

<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>		
<b>DATE:</b>	<b>14<sup>TH</sup> JANUARY 2014</b>	<b>REPORT NO:</b>	<b>CFO/009/14</b>
<b>PRESENTING OFFICER</b>	<b>DEPUTY CHIEF EXECUTIVE</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>KIERAN TIMMINS</b>	<b>REPORT AUTHOR:</b>	<b>KIERAN TIMMINS</b>
<b>OFFICERS CONSULTED:</b>			
<b>TITLE OF REPORT:</b>	<b>LOCAL GOVERNMENT FINANCE SETTLEMENT 2014/15</b>		
<b>APPENDICES:</b>	<b>APPENDIX A: DRAFT RESPONSE</b>		

### **Purpose of Report**

1. To inform Members of the Local Government Finance Settlement and to propose a response.

### **Recommendation**

2. That Members;
  - a. Note the report
  - b. Approve the proposed response

### **Introduction and Background**

3. The Government announced the local government finance settlement for 2014/15 on 18<sup>th</sup> December for consultation. The consultation period is short and closes on 15<sup>th</sup> January 2014.
4. The consultation document and the draft Local Government Finance Report (England) 2014-15 set out the general nature of the basis of distribution which the Secretary of State has in mind. The supporting tables include the key information for all local authorities, with dropdown menus to enable the reader to go directly to the information for an Authority, as well as background information and calculation models to the reader to carry out their own checks. They are available at <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2014-to-2015>
5. In addition, indicative information has been published for 2015/16.

6. In summary, total government funding to the Authority for 2014/15 is £40.687m - a reduction of £3.155m (-7.2%). Total funding for 2015/16 is £37.213m, a further reduction of £3.474m (- 8.5%). In real terms these are cuts in excess of 10% per annum and are in line with the cuts applied to all fire and rescue authorities and local government in general.
7. As anticipated the 2014/15 settlement has been reduced to reflect the chancellor's assumptions in his budget about public sector pay.
8. Overall the forecast financial plan deficit that has been discussed with members remains unchanged at a forecast deficit of £6.6m by the end of 2015/16 based upon confirmed government financial decisions and key assumptions around pay, inflation, council tax and pensions costs.
9. The government has not yet announced the thresholds for council tax referendum limits yet but there have been some indications that levels lower than 2% may be considered. The government has also indicated that council tax freeze grant will be base lined in grant funding for the future. Alongside that the council tax freeze grant is calculated on a council tax base which is larger than the Authorities actual council tax income. These factors may affect Authority decisions on a Council Tax strategy.
10. The Government has said it will *"announce the Council Tax referendum threshold principles separately in the New Year. We are particularly open to representations suggesting that some lower threshold be applied to all or some categories of authorities, given the strong need to protect taxpayers wherever possible from unreasonable increases in bills, and given next year's elections on 22 May across the country allow for referendums to be held at minimal cost. We should trust the people. The final referendum principles will then be subject to the approval of the House of Commons. In addition, subject to approval by Parliament of the Local Audit and Accountability Bill, which is currently before Parliament, the principles will include levies and will therefore be based on the level of Band D Council Tax. This will mean the principle will relate to the actual increase which appears on people's bills – again reducing costs for taxpayers"*
11. Officers have been working with colleagues in the City region to develop a Merseyside response to the proposals. The draft is attached as Appendix A.

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### **Equality and Diversity Implications**

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12. The government have carried out an EIA on their proposals which is available on their website.

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### **Staff Implications**

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13. Reduced resources will inevitably mean staff reductions

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**Legal Implications**

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14. The government is required to follow strict guidelines around the timing and content of settlement announcements and consultations.

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**Financial Implications & Value for Money**

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15. As set out in the report

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**Risk Management, Health & Safety, and Environmental Implications**

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16. No immediate issues arising

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**Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters***

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17. Reduced resources will reduce the service we can offer to our communities.

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**BACKGROUND PAPERS**

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**GLOSSARY OF TERMS**

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