



**Ethics Transparency and Audit Panel  
5 February 2020**

**Item 4 (i)**

**Revenue Budget Report 2020/21 (incl. Precept and MTFS)**

**Report of the Director of Finance / S151 Officer**

**Summary**

This report advises ETAP on the proposed revenue budget for 2020/21, and provides the Panel with the opportunity to scrutinise the budget proposal and underlying assumptions prior to the proposed precept and budget being presented by the Staffordshire Commissioner to the Police, Fire and Crime Panel on the 10 February 2020.

The Settlement Funding assumptions contained within this report are based upon the Draft Local Government Finance Settlement received on 20 December 2019. The provisional settlement issued by The Secretary of State for Housing, Communities and Local Government's included protection for vital services by increasing core settlement resources, which includes Revenue Support Grant and business rates baseline funding levels, in line with inflation; and by continuing other key grants from 2019-20

The Settlement Funding for 2020/21 includes an inflationary increase in Revenue Support Grant (RSG) set at 1.63%, this is the first increase for a number of years, with RSG reducing by £9.0m during the period 2012/13 to 2019/20 following a number of years of reduced funding across the public sector.

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 the 2% referendum limit announced for 2020/21. The referendum limit for 2020/21 is 1% less than the 3% limit set for the previous two years 2018/19 and 2019/20.

A 1.99% increase in Council Tax is equivalent to an additional £1.51 per annum (3 pence per week) and would increase Band D Council Tax for the Staffordshire Commissioner FRA to £77.24, from £75.73.

The budget process for 2020/21 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 draft settlement is for a one year only covering the year 2020/21 with the Home Office continuing with the review of the fire funding formula as part of the Fair Funding Review that should form the basis for a multi year settlement position for 2021/22 and beyond.

There are significant risk and uncertainties beyond 2020/21 that are discussed in more detail within this paper regarding:

1. Impact of national pay awards (pressure of above inflation awards)
2. increased employer contributions into the Firefighter Pension Schemes
3. Implications of the Sargeant / McCloud judgement
4. Increasing costs of the Emergency Services Network
5. Actions required post Grenfell

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.

## **Recommendations**

- (a) To consider the Revenue Budget proposals for 2020/21 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 10 February 2020 by the Staffordshire Commissioner.
- (b) To note that this is a single year settlement for CSR19, the Home Office are continuing with the review of the fire funding formula as part of the Fair Funding Review that should form the basis for a multi year settlement position for 2021/22 and beyond.
- (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 1.99% increase in Council Tax (Appendix 6).
- (d) To note the MTFS summary financials (Appendix 7) and MTFS assumptions (page11).
- (e) To note that the budget gap of £0.45m will require savings to be achieved during the budget year, equivalent to a 1.1% of budget. This saving will be identified through the delivery of workstreams contained within the Service 2025 and a number of workstreams are developing options to deliver a more efficient Service.
- (f) To note that the Council Tax base has increased to 352,801 properties, equivalent to an increase of 1.79%. The Council Tax collection fund has also been finalised delivering a surplus of £0.5m.
- (g) To note that the Staffordshire Commissioner has commenced a budget consultation survey regarding options for a proposed increase in precept levels. An update on the consultation

will be provided to ETAP during the meeting. The assumptions contained within this budget report represent a stand still position for the Fire and Rescue Service with no new investment.

- (h) To note that the local business rates allocation (NNDR1) will not be finalised until 31 January. An estimate has been included based upon information received from the nine local billing authorities. Due to the timing of the Police Fire and Crime Panel it may be necessary to agree the budget based upon an estimate only.
- (i) To note the budget gap for 2020/21 of £0.45m increasing to £1.79m by 2024/25. This is driven by the assumptions around reduced levels of Revenue Support Grant, in addition to cost pressures which includes ongoing pay pressure.

## **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 2020/21.

## **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 2020/21 budget has been developed on the assumption that savings of c.£0.45m will be identified and delivered in the year as part of the 2025 Project. 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 issued 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 and Staffordshire Commissioner's Office.

## **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 2020/21.

## **Background**

### **Settlement Funding**

1. In 2016/17 the Authority accepted a four year funding settlement covering the period to 2019/20. As part of this agreement an Efficiency Plan was submitted and approved by the Home Office which required £4m of savings to be delivered during this period. The Settlement included a £4.8m reduction in Revenue Support Grant which resulted in a total reduction in RSG of £9m since 2012.
2. This saving target was reduced by £0.5m to £3.5m based upon the revised Council Tax assumptions for 2018/19 and 2019/20 following the increase in the referendum limit to 3%.
3. As at 31 March 2020 the required £3.5m of savings will be fully achieved by the Service in line with the requirements of the Efficiency Plan submission.
4. The budget proposals contained within this report are based upon the draft 2020/21 Local Government Finance Settlement received on 20 December 2019. This document was issued out for consultation until 17 January 2020.
5. Settlement Funding comprises of three funding streams shown below as incorporated within the draft settlement issued for 2020/21, with the 1% share of local business rates based upon a stand still position which is currently being reviewed with the local billing authorities. Due to the timing of the Police Fire and Crime Panel it may be necessary to set the budget for 2020/21 based upon this estimate and not the actual information provided within the NNDR1 returns which are not due until 31 January.

	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>Movement £m</b>
1% share of Local Business Rates	3.668	3.668	
Business Rates Top-up	5.962	6.059	0.097
Revenue Support Grant (RSG)	4.674	4.750	0.076
<b>Total Settlement Funding</b>	<b>14.304</b>	<b>14.477</b>	<b>0.173</b>

### **Business Rates / Business Rates Top-up**

6. The Staffordshire Commissioner Fire and Rescue Authority receives a 1% share of local business rates, in addition to a business rates top-up. ETAP 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 2020, the 1% share included within this report has therefore been estimated and shows a prudent stand still position.
7. Due to the timing of the Police Fire and Crime Panel it may be necessary to set the budget for 2020/21 based upon this estimate and not the actual information provided within the NNDR1. It is not anticipated that this would have a material impact upon the overall funding position, however this should be noted by ETAP.
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. The process for issuing the Precept is aligned to the setting of the Staffordshire Police precept following the change in 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.
11. The Band D Council Tax for the Authority was approved at £75.73 for 2019/20, this report includes the assumption that the precept will increase by 1.99% to £77.23 in 2020/21.
12. The referendum limit was increased for 2018/19 and 2019/20 to 3%. This has now been reduced back to 2% for 2020/21.

13. A 1.99% increase in Council Tax is equivalent to an increase in Band D of £1.51 per annum (3 per week), and would increase Band D to £77.24.
14. The Council Tax base shown in **Appendix 5** has increased to 352,801 properties in 2020/21, which is equivalent to an increase of 1.79%. The Council Tax collection fund is also in surplus by £0.535m, 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 is equivalent to £0.267 million.
16. Based upon a 1.99% increase, the total budgeted precept (excluding collection fund surplus) has increased by £1.0m with £0.47m attributable to the 1.79% increase in the Council Tax Base and £0.53m due to the proposed increase in Band D precept of 1.99%.
17. The Staffordshire Commissioner issued a budget consultation document in December which also included a survey regarding a proposed increase in precept. The results of this consultation have yet to be published; however data will be shared with ETAP during the meeting.

## **Revenue Budget 2020/21**

18. The Revenue Budget sets out to support and enable the closure of the existing Corporate Safety Plan and the introduction of a new plan during the budget year 2020/21.
19. **Appendix 1** sets out the proposed revenue budget of £42.263 for 2020/21 based upon a Council Tax Increase of 1.99%.
20. The key features of the budget, are as follows:

### **Pay costs Revenue budget**

The overall pay costs budget for 2020/21 at £29.0m, is £0.5m less than last year's budget, this includes the support department budgets that have transferred during the year to Staffordshire Police. This is offset by additional support service recharge included within the non pay budget.

The pay budget also reflects the upwards pressure on pay and includes the impact of a 3% assumed pay award for 2020/21 for all staff. This assumption will be discussed by the Strategic Governance Board on 30 January 2020 as the budget gap will be reduced by £0.25m if this assumption is reduced back to 2%. The Fire Brigades Union remain in discussion with fire service employers through the National Joint Council and will continue to push for higher than inflation pay awards and are actively developing a campaign to build their opposition to the pay freeze imposed by central government.

There is therefore risk associated with the assumed level of pay award budgeted for 2020/21 and into the medium term.

The following bridge explains the net increase in pay costs:

	<b><u>£m</u></b>
<b>Pay Budget – 2019/20</b>	<b>29.5</b>
Shared Services posts transferred to Police	(1.2)
Posts removed (incl. efficiency plan savings)	(0.5)
Efficiency target removed	(0.3)
Seconded Posts now ended (**)	(0.3)
Pay increase (3% for all staff groups)	0.8
New firefighter recruit courses – 2 intakes	0.5
Investment in new posts (incl. 3 Fire Safety Audit	0.2
Roles funded from collaboration savings)	
Maternity Provision	0.1
Pension impact (LGPS and Firefighters' Schemes)	0.2
<b>Pay Budget – 2020/21</b>	<b>29.0</b>

### **Non-pay costs**

Non-pay costs are budgeted to increase by £1.7m year on year. Some of the main movements in non-pay costs are as follows:

- Shared Service Costs have now transferred from the Pay to non pay, see above.
- 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. This work is being undertaken by an external company on behalf of the Service.
- Transport costs at £0.8m are in line with previous year. The budget for fuel has marginally increased year on year.
- The targeted non pay efficiency saving has reduced by £0.2m
- Non Pay includes a charge of £1.2m payable to West Midlands Fire Service, this represents 30% of the budgeted cost of running the Joint Fire Control, this has increased by £0.1m

### **(ii) Income**

Income for 2020/21 is budgeted to reduce by £0.4m to £2.2m with the increase driven by the following:

- Business Rates Pilot – Staffordshire and Stoke on Trent will revert back to 50% business rates retention in 2020/21, there will not be a repeat of the £200k windfall received in 2019/20 (based upon 75% business rates retention)
- The level of income non recurring funded posts has reduced in year follow the cessation of seconded posts (see pay bridge above \*\*)

### **(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 2020/21 in line with the MRP Policy
- The budget assumes that the overall level of borrowing (loans) for the Authority will reduce by £500,000 with the repayment of a Public Works Loan Board (PWLb) loans during 2020/21. This has marginally reduced in interest payments during the budget year.
- 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 2020/21**

21. 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.
22. 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 continue to review the budget monitoring reports on a bi monthly basis.

### **Efficiency Plan 2016/17 to 2019/20**

23. Based upon the latest forecast outturn for 2019/20 and the budget setting process for 2020/21 ETAP should note that the savings required within the four year Efficiency Plan period 2016/17 to 2019/20 will be fully delivered as per the commitment given to the Home Office in order to secure the four year funding which resulted in savings of £4m (later reduced to £3.5m) to be delivered by March 2020.

### **Service 2025**



24. The Service has already undertaken a number of scenario planning sessions and options have been discussed with the Staffordshire Commissioner in order to provide a pathway for delivery of the expected financial challenges post 2020.
25. A budget gap into the medium term is estimated at around £1.8m by 2024/25 as identified within the updated MTFS (see appendix 7). This is driven by the assumptions around funding for additional pension contributions, reduced Revenue Support Grant beyond 2021, in addition to cost pressures particularly around pay.
26. This scenario planning has now evolved and developed into a number of work streams that are being progressed as part of the Service 2025 project work that will form an integral part of the development of a number of options that is being incorporated into the updated Corporate Safety Plan. This will ensure that the Service is as efficient and effective as possible and fit for the future.

The project is reviewing the following areas of service delivery:

- **Response** - Asset and skills based mobilisation, specials review, rostering of personnel, officer's rota, and service wide response model
- **The delivery of prevention and protection throughout the service** - Development of revised prevention and protection arrangements, development of multi-agency prevention hub
- **The administration requirements throughout the service**  
The review of the areas listed above will provide a clear understanding of how the Service needs to be structured post 2020. This review will provide clarity on the changes that the Service will need to undertake in order to ensure that the Service can continue to deliver the highest possible levels of service to our communities. The focus of the project is not centred entirely around saving money and will identify opportunities that may require investment in order to achieve and deliver on the key priority areas.

## Firefighters' Pension Schemes

27. **Pensions Grant** - following the results of the 2016 Valuation of the Firefighter's Pension Schemes employer contribution rates were increased by an average of 12.6%, resulting in additional costs for Staffordshire of around £1.8m per year. A Pension Grant has been received for 2019/20 from the Home Office covering 90% of this increase and this grant has also been guaranteed for the budget year 2020/21. It is assumed that this grant will remain in place into the medium term.
28. **Sargeant / McCloud Case** - Two claims were brought against both the judges' pension scheme (the McCloud case), and the firefighters' pension scheme (the Sargeant case) claiming that transitional arrangements into the new Pension Schemes was discriminatory on the basis of age. The claims were heard together, and in December 2018, the Court of Appeal ruled that the transitional protection arrangements offered when transitioning to the new pension schemes constituted age discrimination and was therefore unlawful. The

government applied to the Supreme Court to appeal this decision in June 2019, which was denied ending the legal challenge.

A preliminary hearing to consider the required remedy was held on 18 December 2019, and an interim Employment Tribunal Order on the required remedy has now been issued. This Order in effect provides that pending the final determination of the remedy issues, those that brought claims in England and Wales (the claimants) are entitled to be treated as if they remained in the 1992 Firefighters' Pension Scheme (1992 FPS).

The Order anticipates that the final determination on the remedy issue should be resolved around mid-July 2020 and further information will be reported to the Strategic Governance Board in the New Year when further information becomes available.

Additional costs have not been build into the budget or MTFS in response to the Sargeant / McCloud ruling as it is anticipated that historic costs will be funded centrally by the Home Office. However an earmarked reserves of £1.8m was included within the Reserve Strategy update in November 2019 as approved by the Strategic Governance Board.

## **Reserves and Balances**

29. 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 2019; and a General Reserve which is held to protect against any spate or emergency conditions that may arise, **(see Appendix 3)**.
30. At 1 April 2019 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 2019/20 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.5% of the proposed revenue budget for the year.
31. At 1 April 2019 the Authority held £7.2m 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 capital programme will be supported by this reserve during 2020/21 by £1.1m 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.
32. The forecast balance on the Specific/Earmarked Reserves is detailed within the Reserves Strategy update paper.

## Medium Term Financial Strategy

33. The MTFS has been updated to reflect the budget proposals for 2020/21 and incorporates the assumptions contained with the Provisional Financial Settlement, which includes the assumed increase in Council Tax of 1.99%. A summary of the financials covering the medium term period 2020/21 to 2024/25 are included within Appendix 7.
34. Should the Staffordshire Commissioner chose not to increase Council Tax for 2020/21 and beyond in line with the assumptions incorporated within this report, saving targets and use of reserves will need to be re-visited.
35. The budget for 2020/21 includes a budget gap of £0.45m which will require savings to be delivered during the budget year.
36. A summary of the main MTFS assumptions are shown below for review by ETAP:

	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
<b><u>PAY COSTS</u></b>					
Pay Award Operational Staff	3.0%	2.0%	2.0%	2.0%	2.0%
Pay Award Non Operational Staff	3.0%	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	+£1.8m	+£1.8m	+£1.8m	+£1.8m	+£1.8m
Pension Costs - Fire Fighters Pension Grant	(£1.7m)	(£1.7m)	(£1.7m)	(£1.7m)	(£1.7m)
<b><u>NON PAY COSTS</u></b>					
Electricity	5.0%	5.0%	5.0%	5.0%	5.0%
Gas	5.0%	5.0%	5.0%	5.0%	5.0%
Business Rates	2.0%	0.0%	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%
<b><u>INTEREST RATES</u></b>					
Interest on Investments	0.8%	1.0%	1.0%	1.0%	1.0%
Interest on Debt	4.2%	4.2%	4.2%	4.2%	4.2%
<b><u>GENERAL FUNDING</u></b>					
Council Tax Increases	1.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base Growth	1.79%	1.50%	1.50%	1.50%	1.50%
Revenue Support Grant Reduction	1.6%	-5.0%	-5.0%	-5.0%	-5.0%
Local Business Rates % incl top-up	0.0%	2.0%	2.0%	2.0%	2.0%

37. The MTFS Summary financials show an increasing budget gap by 2024/25 of £1.8m. This gap is primarily based upon the assumption that the level of RSG will continue to be reduced beyond 2020/21 pre-empting the outcome of the next Comprehensive Spending Review

(CRS20) and the impact of the results of the Fair Funding Review that is being undertaken by MHCLG and the Home Office. The Fair Funding review will be reviewing the current fire funding formula. A consultation document reviewing the results of this funding review is expected during the summer 2020.

- 38. Whilst the 2020/21 revenue budget recognises the savings that have been delivered to date due to the change in governance arrangements, delivery of Shared Services and Estates Rationalisation (Tamworth and Hanley), further savings have not been included with the MFTS at this point in time. Savings delivered through Shared Service arrangements have been re-invested into three new fire safety audit roles within the Prevent Team.
- 39. There is therefore a significant level of financial uncertainty regarding the funding position for the Authority beyond 2020/21, this unfortunately results in a higher level of risk associated with the funding assumptions contained within the updated MTFS.

### **Capital Programme**

- 40. The three year Capital Programme and Capital Strategy for 2020/21 to 2022/23 is discussed within a separate agenda item
- 41. The summary capital programme is shown within **Appendix 8**.

Report Author: - David Greensmith ACMA CGMA  
Telephone: - 01785-898690  
Email:- d.greensmith@staffordshirefire.gov.uk

**Recurring Revenue Budget Proposal 2020/21**  
**Council Tax Increase by 1.99%**

	Budget 2019/20	Budget Proposal 2020/21	Year on Year Change
	£000s	£000s	£000s
<b>Pay</b>			
Pay Costs	27,660	26,916	(744)
Other Employee Costs	2,099	2,056	(43)
Pay Efficiency Plan Saving	(300)		300
<b>Total Pay</b>	<b>29,459</b>	<b>28,971</b>	<b>(488)</b>
<b>Non Pay</b>			
Premises Costs	3,221	3,306	85
Transport Costs	797	827	30
Supplies & Services Costs	5,129	6,466	1,337
CFS Costs and Initiatives	387	426	39
Non Pay Efficiency Plan Saving	(200)		200
<b>Total Non Pay</b>	<b>9,334</b>	<b>11,024</b>	<b>1,690</b>
<b>Income</b>			
Income - General	(2,588)	(2,185)	403
Interest Receivable	(41)	(48)	(7)
<b>Total Income</b>	<b>(2,629)</b>	<b>(2,232)</b>	<b>397</b>
Capital charges	1,493	1,495	2
Interest Payable	804	788	(16)
PFI Unitary Charge	2,958	2,977	19
<b>Total Capital Charges</b>	<b>5,255</b>	<b>5,260</b>	<b>5</b>
<b>Total Revenue before Reserves</b>	<b>41,418</b>	<b>43,022</b>	<b>1,604</b>
Transfer to/(from) Reserves	(482)	(305)	177
Budget Gap in Year		(454)	(454)
<b>Total Revenue Budget</b>	<b>40,936</b>	<b>42,263</b>	<b>1,327</b>
<b>FINANCED BY:</b>			
<b><u>Settlement Funding</u></b>			
Revenue Support Grant	4,675	4,751	76
Local Business Rates (1%)	3,668	3,668	
Government Top-up (business rates)	5,962	6,059	97
<b>Total Settlement Funding</b>	<b>14,304</b>	<b>14,477</b>	<b>173</b>
<b><u>Council Tax</u></b>	<b>26,632</b>	<b>27,786</b>	<b>1,154</b>
<b>Total Financing</b>	<b>40,936</b>	<b>42,263</b>	<b>1,327</b>

**Specific / (Earmarked) Reserves for 2019/20 to 2020/21**

	Specific Reserve Total  £'000	
<b>Actual 31 March 2019</b>	<b>7,146</b>	<b>18% of revenue budget</b>
Capital Programme Funding	(671)	Earmarked 50% of vehicle programme
Reserves Utilisation in Year	(305)	Planned 2019/20 Provision
<b>Forecast 31 March 2020</b>	<b>6,171</b>	<b>15% of revenue budget</b>
Capital Programme Funding	(1,117)	ALP replacement plus Abbots Bromley
Reserves Utilisation in Year	(305)	Planned 2020/21 Provision
<b>Forecast 31 March 2021</b>	<b>4,749</b>	<b>11% of revenue budget</b>

**Risk Assessment of General Reserves for 2020/21**

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 2020/21 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.

Area of Expenditure	Level of Risk *	Explanation of risk/justification of reserves	2019/20 Provision £000
Loss of Employees / additional pay costs	High	Spate conditions caused by for example; prolonged severe weather conditions (e.g. hot weather or flooding), unexpected loss of staff through Avian Flu / Ebola	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	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
<b>TOTAL</b>			<b>1,900</b>

**Level of Balances – Summary**

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

**Council Tax Report 2020/21****Council Tax Surplus / (Deficit) by Authority**

	<b>2019/20</b>	<b>2020/21</b>	<b>Variation</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cannock Chase	20,082	47,240	27,158
East Staffordshire	33,741	30,310	(3,431)
Lichfield	10,000	65,290	55,290
Newcastle	88,209	(23,110)	(111,319)
South Staffordshire	41,206	81,884	40,678
Stafford		100,855	100,855
Staffordshire Moorlands	27,170	12,960	(14,210)
Tamworth	26,765	33,109	6,344
Stoke	138,626	186,642	48,016
Budget Adjustment	(626)		626
<b>Total (per budget paper)</b>	<b>385,173</b>	<b>535,180</b>	<b>150,007</b>



**Council Tax Report 2020/21****Taxbase by Authority**

	2019/20	2020/21	Variation	%
Cannock Chase	28,874	29,243	368	1.3%
East Staffordshire	37,278	38,389	1,110	3.0%
Lichfield	38,011	39,032	1,022	2.7%
Newcastle	37,117	37,387	270	0.7%
South Staffordshire	38,090	38,356	266	0.7%
Stafford	47,492	48,261	769	1.6%
Staffordshire Moorlands	33,089	33,225	136	0.4%
Stoke	64,868	66,542	1,674	2.6%
Tamworth	21,761	22,367	606	2.8%
<b>Total</b>	<b>346,580</b>	<b>352,801</b>	<b>6,220.37</b>	<b>1.79%</b>

**Council Tax Report 2020/21****Council Bands for Each Band and District Precepts****Based upon a Band D Increase of 1.99%****Council Tax Band Figures**

	2019/20	2020/21	Increase	Per Week
Band	£	£	£	Pence
A	50.49	51.49	1.00	1.9
B	58.90	60.07	1.17	2.3
C	67.32	68.66	1.34	2.6
<b>D</b>	<b>75.73</b>	<b>77.24</b>	<b>1.51</b>	<b>2.9</b>
E	92.56	94.40	1.84	3.5
F	109.39	111.56	2.18	4.2
G	126.22	128.73	2.51	4.8
H	151.46	154.47	3.01	5.8

**Precept Payable**

	2019/20	2020/21	Variation	
	£	£	£	%
Cannock Chase	2,186,663	2,258,604	71,941	3.29%
East Staffordshire	2,823,078	2,965,014	141,936	5.03%
Lichfield	2,878,558	3,014,739	136,181	4.73%
Newcastle	2,810,870	2,887,661	76,790	2.73%
South Staffordshire	2,884,566	2,962,496	77,930	2.70%
Stafford	3,596,534	3,727,513	130,979	3.64%
Staffordshire Moorlands	2,505,830	2,566,200	60,370	2.41%
Stoke	4,912,461	5,139,483	227,022	4.62%
Tamworth	1,647,961	1,727,561	79,600	4.83%
<b>Total</b>	<b>26,246,521</b>	<b>27,249,269</b>	<b>1,002,749</b>	<b>3.82%</b>

**MTFS Summary Financials to 2024/25**

	<b>2020/21 Budget £000s</b>	<b>2021/22 Plan £000s</b>	<b>2022/23 Plan £000s</b>	<b>2023/24 Plan £000s</b>	<b>2024/25 Plan £000s</b>
<b>Pay</b>					
Pay Costs	26,916	27,320	27,729	28,145	28,567
Other Employee Costs	2,055	2,061	2,067	2,073	2,079
Pay Efficiency Plan Saving					
<b>Total Pay</b>	<b>28,971</b>	<b>29,380</b>	<b>29,796</b>	<b>30,218</b>	<b>30,646</b>
<b>Non Pay</b>					
Premises Costs	3,306	3,345	3,387	3,430	3,475
Transport Costs	827	825	823	821	820
Supplies & Services Costs	6,465	6,514	6,620	6,727	6,837
CFS Costs and Initiatives	426	417	413	409	405
Non Pay Efficiency Plan Saving					
<b>Total Non Pay</b>	<b>11,024</b>	<b>11,102</b>	<b>11,243</b>	<b>11,388</b>	<b>11,537</b>
<b>Income</b>					
Income - General	(2,185)	(2,204)	(2,223)	(2,243)	(2,262)
Interest Receivable	(48)	(38)	(30)	(24)	(19)
<b>Total Income</b>	<b>(2,233)</b>	<b>(2,242)</b>	<b>(2,254)</b>	<b>(2,267)</b>	<b>(2,282)</b>
Capital charges	1,495	1,712	2,016	2,057	2,098
Interest Payable	788	795	811	828	844
PFI Unitary Charge	2,977	3,037	3,098	3,160	3,223
<b>Total Capital Charges</b>	<b>5,260</b>	<b>5,544</b>	<b>5,925</b>	<b>6,044</b>	<b>6,165</b>
<b>Total Revenue</b>	<b>43,022</b>	<b>43,784</b>	<b>44,710</b>	<b>45,383</b>	<b>46,066</b>
Budget Gap	(454)	(1,252)	(1,661)	(1,752)	(1,793)
Use of Reserves	(305)				
<b>Total Revenue</b>	<b>42,263</b>	<b>42,532</b>	<b>43,050</b>	<b>43,630</b>	<b>44,273</b>
<b>FINANCED BY:</b>					
<b>Settlement Funding</b>					
Revenue Support Grant	4,751	4,027	3,326	2,646	1,986
Local Business Rates (1%)	3,668	3,741	3,816	3,893	3,970
Government Top-up (business rates)	6,059	6,254	6,454	6,659	6,870
<b>Total Settlement Funding</b>	<b>14,478</b>	<b>14,022</b>	<b>13,595</b>	<b>13,197</b>	<b>12,826</b>
<b>Council Tax</b>	<b>27,785</b>	<b>28,511</b>	<b>29,454</b>	<b>30,433</b>	<b>31,447</b>
<b>Total Financing</b>	<b>42,263</b>	<b>42,532</b>	<b>43,050</b>	<b>43,630</b>	<b>44,273</b>

**Capital Programme Summary 2020/21 to 2022/23**

	<b>2019/20 Actual Forecast</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Building &amp; Infrastructure Works</b>				
Refurbishment Programme	956,430	2,516,480	600,000	
Improvement Works	97,000	230,000	130,000	170,000
<b>Total</b>	<b>1,053,430</b>	<b>2,746,480</b>	<b>730,000</b>	<b>170,000</b>
<b>Operational Equipment</b>	<b>581,348</b>	<b>391,000</b>	<b>247,000</b>	<b>991,000</b>
<b>Appliances &amp; Vehicles</b>				
Appliances & Specialist Vehicles	1,094,590	950,000	1,000,000	750,000
Vans & Cars	246,707	150,000	150,000	150,000
<b>Total</b>	<b>1,341,297</b>	<b>1,100,000</b>	<b>1,150,000</b>	<b>900,000</b>
<b>Information Technology</b>				
ICT Hardware, Software Systems & Installations	586,154	580,000	850,000	300,000
<b>Total</b>	<b>586,154</b>	<b>580,000</b>	<b>850,000</b>	<b>300,000</b>
<b>Total Capital Programme</b>	<b>3,562,229</b>	<b>4,817,480</b>	<b>2,977,000</b>	<b>2,361,000</b>
<b>Funding</b>				
Supported Borrowing				
Unsupported Borrowing	1,935,151	2,170,900	2,977,000	2,361,000
Capital Grant	956,430	1,529,480		
Use of Specific Reserves (Abbots Bromley)		417,100		
Use of Specific Reserves	670,649	700,000		
<b>Total Funding</b>	<b>3,562,229</b>	<b>4,817,480</b>	<b>2,977,000</b>	<b>2,361,000</b>