



Item 3 (i)

Ethics, Transparency and Audit Panel (ETAP) 7 February 2019

Revenue Budget Report 2019/20 (incl. Precept and MTFS)

Report of the Director of Finance, Assets and Resources

Summary

This report advises the Board on the proposed revenue budget for 2019/20, and provides the Panel with the opportunity to scrutinise the budget proposal and underlying assumptions prior to the proposed precept being presented to the Police, Fire and Crime Panel on the 15 February 2019.

The Settlement Funding assumptions contained within this report are based upon the Provisional Local Government Finance Settlement received on 13 December 2018. This Settlement Funding Assessment for 2019/20 is broadly in line with the original 4-year settlement covering the period from 2016/17 to 2019/20 with the individual elements being discussed in more detail within this report. The budget for 2019/20 is the final year of this settlement period and also the Authority's approved Efficiency Plan. The Government will be consulting on the financial settlement beyond 2020 during the next Comprehensive Spending Review (CSR19), the underlying assumptions contained with the updated MTFS are also presented within this report for discussion and scrutiny.

The Settlement Funding for 2019/20 includes a reduction in Revenue Support Grant (RSG) of c.£0.6m, which has resulted in an overall reduction in RSG of £4.8m during the 4 year period 2016/17 to 2019/20. In total the amount of RSG has now reduced by 65% (£9m) from the level received back in 2012.

The Core Spending Power explanatory note issued during the settlement for the Staffordshire Commissioner Fire and Rescue Authority assumes that the Band D Council Tax will increase in line with 3% referendum limit announced for 2019/20. This increase in referendum limit for 2018/19 and 2019/20 facilitated the reduction in targeted efficiency savings by £0.5m to a total of £1.3m.

A 2.99% increase in Council Tax is equivalent to an additional £2.20 per annum (4 pence per week) and would increase Band D Council Tax for this Authority to £75.73 (£1.45 per week).

The budget process for 2019/20 involved full consultation with all budget holders and calculated from a zero base. Where possible all recurring efficiencies and savings achieved to date have been incorporated into the base budget.

The budget also assumes and recognises the costs pressures that are currently in place, which includes pay inflation (following the removal of the public sector pay cap), business rates, increasing level of general inflation, and the revenue consequences of capital spend and impact upon future borrowing requirements.

In accordance with the approved financial regulations for the Staffordshire Commissioner fire and Rescue Authority (see B.10) the Authority Strategic Governance Board will make recommendation regarding approval of the revenue budget, the level of precept and allocation of financial resources to services, the provision for contingencies, the use of reserves and balances and the setting of the precept to the Staffordshire Commissioner. The Panel are advised that the date for the Fire SGB meeting is 1 February 2019.

Recommendations

- (a) To consider the Revenue Budget proposals for 2019/20 and the Council Tax proposals included within this report prior to the notification of the precept proposals being submitted to the Police Fire and Crime Panel on 15 February by the Staffordshire Commissioner.
- (b) To note the position regarding reserves based upon the budget proposal.
- (c) To note the precept banding information and amounts to be collected by the local billing Authorities based upon a 2.99% increase in Council Tax (Appendix 6).
- (d) To note the MTFS summary financials (Appendix 7) and MTFS assumptions (page 11).
- (e) To note that the budget has been calculated to support the final year of the Corporate Safety Plan for 2017-20 and also incorporates the principles established within the Staffordshire 2020 document and reviews the assumptions contained within the Efficiency Plan and current Medium Term Financial Strategy (MTFS).
- (f) To note that the budget includes £0.5m of savings to be achieved during the budget year, equivalent to a 1.2% reduction on total budget, and is the final year of an approved plan to deliver £4.0m of savings in the four years 2016/17 to 2019/20. This saving target was reduced by £0.5m based upon the revised Council Tax assumptions for 2018/19 and 2019/20 following the increase in the referendum limit to 3%.
- (g) To note that the Council Tax base has increased to 346,580 properties, equivalent to an increase of 1.49% (0.33% lower than the 2018/19 increase). The Council Tax collection fund has also been finalised delivering a surplus of £0.4m.
- (h) To note the outcome of The Staffordshire Commissioner's budget consultation document which included a survey regarding the proposed increase in precept of 4p per week. The results of the survey showed a 61% response in favour of an increase in precept for Fire of 4p per week.

- (i) To note that the local business rates allocation (NNDR1) will not be finalised until 31 January some amendment will therefore be required to the information incorporated within this report, prior to submission to the Police, Fire and Crime Panel.
- (j) To note the budget gap for 2020/21 of £1.6m increasing to £2.2m for 2021/22. This is driven by the assumptions around additional pension contributions, reduced Revenue Support Grant, in addition to cost pressures particularly around pay.

Financial Implications

The financial implications are referred to throughout the report.

Legal Implications

The Staffordshire Commissioner Fire and Rescue Authority is required to set a balanced budget. The strategy outlined in this report will ensure that this is achieved for 2019/20.

Equality and Diversity

Whilst this report does not raise any Equality and Diversity issues, the Service continues to support an internal Equality and Diversity department. In addition, all decisions made by the Service and the Staffordshire Commissioner Fire and Rescue Authority review any potential impact or consideration for Equality and Diversity.

Risk Implications

The 2019/20 budget has been developed on the assumption that savings of c.£0.5m will be identified and delivered in the year as part of the overall Efficiency Plan. Therefore, it is essential that these are implemented in a timely way, managed, monitored and that progress is regularly reported. This will be reported through the quarterly finance report issue to the Strategic Governance Board.

Consultation and Engagement undertaken

The budget proposal has been compiled from a zero base following extensive consultation with budget managers and the Fire Service executive team.

Protective Security Implications

Protective security implications have been given due consideration when establishing the budget for ICT and the Data Management Team. Protective Security implications are also formally considered as part of all papers reviewed by the Staffordshire Commissioner Fire and Rescue Authority and the Service. The Service also has an appointed Data Protection Officer.

Procurement and Social Value impact

The procurement and social value implications have been given due consideration when establishing departmental budgets for 2019/20.

Background

Settlement Funding 2016/17 to 2019/20 Background

1. Following the release of the Autumn Statement by the Government in November 2015, under the previous governance arrangements the Authority received the provisional Local Government Finance Settlement in December 2015 and an offer to councils for future years. This offered single purpose Fire and Rescue Authorities firm four-year funding allocations to 2019/20 in return for robust and transparent efficiency plans.
2. The Authority submitted an Efficiency Plan to the Home Office in October 2016 in order to accept the four-year funding allocations, alongside 97% of authorities who accepted this offer from Government. The offer included certainty over the following funding streams; Revenue Support Grant (RSG), Business Rates tariff and top-up payments, and also Transition Grant.
3. The budget proposals contained within this report are based upon the Provisional 2019/20 Local Government Finance Settlement received on 13 December 2018. This document was issued out for consultation until 10 January 2019 and a joint response was issued by the National Fire Chiefs Council (NFCC).
4. The original Local Government Finance Settlement incorporated a total reduction in Revenue Support Grant of £4.8m by 2019/20, this reduction has now been fully implemented with final £0.6m included within the 2019/20 settlement.
5. The above is equivalent to a reduction in RSG of c.50% during the period 2016/17 to 2019/20. Based upon the above the Revenue Support Grant for 2019/20 will be £9m (65%) lower than the level received in 2012.
6. Settlement Funding comprises of three funding streams shown below as incorporated within the draft settlement issued for 2019/20, with the 1% share of local business rates based upon a forecast received from the local billing authorities.

	2018/19 £m	2019/20 £m	Movement £m
1% share of Local Business Rates	3.691	3.765	0.074
Business Rates Top-up	5.846	5.962	0.116
Revenue Support Grant (RSG)	5.255	4.675	(0.580)
Total Settlement Funding	14.792	14.402	(0.390)

Business Rates / Business Rates Top-up

7. The Staffordshire Commissioner Fire and Rescue Authority receives a 1% share of local business rates, in addition to a business rates top-up. The Panel should note that the actual 1% share of local business is extracted from the district, borough and city council's NNDR forms (Non-Domestic Rating Income Calculation and Estimate of Collection Fund Surpluses and Deficits). The deadline for completion of the NNDR is 31 January 2019, the 1% share included within this report has therefore been estimated based information provided by the billing authorities. The estimated 1% share of business rates for 2019/20 shows a marginal increase on the previous year, which has yet to be verified.
8. The business rates top-up estimate included within this budget report is based upon the Settlement Funding estimate received within the Provisional Local Government Financial Settlement, as is not anticipated to change.

Council Tax

9. The setting of Council Tax is under the control of the Staffordshire Commissioner Fire and Rescue Authority. The process for issuing the Precept is aligned to the setting of the Staffordshire Police precept under the new governance arrangements. This process is laid out within Schedule 5 of the Police Reform and Social Responsibility Act 2011.
10. From 1 August 2018, the Staffordshire Commissioner assumed the functions of the former Stoke-on-Trent and Staffordshire Fire and Rescue Authority, including the power to issue a fire precept from 2019-20. The Staffordshire Commissioner Fire and Rescue Authority is a new legal entity which has not previously set a fire precept. In order to ensure the effective operation of the council tax referendum system and provide certainty for the authority and council tax-payers, the Secretary of State intends to set an alternative notional amount (ANA) for this charge. The ANA will simply be set at the level of the 2018-19 precept set by the outgoing Stoke-on-Trent and Staffordshire FRA. Early in 2019, the final ANA and Referendum Principles Reports will be laid before the House of Commons for approval.
11. The Band D Council Tax for the Authority was approved at £73.53 for 2018/19, this report includes the assumption that the precept will increase by 2.99% to £75.73 in 2019/20.
12. The referendum limit was increased for 2018/19 and 2019/20 to 3%, the maximum Council Tax increase without triggering a referendum would therefore be 2.99%.
13. A 2.99% increase in Council Tax is equivalent to an increase in Band D of £2.20 per annum (4p per week), and would increase Band D to £75.73.
14. The Council Tax base shown in **Appendix 5** has increased to 346,580 properties in 2019/20, which is equivalent to an increase of 1.49%. The Council Tax collection fund is also in surplus

by £0.385m, shown in **Appendix 4**. Both the Council Tax base and the surplus on the collection fund have been finalised and agreed.

15. A 1% sensitivity in precept for the Staffordshire Commissioner Fire and Rescue Authority is equivalent to £0.25 million.
16. Overall, the budgeted precept has increased by £1.1m with £0.38m attributable to the 1.49% increase in the Council Tax Base and £0.76m due to the proposed increase in Band D precept of 2.99%.
17. The Staffordshire Commissioner issued a budget consultation document in December which also included a survey regarding the proposed increase in precept of 4p per week. The results of the survey showed that 305 of the 500 responses were in favour of an increase in funding for fire, equivalent to 61%.

Revenue Budget 2019/20

18. The Revenue Budget sets out to support and enable the delivery of the final year of the Corporate Safety Plan covering the period 2017/18 to 2019/20.
19. **Appendix 1** sets out the proposed revenue budget of £41.033 for 2019/20 based upon a Council Tax Increase of 2.99%.
20. The key features of the budget, are as follows:

Pay costs Revenue budget

The overall pay costs budget for 2019/20 at £29.4m, is £0.5m more than last year's budget, this also incorporates a lower savings and efficiencies target to be delivered during the year 2019/20.

The pay budget also reflects the upwards pressure on pay and includes the impact of a 3% assumed pay award for 2019/20 for operational staff. In addition the MTFS assumes a 2% pay award for 2020/21 and beyond. The Fire Brigades Union remain in discussion with fire service employers through the National Joint Council and the Government regarding the pay claim for 2019. The FBU have concluded that it is reasonable that Grey Book rates of pay should be increased by 17%, and consider such an increase in pay is required to reflect the value of today's firefighters. There is therefore risk associated with the assumed level of pay award budgeted for 2019/20 and into the medium term.

The pay costs also fully reflect the impact of the Prevention Review that has resulted in a structure saving around £0.2m per annum in line with the Efficiency Plan target.

A saving of £0.5m (10.6 FTE) has also been achieved through the removal of posts from the establishment, this includes the posts removed following the change in governance during 2018.

It has been identified by the Governments Actuarial Department (GAD) that there will be a significant increase in the required employer contribution rate into the Firefighters' Pension Schemes. The 2016 Valuation results have indicated that the employer contribution rates will increase on average by 12.6% to 30.2% and will apply from April 2019. The indicative results show that the 16.8% cost cap (this is the percentage of contribution of total scheme costs made by employers) for the 2015 Scheme has been breached by 5.2%. An average increase of 12.6% in employer contributions is estimated at around £1 million per annum of additional cost. The Home Office has agreed to fund around 90% of this increase for 2019/20 with the full impact included within the MTFS for 2020/21 and beyond. £0.1m is included as an additional contribution for the budget year (shown below).

The following bridge explains the net increase in pay costs:

	<u>£m</u>
Pay Budget - 2018/19	28.9
Prevention Review completed 2018	(0.2)
Posts removed (incl. governance change)	(0.5)
Reduction in pay efficiency target	(0.2)
Pay increase (3% operational, 2% staff)	0.7
New recruits – timing of transfer and retirements	0.3
Reduced Vacancy Provision for on-call	0.1
Maternity Provision	0.2
Firefighters Pension Contribution Increase (19/20 impact)	0.1
	29.4
Pay Budget - 2019/20	

Non-pay costs

Non-pay costs are budgeted to increase by £0.1m in the budget 2018/19. Some of the main movements in non-pay costs are as follows:

- Premises costs have increased by £0.1m, this includes anticipated RPI increases in utility costs and business rates. Following the 2017 business rates revaluation exercise completed by the Valuations Office Agency (VOA) the Service is pursuing a formal Check, Challenge and Appeal process that is being undertaken with the VOA. This process has not yet progressed to the appeal stage.
- Transport costs at £0.8m are in line with previous year. The increase in the price of fuel has been offset by a forecast reduction in mileage
- The targeted non pay efficiency saving has reduced by £0.1m

- Non Pay includes a charge of £1.1m payable to West Midlands Fire Service, this represents 30% of the budgeted cost of running the Joint Fire Control
- A review of community safety budgets has been completed during 2018. A more effective and targeted approach has resulted in savings of £0.1m per annum for Risk Reduction Equipment.

(ii) Income

Income for 2019/20 is budgeted to increase by £0.1m to £2.4m with the increase driven by the following:

- Business rates Pilot – Staffordshire and Stoke on Trent have successfully applied to take part in the pilot 75% business rates retention programme for 2019/20. This will result in a payment of £0.2m coming from the Staffordshire Business Rates Pool in line with the revised pooling agreement.
- The level of income from grants and non recurring funded posts has reduced in year.

(iii) Capital Charges

Total capital charges at £5.2m are in line with the two previous years.

- The £1.5m minimum revenue provision requirement for 2019/20
- The budget assumes that the overall level of borrowing (loans) for the Authority will reduce by £1,500,000 with the repayment of two Public Works Loan Board (PWLb) loans during 2018/19. This has reduced in interest payments for 2019/20 by £0.1m
- The unitary charge will increase marginally due to the Retail Price Index (RPI) increase applied to the variable elements of both PFI contracts.

Budget Monitoring 2019/20

A budget monitoring report will be considered by the Fire Strategic Governance Board on a quarterly basis. A monthly Resource Control Report will be issued to members of the Service Delivery Board (SDB) and also published on the Intranet available for all staff.

A monthly Finance News Publication is also issued alongside the detailed Resource Control Report.

In addition, the Finance Panel, which is a sub-group of the Ethics, Transparency and Audit Panel (ETAP) will review the budget monitoring reports on a bi monthly basis. This is a new arrangement that has been in place since 1 August 2018, following the change in governance.

Efficiency Plan Update

As part of the Local Government Finance Settlement for 2016/17 single purpose fire and rescue authorities were all offered firm four-year funding allocations in return for robust and transparent efficiency plans that were published in order to enable local residents to scrutinise these plans. In October 2016 the Authority submitted the document to the Home Office to secure this funding offer.

The published Efficiency Plan includes detailed assumptions around the strategy that the Authority would adopt regarding future Council Tax increases, expected business rates increases and population growth during this time. In total the four year settlement included a reduction in Revenue Support Grant of £4.8m.

The published Efficiency Plan included a requirement to save £4m by 2020 (Gap) and the MTFS assumed that the delivery of this saving would result in a balanced budget position by 2020 and importantly it gave the Authority certainty around the funding position and allowed sufficient time to consider a number of options for review and approval by the Fire and Rescue Authority.

Savings of ££2.2m were approved and fully implemented within the Service by March 2018. The savings included a reduction in wholetime crews of 40 Posts phased into the establishment from 1 January 2017 (28 posts) and 1 January 2018 (12 posts) which included the removal of two Targeted Response Vehicles (TRV's), in addition a new retained payment system was implemented from 1 January 2017 that also reduced the establishment by 43 posts. The executive team was also restructured during 2016/17 removing one post from the structure.

The balance of savings of £1.8m was reduced to £1.3m as part of the budget setting exercise for 2018/19 supported by an increase in Band D Council Tax of 2.75% which was 1% above the assumption contained within the Efficiency Plan submission. This increase in Council Tax was possible following a change in the referendum limit which allowed Fire and Rescue Authorities to increase Council tax by 3% (previously set at 2%). (An additional 1% Council Tax raises a further £0.25m, £0.5m based upon a 2.75% increase for both 2018/19 and 2019/20)

The following areas are currently being reviewed in order to deliver the remaining saving of £1.3m:

- A review of Prevention and Protection within the Service has now been complete, anticipated savings, c.£0.2m per annum
- Management Reduction. This involves a review that has been undertaken with the option to reduce the number of operational management posts, saving up to £0.3m
- A reduction in funding costs both in terms of MRP and interest payments is forecast to save, £0.3m
- A review of community safety budgets is being undertaken currently. A more effective and targeted approach should lead to savings of £0.2m per annum.

- Dragons' Den. The Service undertakes a Dragons' Den budget process where all budget holders are challenged to deliver savings in the current year that will be incorporated into the updated forecast position and also to offer permanent recurring budget efficiency savings for 2019/20, £0.2m per annum
- Procurement Savings, savings are currently being captured and will be incorporated into the budget setting process, £0.1m

Based upon the draft budget for 2019/20 it is assumed that £0.8m of the above savings have been fully delivered by March 2019, with £0.5m incorporated into 2019/20. The Management Reduction savings have yet to be implemented.

The Service has already undertaken a number of scenario planning sessions and options are being discussed as a priority based upon the potential budget gap beyond 2020 included within the updated MTFS (see Appendix 7). A budget gap for 2020/21 is identified within the MTFS of £1.6m increasing to £2.2m for 2021/22. This is driven by the assumptions around additional pension contributions, reduced Revenue Support Grant, in addition to cost pressures particularly around pay.

Reserves and Balances

21. The Authority holds two reserves, a Specific/Earmarked Reserve which is build up through any surplus within the Income and Expenditure account. The utilisation of this fund has been established with the approved Reserves Strategy that was last updated in November 2018; and a General Reserve which is held to protect against any spate or emergency conditions that may arise, **(see Appendix 3)**.
22. At 1 April 2018 the Authority held £1.9m in General Reserves and a risk assessment for this reserves was undertaken as part of the budget setting process for 2018/19 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.6% of the proposed revenue budget for the year. The General Reserve Balance has not been reduced following on from the spate conditions experienced during the summer of 2018, this position will be reviewed as part of the year end process.
23. At 1 April 2018 the Authority held £8.3m in Specific/Earmarked Reserves. **Appendix 3** demonstrates the impact on Specific Reserves for the Council Tax proposal included within this paper. The schedule also assumes utilisation of capital spend as incorporated within the Reserves Strategy and assumes that 50% of the vehicle replacement programme will be supported by this reserve in addition to the reserve utilisation required to support the Revenue Budget. It does not assume use of reserves for other contingency areas that are incorporated within the Reserves Strategy (e.g. for future integration funding).
24. The forecast balance on the Specific/Earmarked Reserves as at March 2023 is £3.0m and represents the amounts of unallocated spend as included within the approved Reserves Strategy. This balance includes £1.0m for Future Integration, Collaboration and Change Programme, £1.0m for PFI Reserves and budget holder earmarked provisions, and a contingency balance of £1.0m.

Medium Term Financial Strategy

25. The MTFS has been updated to reflect the budget proposals for 2019/20 and incorporates the assumptions contained with the Provisional Financial Settlement for 2019/20, which includes the assumed increase in Council Tax of 2.99%. A summary of the financials covering the medium term period 2019/20 to 2023/24 are included with Appendix 7.

26. A summary of the main MTFS assumptions are shown below for review by the Panel:

	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan
<u>PAY COSTS</u>					
Pay Award Operational Staff	3.0%	2.0%	2.0%	2.0%	2.0%
Pay Award Non Operational Staff	2.0%	2.0%	2.0%	2.0%	2.0%
Other Pay Costs	1.0%	1.0%	1.0%	1.0%	1.0%
Pension Costs - Fire Fighters Pension Schemes	+£0.1m	+£1.0m	+£1.0m	+£1.0m	+£1.0m
Pension Costs - LGPS Impact Triennial valuation					
<u>NON PAY COSTS</u>					
Electricity	5.0%	5.0%	2.0%	2.0%	2.0%
Gas	5.0%	5.0%	2.0%	2.0%	2.0%
Business Rates	2.0%	2.0%	0.0%	0.0%	0.0%
Water and Sewerage	2.0%	2.0%	2.0%	2.0%	2.0%
General Supplies and Services	2.0%	2.0%	2.0%	2.0%	2.0%
<u>INTEREST RATES</u>					
Interest on Investments	0.6%	0.8%	1.0%	1.0%	1.0%
Interest on Debt	4.2%	4.2%	4.2%	4.2%	4.2%
<u>GENERAL FUNDING</u>					
Council Tax Increases	2.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base Growth	1.30%	1.30%	1.30%	1.30%	1.30%
Revenue Support Grant Reduction	-11.1%	-7.0%	-7.0%	-7.0%	-7.0%
Local Business Rates % incl top-up	2.0%	2.0%	2.0%	2.0%	2.0%

27. Should the Staffordshire Commissioner FRA choose not to increase Council Tax for 2019/20 and beyond in line with the assumptions incorporated within this report, saving targets and use of reserves will need to be re-visited.

28. The MTFS incorporates savings of £0.5m required during 2019/20, which will deliver the saving proposals incorporated within the published Efficiency Plan.

29. The MTFS Summary financials shown an increasing budget gap from 2020/21 of £1.6m increasing to £3m by 2022/23. For 2020/21 the budget gap is driven by the inclusion of the additional Firefighters' Pension Scheme additional employer contribution liability of c.£1m per annum in addition to the forecast ongoing reduction in Revenue Support Grant. RSG is forecast to reduce from £4.7m in 2019/20 to £0.9m by 2023/24, a reduction of 80%.
30. Whilst the 2019/20 revenue budget recognises the savings that have been delivered to date due to the change in governance arrangements, any further financial benefits arising to the Staffordshire Commissioner from the ongoing collaboration work with Staffordshire Police in terms of both Enabling Services and Estates Rationalisation has not been included with the MFTS at this point in time.
31. The MTFS does not make any assumption regarding the current review of Fire Funding Formula which is included within the Fire Funding Review currently being undertaken by the Home Office and MCLG. A consultation document reviewing the results of this funding review is expected as part of the CSR19.
32. There is therefore a significant level of financial uncertainty regarding the funding position for the Authority beyond 2020, this unfortunately results in a higher level of risk associated with the funding assumptions contained within the updated MTFS.

Capital Programme

33. The three year Capital Programme and Capital Strategy for 2019/20 to 2021/22 is discussed within a separate agenda item
34. The summary capital programme is shown within **Appendix 8**.

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Recurring Revenue Budget Proposal 2019/20**Council Tax Increase by 2.99%**

	Budget 2018/19	Budget Proposal 2019/20	Year on Year Change
	£000s	£000s	£000s
Pay			
Pay Costs	27,277	27,660	383
Other Employee Costs	2,158	2,099	(59)
Pay Efficiency Plan Saving	(500)	(300)	200
Total Pay	28,935	29,459	524
Non Pay			
Premises Costs	3,139	3,221	82
Transport Costs	791	797	6
Supplies & Services Costs	5,074	5,081	7
CFS Costs and Initiatives	474	387	(87)
Non Pay Efficiency Plan Saving	(300)	(200)	100
Total Non Pay	9,178	9,286	108
Income			
Income - General	(2,256)	(2,392)	(136)
Interest Receivable	(34)	(41)	(7)
Total Income	(2,290)	(2,433)	(143)
Capital charges	1,500	1,493	(7)
Interest Payable	873	804	(69)
PFI Unitary Charge	2,905	2,958	53
Total Capital Charges	5,278	5,255	(23)
Total Revenue before Reserves	41,101	41,566	465
Transfer to/(from) Reserves	(885)	(533)	352
Total Revenue Budget	40,216	41,033	817
FINANCED BY:			
<u>Settlement Funding</u>			
Revenue Support Grant	5,255	4,675	(580)
Local Business Rates (1%)	3,691	3,764	73
Government Top-up (business rates)	5,846	5,962	116
Total Settlement Funding	14,792	14,401	(391)
<u>Council Tax</u>	25,424	26,632	1,208
Total Financing	40,216	41,033	817

Revenue Budget 2019/20**Specific / (Earmarked) Reserves for 2018/19 to 2022/23**

EARMARKED RESERVE BALANCE £000s	
	2.99% CT Increase
Forecast 31 March 2018 (£000s)	8,328
Reserves Utilisation - Budget requirement	(885)
Reserves Utilisation - Capital Investment	(1,115)
Forecast 31 March 2019 (£000s)	6,328
Reserves Utilisation - Budget requirement	(533)
Reserves Utilisation - Capital Investment	(1,032)
Forecast 31 March 2020 (£000s)	4,764
Reserves Utilisation - Budget requirement	(700)
Reserves Utilisation - Capital Investment	(200)
Forecast 31 March 2021 (£000s)	3,864
Reserves Utilisation - Budget requirement	(582)
Reserves Utilisation - Capital Investment	(170)
Forecast 31 March 2022 (£000s)	3,111
Reserves Utilisation - Budget requirement	
Reserves Utilisation - Capital Investment	
Forecast 31 March 2023 (£000s)	3,111

Revenue Budget 2019/20
Risk Assessment of General Reserves for 2019/20

CIPFA guidance indicates that a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves and that chief financial officers should take account of the strategic, operational and financial risks facing the authority.

A risk assessment for general reserves was undertaken as part of the budget setting process for 2019/20 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.7% of the revenue budget set for the year.

Whilst not a complete list of all the financial risks, the assessment focused on those most likely (High and Medium risks) to have a significant impact on the budget year. This is in line with the update reserves strategy approved by the Authority in September 2017.

Area of Expenditure	Level of Risk *	Explanation of risk/justification of reserves	2019/20 Provision £000
Loss of Employees	High	Spate conditions caused by for example; prolonged severe weather conditions, unexpected loss of staff through influenza virus	400
Failure to achieve efficiency savings	Medium	Risk of efficiency plan target savings not being delivered beyond 2020	500
Insurance loss / impact of data breach	Medium	Risk of incurring uninsured losses Risk of breach due to inappropriate information sharing / failure to implement EU GDPR in May 2018	300
Ill health retirement costs	Medium	Risk of the number of ill health retirements being greater than anticipated due to ageing workforce	300
Other unforeseen costs	Medium	Risk of unforeseen event: emergency incident, waste fires / tipping	300
Other costs	Medium	Risk of failure of strategic partnership / collaboration initiatives	100
TOTAL			1,900

Level of Balances – Summary

Level of Risk	£'000
High and Medium	1,900

Council Tax Report 2019/20**Council Tax Surplus / Deficit by Authority**

SURPLUS/(DEFICIT)	<u>2018/19</u>	<u>2019/20</u>	<u>Variation</u>
	£	£	£
Cannock Chase	30,580	20,082	(10,498)
East Staffordshire	75,147	33,741	(41,406)
Lichfield	14,520	10,000	(4,520)
Newcastle	1,779	88,209	86,430
South Staffordshire		41,206	41,206
Stafford	23,855		(23,855)
Staffordshire Moorlands	11,460	27,170	15,710
Tamworth	34,360	26,765	(7,595)
Stoke	122,123	138,000	15,877
Total	313,825	385,173	71,348

Council Tax Report 2019/20**Council Taxbase by Authority**

	2018/19	2019/20	Variation	%
Cannock Chase	28,397	28,875	478	1.7%
East Staffordshire	36,736	37,278	542	1.5%
Lichfield	37,360	38,011	651	1.7%
Newcastle	36,812	37,117	305	0.8%
South Staffordshire	37,785	38,090	305	0.8%
Stafford	46,593	47,492	898	1.9%
Staffordshire Moorlands	32,887	33,089	202	0.6%
Stoke	63,477	64,868	1,391	2.2%
Tamworth	21,438	21,761	323	1.5%
Total	341,485	346,580	5,095	1.49%

Council Tax Report 2019/20**Council Bands for Each Band and District Precepts****Based upon a Band D Increase of 2.99%**

	2018/19	2019/20	Increase	Per Week
Band	£	£	£	Pence
A	49.02	50.49	1.47	2.8
B	57.19	58.90	1.71	3.3
C	65.36	67.32	1.96	3.8
D	73.53	75.73	2.20	4.2
E	89.87	92.56	2.69	5.2
F	106.21	109.39	3.18	6.1
G	122.55	126.22	3.67	7.1
H	147.06	151.46	4.40	8.5

PRECEPT PAYABLE

	2018/19	2019/20	Variation	%
	£	£	£	
Cannock Chase	2,088,014	2,186,666	98,652	4.7%
East Staffordshire	2,701,227	2,823,078	121,851	4.5%
Lichfield	2,747,044	2,878,558	131,514	4.8%
Newcastle	2,706,786	2,810,870	104,084	3.8%
South Staffordshire	2,778,339	2,884,563	106,224	3.8%
Stafford	3,426,006	3,596,531	170,525	5.0%
Staffordshire Moorlands	2,418,181	2,505,830	87,649	3.6%
Stoke	4,667,493	4,912,461	244,968	5.2%
Tamworth	1,576,336	1,647,961	71,624	4.5%
Total	25,109,427	26,246,519	1,137,092	4.5%

MTFS Summary Financials to 2023/24

	2019/20 Budget £000s	2020/21 Plan £000s	2021/22 Plan £000s	2022/23 Plan £000s	2023/24 Plan £000s
Pay					
Pay Costs	27,660	28,975	29,409	29,851	30,298
Other Employee Costs	2,099	2,105	2,111	2,117	2,124
Pay Efficiency Plan Saving	(300)	(300)	(300)	(300)	(300)
Total Pay	29,459	30,780	31,221	31,668	32,122
Non Pay					
Premises Costs	3,221	3,295	3,312	3,330	3,347
Transport Costs	796	794	793	791	789
Supplies & Services Costs	5,080	5,126	5,156	5,237	5,319
CFS Costs and Initiatives	387	379	372	368	364
Non Pay Efficiency Plan Saving	(200)	(200)	(200)	(200)	(200)
Total Non Pay	9,285	9,395	9,432	9,525	9,620
Income					
Income - General	(2,393)	(2,414)	(2,435)	(2,457)	(2,478)
Interest Receivable	(41)	(39)	(31)	(25)	(20)
Total Income	(2,434)	(2,453)	(2,466)	(2,481)	(2,498)
Capital charges	1,493	1,690	1,815	1,851	1,888
Interest Payable	804	812	820	836	853
PFI Unitary Charge	2,958	3,018	3,078	3,140	3,202
Total Capital Charges	5,255	5,520	5,713	5,827	5,944
Total Revenue	41,566	43,242	43,900	44,539	45,188
Budget Gap		(1,461)	(2,066)	(3,033)	(3,295)
Use of Reserves (Per Strategy)	(533)	(700)	(582)		
Total Revenue	41,033	41,081	41,252	41,506	41,893
FINANCED BY:					
Settlement Funding					
Revenue Support Grant	4,675	3,666	2,710	1,801	936
Local Business Rates (1%)	3,765	3,840	3,917	3,995	4,075
Government Top-up (business rates)	5,962	6,156	6,356	6,562	6,773
Total Settlement Funding	14,401	13,663	12,983	12,358	11,784
Council Tax	26,632	27,418	28,268	29,148	30,108
Total Financing	41,033	41,081	41,252	41,506	41,893
<u>Reserves Balance</u>					
General Reserve	1,906	1,906	1,906	1,906	1,906
Specific and Earmarked Reserve	4,764	3,864	3,111	3,111	3,111
Total Reserves	6,670	5,770	5,017	5,017	5,017

Capital Programme Summary 2019/20 to 2021/22

	2019/20 Budget	2020/21 Estimate	2021/22 Estimate
	£	£	£
Building & Infrastructure Works			
Refurbishment Programme	2,018,695	518,000	
Improvement Works	415,000	214,228	150,000
Total	2,433,695	732,228	150,000
Operational Equipment	407,750	287,000	125,000
Appliances & Vehicles			
Appliances & Specialist Vehicles	1,064,384	250,000	1,000,000
Vans & Cars	165,000	150,000	150,000
Total	1,229,384	400,000	1,150,000
Information Technology			
ICT Hardware, Software Systems & Installations	650,000	300,000	550,000
Total	650,000	300,000	550,000
Other Capital Spend			
Total Capital Programme	4,720,829	1,719,228	1,975,000
Funding			
Supported Borrowing			
Unsupported Borrowing	2,157,442	1,519,228	1,804,658
Capital Grant	1,531,695		
Use of Specific Reserves (Abbots Bromley)	417,000		
Use of Specific Reserves	614,692	200,000	170,343
Total Funding	4,720,829	1,719,228	1,975,000