

Nottinghamshire and City of Nottingham Fire Authority

Proposed Revenue Budgets and Levels of Council Tax

On Friday 13 January 2012, the Finance and Resources Committee of the Fire Authority discussed proposed revenue budgets and levels of Council Tax to be levied in 2012/13.

Consultation is now being held with local business people in advance of the full Fire Authority meeting on Friday 24 February, at which the budget and the sum that local tax payers will pay for their fire and rescue service in the year ahead, will be determined.

Significant financial pressures have been applied to the Fire Authority in the recent Comprehensive Spending Review and these have resulted in a fundamental review of the organisation's finances. In parallel to that, but not specifically influenced by the financial situation, a detailed review has been undertaken of fire cover arrangements throughout the county to ensure that resources are properly distributed to enable the communities we serve to be adequately protected. This review has also enabled some money to be taken out of budgets to help to alleviate some of the financial pressures.

Revenue Support Grant from Central Government is set to fall again in 2012/2013 to £21.864 million from the 2010/2011 level of £24.240 million. This figure is set to continue to fall through 2013/2014 and 2014/2015 to an estimated £18.455 million – an overall reduction from the 2010/2011 level of £5.785m. By the time inflation has been taken into account, a figure for real reductions approaching £8 million will need to be achieved if Council Tax is not to be increased.

The Finance and Resources Committee is being asked to consider making recommendations on three specific options to the Fire Authority which are:

- A 2% increase in Council Tax across all three years.
- A 3% increase in Council Tax across all three years.
- A 0% increase in Council Tax for 2012/2013, followed by Council Tax increases of 3.5% in each of the following two years. This will enable the Government's 'freeze grant' to be taken. (The 'freeze grant' is a sum that will be given to the Fire Authority if it decides not to increase Council Tax in 2012/13. This was also offered – and accepted by the Authority – in 2011/12.)

The effect on Council Tax (per annum) for each of these options is estimated as:

	2012/13	2013/14	2014/15
2% flat	£71.08	£72.50	£73.95
3% flat	£71.78	£73.93	£76.15
'Freeze grant'	£69.69	£72.13	£74.65

It is interesting to note that even the most expensive option will put Council Tax up by an average of £2.15 per year over the three year period.

Budget requirements under each of the three options would be:

	2012/13	2013/14	2014/15
	million	million	million
2% flat	£46.100	£44.413	£43.647
3% flat	£46.332	£44.888	£44.378
'Freeze grant'	£46.335	£44.288	£43.879

Budget reductions required from the 2010/2011 level of £48.109 million by 2014/2015 are:

	million
2% flat	£4.462
3% flat	£3.731
'Freeze grant'	£4.230

All three options assume that there is considerable use of accumulated balances to support the capital programme and thus reduce future revenue impacts. This essentially gives a benefit to the taxpayer from previous underspendings.

Views are sought in relation to:

- i) which of the options would be preferable
- ii) if there is general support for reducing balances to offset revenue costs