	
	%	Number	%	Number
White – English/Welsh/Scottish/Northern Irish/ British	94%	376	95%	379
White Irish	<0.5%	1	<0.5%	1
White Other	2%	9	2%	7
Black British - African	1%	2	1%	2
Chinese	1%	3	1%	2
Asian – Other	<0.5%	1	<0.5%	1
Other	<0.5%	1	<0.5%	1
Refused	2%	7	2%	7

### 3 Appendix 3: Call outcomes

The following table shows a breakdown of call outcomes.

	Outcome	Contacts	% of total	% of in scope
<b>In scope</b>	<b>Complete</b>	<b>400</b>	<b>10%</b>	<b>17%</b>
	Refusal	392	10%	16%
	Respondent busy	1,632	42%	67%
	<b>Sub-total</b>	<b>2,424</b>	<b>62%</b>	<b>100%</b>
<b>Out of scope</b>	Unobtainable (modem, fax etc)	158	4%	11%
	Ineligible	70	2%	5%
	No contact made	1,254	32%	85%
	<b>Sub-total</b>	<b>1,482</b>	<b>38%</b>	<b>100%</b>
	<b>Total</b>	<b>3,906</b>		

## Appendix: Statement of Terms

### **Compliance with International Standards**

BMG complies with the International Standard for Quality Management Systems requirements (ISO 9001:2008) and the International Standard for Market, opinion and social research service requirements (ISO 20252:2012) and The International Standard for Information Security Management ISO 27001:2013.

### **Interpretation and publication of results**

The interpretation of the results as reported in this document pertain to the research problem and are supported by the empirical findings of this research project and, where applicable, by other data. These interpretations and recommendations are based on empirical findings and are distinguishable from personal views and opinions.

BMG will not be publish any part of these results without the written and informed consent of the client.

### **Ethical practice**

BMG promotes ethical practice in research: We conduct our work responsibly and in light of the legal and moral codes of society.

We have a responsibility to maintain high scientific standards in the methods employed in the collection and dissemination of data, in the impartial assessment and dissemination of findings and in the maintenance of standards commensurate with professional integrity.

We recognise we have a duty of care to all those undertaking and participating in research and strive to protect subjects from undue harm arising as a consequence of their participation in research. This requires that subjects' participation should be as fully informed as possible and no group should be disadvantaged by routinely being excluded from consideration. All adequate steps shall be taken by both agency and client to ensure that the identity of each respondent participating in the research is protected.

## 1.0 BACKGROUND

- 1.1 The results in this appendix were obtained from face to face surveys conducted with members of the public on the proposed level of Council Tax precept in Exeter, Plymouth, Taunton and Torquay between 8 and 20 January 2016.
- 1.2 The statutory requirement in Section 65 of the Local Government Finance Act (1992) requires precepting authorities to consult non-domestic ratepayers on proposals for expenditure. Although there is no statutory requirement, members of the public have been consulted as it is deemed appropriate to include the public's views on the option of increasing Council Tax at a time of economic difficulty.
- 1.3 This approach was agreed by Members of the Authority at their meeting on 14 December 2015 when it was resolved (Minute DSFRA/42 refers):
- that Option C as set out in report DSFRA/15/30 (consulting the business community via telephone survey and with the public via street level face to face surveys) be undertaken in relation to the Authority's proposed expenditure and level of council tax precept for 2016-17.
- 1.4 The questions used closely followed the format used for the business telephone survey.
- 1.5 Face-to-face surveys with members of the public were conducted by Devon & Somerset Fire & Rescue Service staff in Plymouth, Torquay, Exeter and Taunton on 8, 13, 15 and 20 January 2016 respectively.

## 2.0 RESULTS

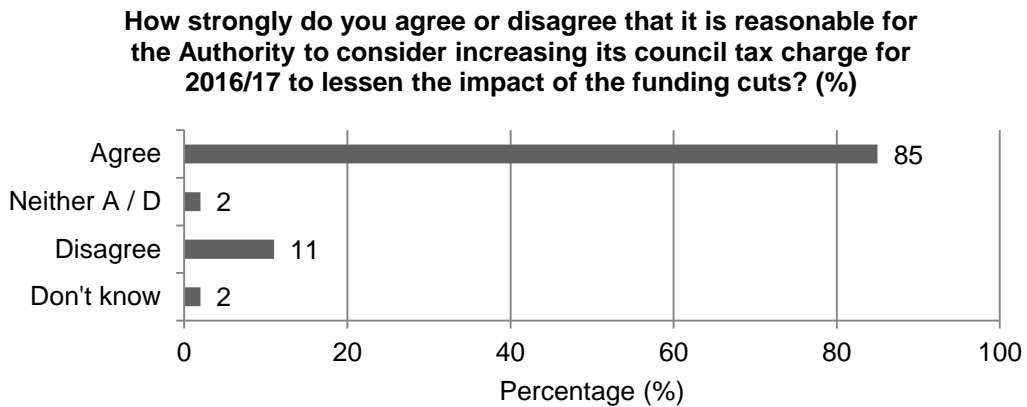
- 2.1 A total of 253 responses were obtained in 2016, up from 212 in 2015.
- 2.2 Due to rounding, the percentages shown in the graphs may equal 100% + or – 1%.

**Question 1a: How strongly do you agree or disagree that it is reasonable for the Authority to consider increasing its council tax charge for 2016/17 to lessen the impact of the funding cuts?**

- 2.3 The results for Question 1, shown in Chart 1, show that the majority of public respondents agreed that it would be reasonable for the Authority to consider increasing the precept to lessen the impact of funding cuts, despite Government's suggestion that local authorities do not increase council tax charges for 2015/16.



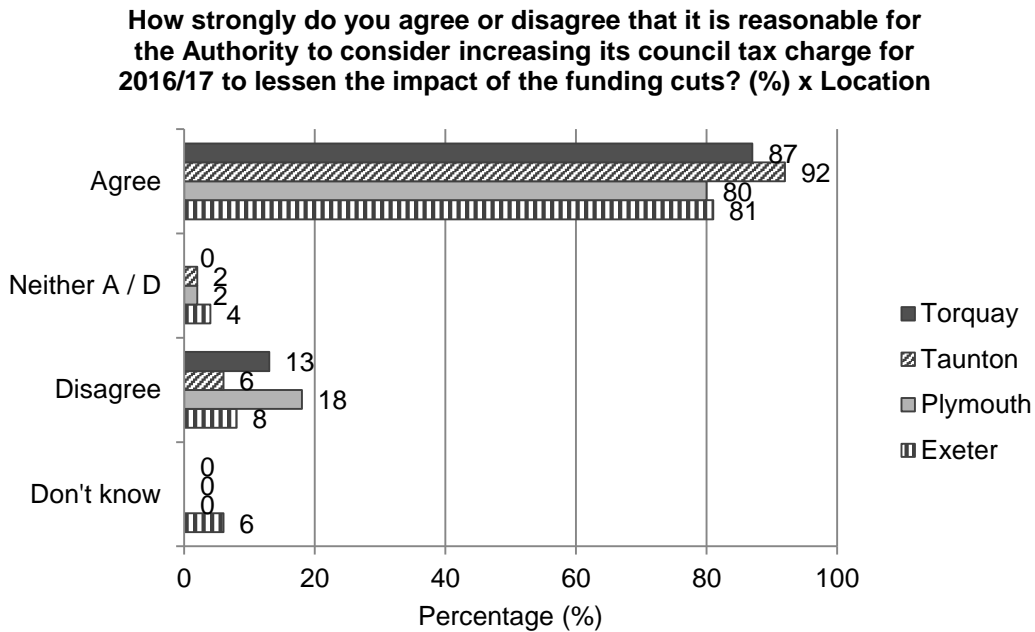
Chart 1: Results of Question 1a



Count (unweighted): 252

2.4 Results of the public street survey gave a 6% increase (79% to 85%) in agreement over the 2015 results, which were themselves a 5% increase over the 2014 figure. The increase in agreement appears to have come mainly from a reduction in the numbers of those responding 'Neither agree nor disagree', as the reduction in 'Disagree' responses was minimal (2%).

Chart 2: Results of Question 1a by location



Count (unweighted): 252 (Torquay: 55 Taunton: 52 Plymouth: 50 Exeter 95)

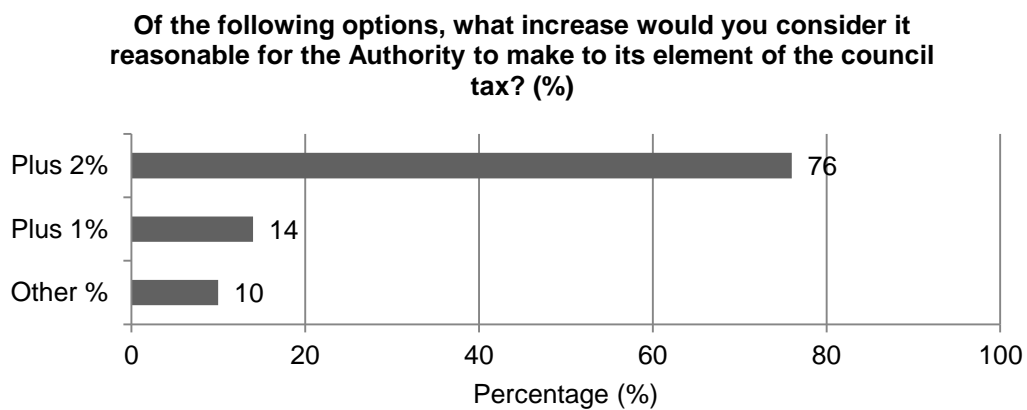
2.5 Broken down by location, the highest level of agreement was achieved in Taunton, while the lowest was seen in Plymouth. Relatively stable neutral responses meant that the level of disagreement was proportionate to the positive results.

2.6 Respondents who agreed that the Authority should consider increasing the precept were asked an additional question:

**Question 1b: Of the following options, what increase would you consider it reasonable for the Authority to make to its element of the council tax?**

2.7 The majority of public respondents (76%) were in favour of a 2% increase to the precept, as seen in Chart 3 below. This result shows a marked increase over the 2015 results, where 67% were in favour of a 2% increase.

Chart 3: Results of Question 1b



Count (unweighted): 214

2.8 The 'other' percentages suggested in response to Question 1b are shown in Table 1 below.

Table 1: 'Other' percentage increases suggested

	<b>Suggested % percentage increase (number)</b>				
	<b>0.1</b>	<b>2.9*</b>	<b>3.0</b>	<b>4.0</b>	<b>5.0</b>
Count	1	1	2	5	8

\* 2.9% was suggested as part of a longer comment, which is included in the list below.

2.9 Six text responses were also received. These suggested the following:

- 2.9%: Should be the same as the Council (1)
- More: need as much as possible (3)
- Not sure (1)
- As long as it gives to right area ie. Fire Service (1)

(The final entry above was given against support for an increase of 1%)

2.10 Those who disagreed with Question 1a, and said that it was not reasonable for the Authority to consider an increase to its element of the Council Tax, were asked the following question:

**Question 1c: Why do you think that it is not reasonable for the Authority to increase its element of the council tax charge?**

2.11 The responses in Table 2, below, give the 31 comments received for Question 1c

Table 2: Explanations for disagreement with Question 1a

Ref	Comments
5	Landlords should meet funding requirements
11	Expensive already
21	A pensioner - do not want to see it increase
24	It is a mixed community and there are those who cannot pay. Country is being run by volunteers to take up slack. The French would do something about it - passive resistance to take action.
25	Others have been impacted by cuts, hourly rates going down etc.
26	Others have had funding cuts.
38	I'd support more but appreciate the risk & cost of organising. I'd be happy to contribute personally like I do to the Lifeboat/Lifeguards. pop@zebra.coop offered to help promote future surveys.
41	It will get to the point where people can't afford it & it is too much as it is.
42	It will get to the point where people can't afford it & it is too much as it is.
59	Expensive enough already
65	All costs are rising. Should not increase Council Tax.
72	People are struggling enough
83	Charge enough already
100	Government has to provide more funding. Wages are not increasing to support a rise.
101	Should be provided within existing funding.
124	For those who earn more increase. For those who earn less = not
125	Don't have all the data to answer
136	Spend more wisely
137	Already pay enough. Should spend it more wisely.
143	The funding should come from government
174	Pay lots already and the government shouldn't be making cuts.
175	It's a rise in council tax by the back door so the government doesn't get the

Ref	Comments
	blame.
187	Unable to afford
192	Pay enough taxes as it is.
202	Putting selves on the line, will get burnt, so disagree with cuts.
210	Because the Fire Service should lobby government to reduce the cuts, not ask the public to pay.
236	Government should fund direct
241	Already pay enough. Cuts shouldn't happen.
251	Government should cut funding!
252	Government should cut funding!
253	Should stay the same

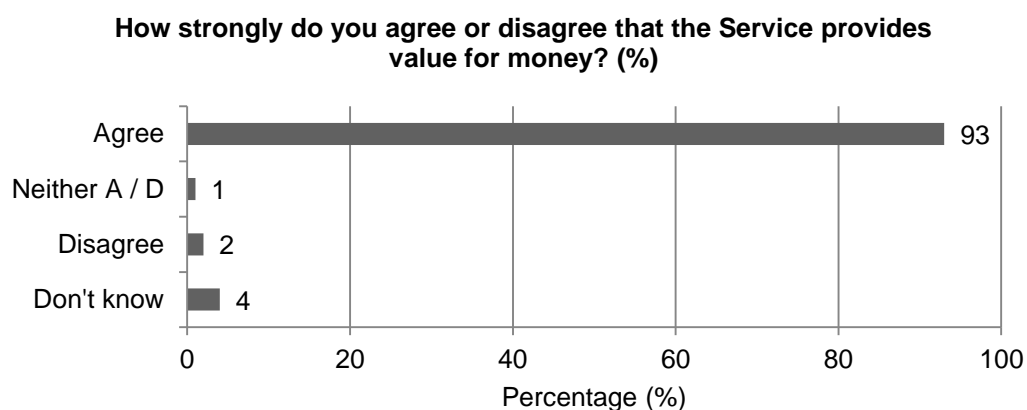
Note: Some surveys were reflective of the views of more than one person (for example, husbands and wives). Their responses were taken as more than one response, meaning that some of the comments in the list above appear to be duplicates.

**Question 2a: How strongly do you agree or disagree that the Service provides value for money?**

2.12 93% of respondents to this question, 232 people, agreed that the Service provides value for money, while three said that they 'neither agreed nor disagreed' and four people disagreed. Ten people said that they didn't know.

2.13 93% is lower than the 99% agreement achieved in the 2015 survey, but is the same as the result achieved in the 2014 survey.

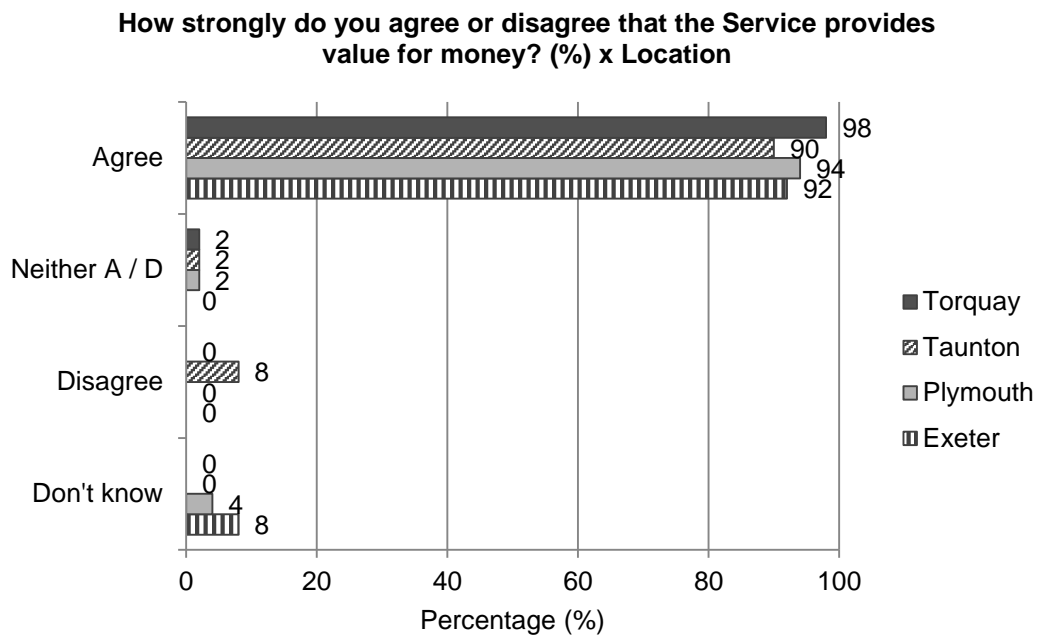
Chart 4: Results of Question 2a



Count (unweighted): 249

2.14 Broken down by location, the highest levels of agreement came from Torquay and most negative responses were taken in Taunton.

Chart 5: Results of Question 2a by location



Count (unweighted): 249 (Torquay: 55 Taunton: 52 Plymouth: 47 Exeter: 95)

2.15 Those who did not agree that the Service provides value for money, who answered either 'Disagree' or 'Don't know', were asked an additional question:

**Question 2b: Why do you think that the Service does not provide value for money?**

2.16 The responses in Table 3 below were given in response to the above question.

Table 3: Explanations for disagreement with Question 2b

Ref	Comments
38	I genuinely don't know how you spend the money - of course you provide real "value" because of the service you provide. Therefore if you need me to know then I need more info.
90	2a) How does this compare?
125	Don't have all the data to answer.
139	Have not used service
215	Never had to use the Fire Service. £46 per year is a lot for something never had to use. May feel differently if I had used it.
231	Should remain just Somerset fire brigade

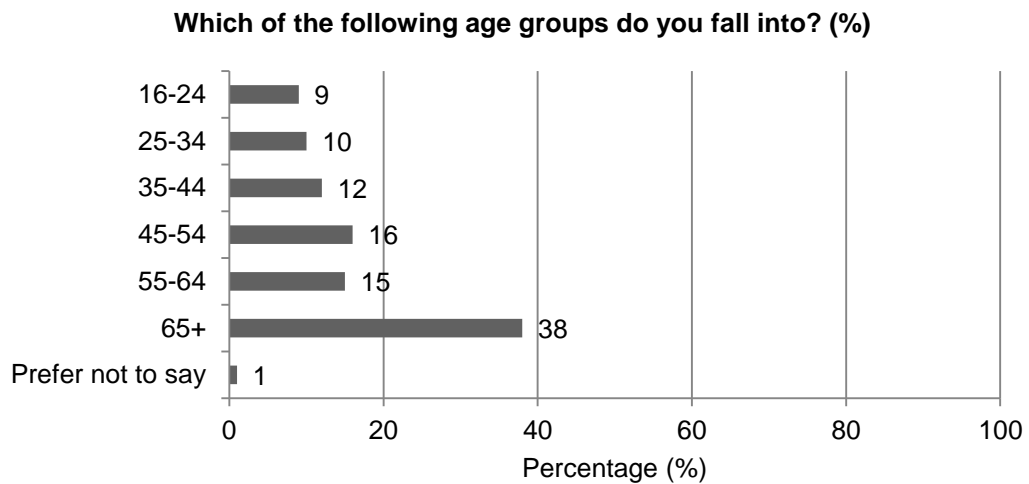
Ref	Comments
248	Do more for the same budget. Take on greater responsibility I.e. Ambulance

Note: Respondent 90 answered 'Agree' to Question 2a.

### 3.0 DEMOGRAPHIC RESULTS

3.1 The following charts show the demographics of respondents to the surveys:

Chart 6: The age of respondents

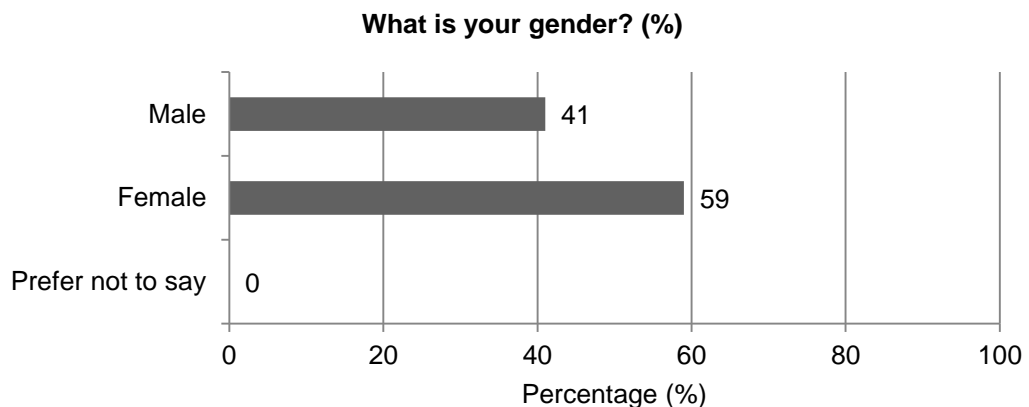


Count (unweighted): 251

3.2 The largest group of respondent were aged 65 or more, though responses were also given by those in other age groups as well. This result will, in part, have been the result of the method employed: face to face surveys conducted on weekdays between 10.00 and 15.00.

3.3 The highest proportion of respondents in the 65+ category were from Taunton, where they made up 60%, in the other locations the average was 33%, with higher levels in the younger groups.

Chart 6: The gender of respondents

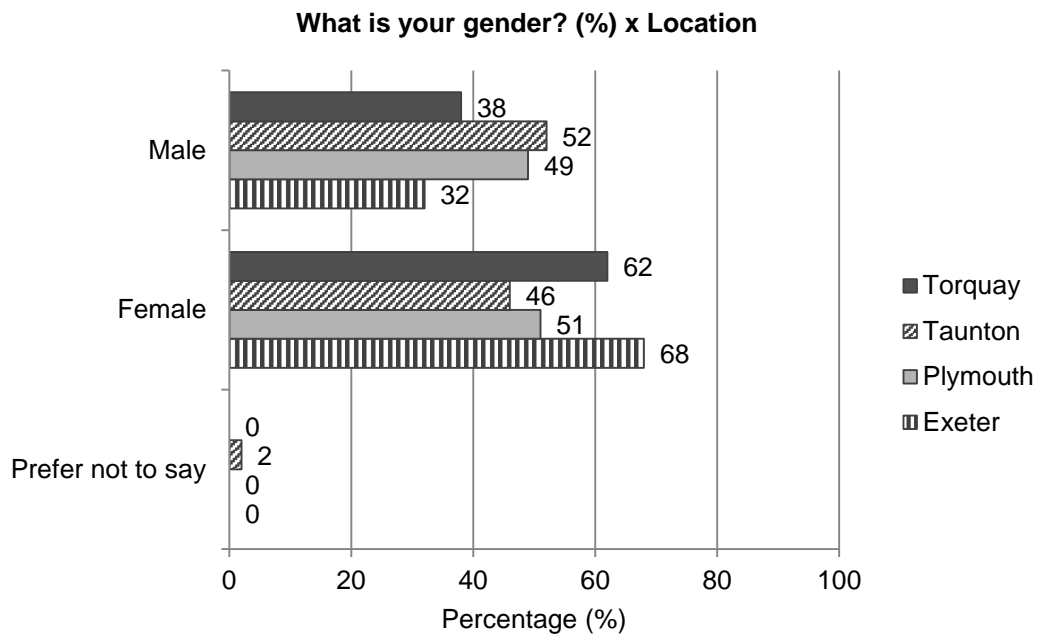


Count (unweighted): 250

3.4 59% of respondents were female and the remainder were male. There were no transgender respondents in 2016.

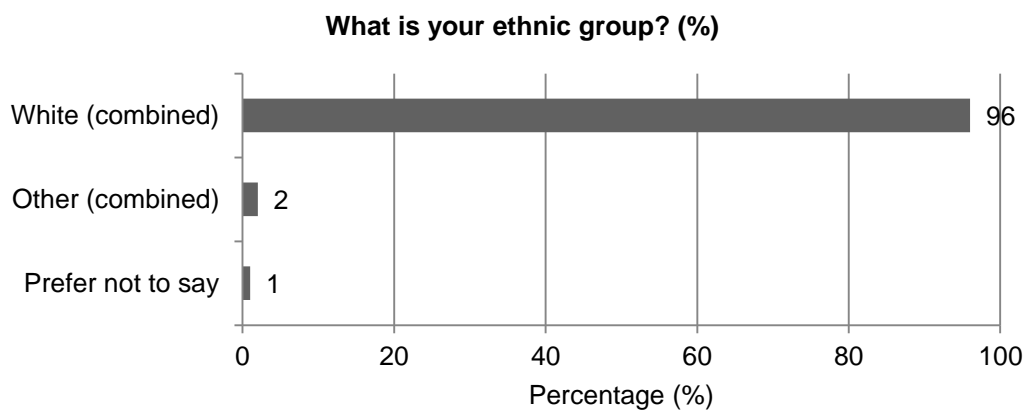
3.5 Broken down by location, below, it is possible to see that while a similar split was achieved in Taunton and Plymouth, far higher proportions of female respondents gave their opinions in Torquay and Exeter.

Chart 7: The gender of respondents by location



Count (unweighted): 250 (Torquay: 55 Taunton: 52 Plymouth: 49 Exeter: 94)

Chart 8: The ethnicity of respondents



Count (unweighted): 250

3.6 The majority of respondents were 'White - English / Welsh / Scottish / N. Irish / British'. Though responses were also received from the following groups:

- White - Gypsy or Irish Traveller (included in White (combined))
- Asian / Asian British - Indian

- Black / African / Caribbean / Black British - African
- Mixed / multiple ethnic group - White and Asian
- Other ethnic group - Other ethnic group / group not listed (Not specified by respondent).

3.7 96% 'White' compares with an average across Devon and Somerset of 98%. Respondents in Plymouth and Exeter were 98% 'White', despite 96% and 93% 'White' populations respectively, while respondents in Taunton were 94% 'White' from a 97% 'White' population.

#### **4.0 CONCLUSION**

4.1 The results of the consultation indicate that members of the public feel it would be reasonable for the Authority to consider increasing its precept for 2016/17. 76% of those who agreed that it would be reasonable to consider an increase in the Council Tax precept were in favour of a 2% increase.

4.2 93% of public respondents believed that, at around £46 per head of the population per year, the Service provides value for money.