

Report of the Treasurer and the Chief Fire Officer

Budget and Precept 2019/20 and Medium Term Financial Plan

Purpose of report

1. To determine the Revenue and Capital Budgets and the Council Tax Requirement for 2019/20.
2. To approve the Prudential Indicators and Minimum Revenue Provision (MRP) Statement for 2019/20.
3. To approve the level of Fees & Charges for chargeable services for 2019/20
4. To identify potential future resources, their consequential impact on future year budgets and the future Council Tax Requirement. (the Medium Term Financial Plan)
5. To approve Capital, Investment and Reserves Strategies

Recommendations

It is recommended that:

- i) the Capital Budget and Programme (Appendix 1) be approved;*
- ii) the Revenue Budget (Appendix 11) be approved;*
- iii) the Medium Term Financial Plan (Appendix 12) be approved;*
- iv) the Authority calculates that in relation to the year 2019/20 and set out in Appendix 13:*
 - a) the aggregate expenditure it will incur will be £34,958,200.00;*
 - b) the aggregate income it will receive will be £10,523,823.00;*
 - c) the net amount transferred from financial reserves will be £799,000.00;*
 - d) the net council tax collection fund surplus is £141,257.00;*
 - e) the net amount of its Council Tax Requirement will be £23,494,120.00;*
 - f) the basic amount of Council Tax will be £84.34 (Band D);*
 - g) the precept demands on the individual Billing Authorities are:*

• Bromsgrove	£3,096,473.87
• Herefordshire	£5,804,784.08
• Malvern Hills	£2,610,927.93
• Redditch	£2,200,935.39
• Worcester	£2,690,275.80
• Wychavon	£4,244,165.20
• Wyre Forest	£2,846,557.73
- v) the Capital Strategy (paragraphs 48-61) be approved;*

- vi) the Investment Strategy (paragraphs 85-90) be approved;*
- vii) the Reserves Strategy (paragraphs 67-73 and Appendix 14) be approved;*
- viii) the fees and charges for 2019/20 (Appendix 8) be approved; and*
- ix) the Statement of Prudential Indicators and Minimum Revenue Provision Policy (Appendix 9) be approved.*

Contact Officer

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Hereford & Worcester Fire Authority: Feb 2019
Revenue Budget Allocation
Tabled at meeting: Late Business Rate Yield Information

	<i>c</i> Core Budget £m	<i>d</i> Funding £m	<i>e</i> Core Gap £m	<i>f</i> Property Reserve £m	<i>Gap</i> Net Gap £m	<i>h</i> Bud.Red Reserve £m	<i>i</i> Total Expd £m
1 2018/19 Approved Feb 2018	32.236	(31.938)	0.298	(0.260)	0.038	(0.038)	0.000
2 Permanent Reallocation	0.292	(0.319)	(0.027)		(0.027)	0.027	(0.000)
4 LCTM	(0.119)	0.119	0.000		0.000		0.000
	32.409	(32.138)	0.271	(0.260)	0.011	(0.011)	0.000
<u>Pay Awards & Inflation</u>							
6 Pay Awards	0.406		0.406		0.406		0.406
7 General Inflation Contingency	0.300		0.300		0.300		0.300
8 LGPS Revaluation	0.010		0.010		0.010		0.010
9 Capital Programme	0.361		0.361		0.361		0.361
<u>Other Cost Pressures</u>							
10 FFPS Contribution Rates	0.315		0.315		0.315		0.315
11 Property Maintenance	(0.140)		(0.140)	0.140	0.000		0.000
12 HQ Relocation	(0.078)		(0.078)		(0.078)		(0.078)
13 Fire Collaboration	0.175		0.175		0.175		0.175
<u>Funding Changes</u>							
14 Revenue Support Grant		0.391	0.391		0.391		0.391
15 Business Rate Top Up Grant		(0.078)	(0.078)		(0.078)		(0.078)
17 Fire Revenue Grant		(0.040)	(0.040)		(0.040)		(0.040)
18 Rural Services Delivery Grant		(0.021)	(0.021)		(0.021)		(0.021)
19 Business Rate Yield		(0.128)	(0.128)		(0.128)		(0.128)
20 Bus, Rate Collection Fund		0.196	0.196		0.196		0.196
21 Council Tax Yield (Tax-base)		(0.918)	(0.918)		(0.918)		(0.918)
22 Council Tax Collection Fund		0.026	0.026		0.026		0.026
23 Planned Use of Bud.Red Res			0.000		0.000	(0.368)	(0.368)
24 Planned Use of General Bals			0.000		0.000	(0.300)	(0.300)
24	33.758	(32.710)	1.048	(0.120)	0.928	(0.679)	0.249
25 FFPS Contribution Rates	1.095		1.095		1.095		1.095
26 Pension Grant		(1.344)	(1.344)		(1.344)		(1.344)
27 2019/20: Feb 2019	34.853	(34.054)	0.799	(0.120)	0.679	(0.679)	0.000

Hereford & Worcester Fire Authority: Feb 2019
Revenue Budget Allocation
Tabled at meeting: Late Business Rate Yield Information

Col.		c	d	e	f	g	h	i
		2018/19	2018/19	2018/19	2018/19	2019/20	2019/20	2019/20
		Original	Permanent	Pay	Revised	In-sourcing	Changes	Proposed
Line		Budget	Reallocation	Awards	Base	& LTCM	Appendix 10	Allocation
		£m	£m	£m	£m	£m	£m	£m
1	Whole-time Fire-fighter Pay	12.093	(0.076)	0.303	12.320		1.165	13.485
2	Retained Fire-fighter Pay	3.439	0.076	0.085	3.600		0.245	3.845
3	Control Pay	0.732		0.018	0.750		0.003	0.753
4	Support Pay	3.349	0.119	0.113	3.581	0.124	0.007	3.712
5	Other Employee Costs	0.120			0.120			0.120
6	Unfunded Pension Costs	1.055			1.055			1.055
7	Employee Related	20.788	0.119	0.519	21.426	0.124	1.420	22.970
8	Strategic Management	0.079	0.029		0.108			0.108
9	New Dimensions	0.056	0.008		0.064			0.064
10	Operational Policy	0.066	(0.023)		0.043			0.043
11	Technical Fire Safety	0.014	0.001		0.015			0.015
12	Community Safety	0.182	(0.011)		0.171			0.171
13	Training	0.499	0.062		0.561			0.561
14	Fleet	0.516	0.134		0.650	(0.119)		0.531
15	Operational Logistics	1.178	(0.015)		1.163	0.020		1.183
16	Information & Comms Technology	1.695	0.142		1.837	(0.120)		1.717
17	Human Resources/Personnel	0.453	(0.117)		0.336			0.336
18	Policy & Information	0.042	0.001		0.043			0.043
19	Corporate Communications	0.020			0.020			0.020
20	Legal Services	0.024	(0.003)		0.021			0.021
21	Property/Facilities Management	2.034	0.059		2.093		(0.140)	1.953
22	PPL Charges	0.381			0.381			0.381
23	Authority Costs	0.064	(0.001)		0.063			0.063
24	Committee Services	0.003			0.003			0.003
25	Insurances	0.316			0.316			0.316
26	Finance (FRS)	(0.234)	0.173		(0.061)		(0.078)	(0.139)
27	Finance SLA	0.098			0.098			0.098
28	Budget-Holders	7.486	0.439	0.000	7.925	(0.219)	(0.218)	7.488
29	Capital Financing	2.858	(0.015)		2.843		0.361	3.204
30	Capital Financing	2.858	(0.015)	0.000	2.843	0.000	0.361	3.204
31	Pay Award Provision 17/18 & 18/19	0.804		(0.519)	0.285			0.285
32	Pay Award Provision 19/20	0.000			0.000		0.406	0.406
33	Inflation Contingency 18/19	0.300	(0.300)		0.000			0.000
34	Inflation Contingency 19/20	0.000			0.000		0.300	0.300
35	Unallocated Budget/Fire Alliance	0.000	0.049		0.049	(0.024)	0.175	0.200
36	Provisions/Contingencies	1.104	(0.251)	(0.519)	0.334	(0.024)	0.881	1.191
37	Core Budget	32.236	0.292	0.000	32.528	(0.119)	2.444	34.853
38	Revenue Support Grant	(2.427)			(2.427)		0.391	(2.036)
39	Business Rate Top Up Grant	(3.240)			(3.240)		(0.078)	(3.318)
40	Pension Grant	0.000			0.000		(1.344)	(1.344)
41	Fire Revenue Grant	(0.985)			(0.985)		(0.040)	(1.025)
42	New Dimensions Maintenance Grant	0.000	(0.119)		(0.119)	0.119		0.000
43	Rural Services Delivery Grant	(0.088)			(0.088)		(0.021)	(0.109)
44	Business Rates & related S31 Grant	(2.455)	(0.121)		(2.576)		(0.128)	(2.704)
45	Business Rates Collection Fund	0.000	(0.079)		(0.079)		0.196	0.117
46	Council Tax Precept	(22.576)			(22.576)		(0.918)	(23.494)
47	Council Tax Collection Fund	(0.167)			(0.167)		0.026	(0.141)
48	Total Funding	(31.938)	(0.319)	0.000	(32.257)	0.119	(1.916)	(34.054)
49	Sub-total	0.298	(0.027)	0.000	0.271	0.000	0.528	0.799
50	to/(From) Property Reserve	(0.260)			(0.260)		0.140	(0.120)
51	to/(From) Budget Reduction Reserve	(0.038)	0.027		(0.011)		(0.368)	(0.379)
52	to/(From) General Reserve	0.000			0.000		(0.300)	(0.300)
53	Use of Reserves	(0.298)	0.027	0.000	(0.271)	0.000	(0.528)	(0.799)
54	Net	0.000	(0.000)	0.000	0.000	0.000	0.000	0.000

Hereford & Worcester Fire Authority: Feb 2019**Medium Term Financial Forecasts****Tabled at meeting: Late Business Rate Yield Information**

Col Row	b	c	d	e	f	g
		2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Indicative £m	2023/24 Indicative £m
1	Assumed Business Rate increase	2.00%	2.00%	2.00%	2.00%	2.00%
2	Assumed Tax-base Increase		1.12%	1.32%	1.34%	1.21%
3	Assumed Band D Tax Increase	2.98%	1.96%	1.96%	1.96%	1.96%
4	2019/20 CORE BUDGET	34.853	34.853	34.853	34.853	34.853
	<u>Pay Awards & Inflation</u>					
5	Pay Awards		0.415	0.837	1.257	1.677
6	General Inflation Contingency		0.300	0.600	0.900	1.200
7	LGPS Revaluation		0.000	0.010	0.010	0.010
8	Capital Programme			0.100	0.100	0.100
	<u>Other Cost Pressures</u>					
9	Fire Alliance One-Off		(0.200)	(0.200)	(0.200)	(0.200)
10	Property Maintenance		0.065	0.040	0.027	(0.107)
	<u>Efficiencies & Other Savings</u>					
11	ESMCP shared post Provision		(0.020)	(0.020)	(0.020)	(0.020)
12	Crewing Changes			(0.250)	(0.250)	(0.250)
13	HQ Relocation		(0.310)	(0.310)	(0.310)	(0.310)
14	Fire Control Collaboration			(0.300)	(0.300)	(0.300)
15	Wyre Forest Hub			(0.100)	(0.100)	(0.100)
16	BUDGET FORECAST	34.853	35.103	35.260	35.967	36.553
	Funding					
17	Revenue Support Grant	(2.036)				
18	Business Rate Support Grant	(3.318)	(3.384)	(3.452)	(3.521)	(3.591)
19	Pension Grant	(1.344)				
20	Fire Revenue Grant	(1.025)	(1.025)	(0.835)	(0.835)	(0.835)
21	Rural Services Delivery Grant	(0.109)				
22	Business Rates & Section 31 Grant	(2.704)	(4.071)	(4.152)	(4.236)	(4.321)
23	Business Rates Collection Fund	0.117				
24	Council Tax Precept	(23.494)	(24.223)	(25.026)	(25.859)	(26.684)
25	Council Tax Collection Fund	(0.141)				
26	PROJECTED RESOURCES	(34.054)	(32.703)	(33.465)	(34.451)	(35.431)
27	CORE BUDGET GAP	0.799	2.400	1.795	1.516	1.122
28	Use of Property Reserve	(0.120)	(0.185)	(0.160)	(0.147)	
29	Use of Budget Reduction Reserves	(0.379)	(2.215)	(1.356)		
30	Use of General Reserve	(0.300)				
31	BUDGET REQUIREMENT FORECAST	(0.000)	(0.000)	0.279	1.369	1.122

Hereford & Worcester Fire Authority: Feb 2019
Council Tax Requirement Calculation
Tabled at meeting: Late Business Rate Yield Information

	2018/19 Total	2019/20 Expenditure	2019/20 Income	2019/20 Reserves	2019/20 Total
Core Budget	£32,236,000.00	£34,958,200.00	(£105,200.00)		£34,853,000.00
To/(From) Property Maintenance Reserve	(£260,100.00)			(£120,000.00)	(£120,000.00)
To/(From) General Reserves	£0.00			(£300,000.00)	(£300,000.00)
To/(From) Budget Reduction Reserves	(£38,338.00)			(£379,000.00)	(£379,000.00)
	£31,937,562.00	£34,958,200.00	(£105,200.00)	(£799,000.00)	£34,054,000.00
Less: Formula/Support Grants:					
Revenue Support Grant	(£2,426,500.00)		(£2,035,690.00)		(£2,035,690.00)
Business Rate Top Up Grant	(£3,243,875.00)		(£3,318,213.00)		(£3,318,213.00)
adjustment to prior year Business Rate Top Up Grant	£3,665.00		£0.00		£0.00
Less: Other Grants					
S31: Fire Revenue Grant (Firelink/New Dimensions)	(£985,000.00)		(£1,025,000.00)		(£1,025,000.00)
Rural Services Delivery Grant	(£87,569.00)		(£109,125.00)		(£109,125.00)
2019/20 Pension Grant	£0.00		(£1,343,895.00)		(£1,343,895.00)
Less: Retained Share of Business Rates (1%)					
Baseline	(£2,231,189.00)		(£2,278,298.00)		(£2,278,298.00)
Local Forecasts	£14,189.00		£69,744.00		£69,744.00
Collection Fund Deficit/(Surplus)	£0.00		£116,871.00		£116,871.00
S31: Business Rate Initiatives	(£238,000.00)		(£495,017.00)		(£495,017.00)
GROSS PRECEPT	£22,743,283.00	£34,958,200.00	(£10,523,823.00)	(£799,000.00)	£23,635,377.00
		S42A2a	S42A3a	S42A3b	
Less: Collection Fund Deficits/(Surpluses) S42A10					
Bromsgrove	(£36,960.00)		(£21,040.00)		(£21,040.00)
Herefordshire	(£25,000.00)		(£25,000.00)		(£25,000.00)
Malvern Hills	£0.00		£0.00		£0.00
Redditch	(£58,471.00)		(£5,024.00)		(£5,024.00)
Worcester	(£30,117.00)		(£40,808.00)		(£40,808.00)
Wychavon	£0.00		(£49,385.00)		(£49,385.00)
Wyre Forest	(£16,927.00)		£0.00		£0.00
	(£167,475.00)		(£141,257.00)	£0.00	(£141,257.00)
COUNCIL TAX REQUIREMENT S42A4	£22,575,808.00	£34,958,200.00	(£10,665,080.00)	(£799,000.00)	£23,494,120.00
Tax-base : Band D Equivalent					
Bromsgrove	36,531.10				36,714.20
Herefordshire	68,177.57				68,826.03
Malvern Hills	30,461.94				30,957.19
Redditch	26,058.20				26,096.00
Worcester	31,528.50				31,898.00
Wychavon	49,435.58				50,322.12
Wyre Forest	33,458.00				33,751.00
	275,650.89				278,564.54
Precept - Band D Equivalent	£81.900000				£84.339952
Band D (rounded to 2 decimal places) S42B	£ 81.90				£ 84.34
Equivalent to Tax at Band (Ratio to Band D) S47					
A 6/9	£ 54.6000			2.99%	£ 56.2300
B 7/9	£ 63.7000			2.98%	£ 65.6000
C 8/9	£ 72.8000			2.98%	£ 74.9700
D 9/9	£ 81.9000			2.98%	£ 84.3400
E 11/9	£ 100.1000			2.98%	£ 103.0800
F 13/9	£ 118.3000			2.98%	£ 121.8200
G 15/9	£ 136.5000			2.98%	£ 140.5700
H 18/9	£ 163.8000			2.98%	£ 168.6800
Total Precept on Billing Authorities S48					
Bromsgrove	£2,991,897.11				£3,096,473.87
Herefordshire	£5,583,743.01				£5,804,784.08
Malvern Hills	£2,494,832.90				£2,610,927.93
Redditch	£2,134,166.59				£2,200,935.39
Worcester	£2,582,184.16				£2,690,275.80
Wychavon	£4,048,774.02				£4,244,165.20
Wyre Forest	£2,740,210.21				£2,846,557.73
	£22,575,808.00				£23,494,120.00
check	£0.00				£0.00

