

FINANCIAL PLANNING 2014/15 ONWARDS

REPORT EXECUTIVE SUMMARY

This report considers the Authority's Revenue Budget for the period 2014/15 onwards.

The current financial position of the Authority is sound but there will be significant challenges to this in the medium-term.

In summary, the financial projections for the next three financial years after 2013/14 are as follows:-

| | |
|---------|------------------|
| 2014/15 | Balanced budget; |
| 2015/16 | £2.5m deficit; |
| 2016/17 | £5.7m deficit. |

The requirement to make further efficiencies will continue into the medium-term.

RECOMMENDATIONS

1. That Members consider the report and make any recommendations to the Fire Authority as necessary.

2014/15 ONWARDS

2. Appendix 1 of this report sets out the latest position on the Authority's Revenue Budget for 2014/15 onwards.
3. The key assumptions that have been incorporated into the budget are included in the table below.

Table 1
Assumptions applied to the Medium-Term Financial Plan 2014/15 to 2016/17

| | 2014/15 | 2015/16 | 2016/17 |
|-------------------|------------------------------|---|---------|
| Pay Awards | 1% | 1% | 1% |
| Council Tax * | 0% | 0% | 2% |
| External Grant | As notified February 2013 | -10% As indicated in September 2013 as part of CSR 2013 | -10% |
| Non-pay Inflation | | | |
| - Rates | 5% | 5% | 5% |
| - Fuel | 5% | 5% | 5% |
| - Utilities | 6% | 6% | 6% |
| - Insurance | 5% | 5% | 5% |
| - Other | 0% | 0% | 0% |
| - Income | 1% | 1% | 1% |

* As a planning assumption for 2014/15 a freeze on the precept/council tax has been assumed in return for the 1% 'compensation grant' from Government. Clearly, the final decision on council tax for 2014/15 will be taken by Members at the February 2014 Fire Authority meeting.

4. Appendix 1 sets out a balanced budget for 2014/15, a £2.5m deficit for 2015/16 and a £5.7m deficit for 2016/17.

2015/16, 2016/17 AND BEYOND

5. There is now reasonable certainty over the deficit of £2.5m projected for 2015/16. This is a reflection to a large extent of the following:-

| | <u>£m</u> |
|--|------------|
| Efficiencies generated over 2011/2012/2013 | 5.0 |
| Reduction in external funding 2011-2016 | 7.2 |
| Shortfall in efficiencies | <u>2.2</u> |

6. The Authority must continue to make efficiencies at least in line with the reduction in external funding, in order to maintain a balanced budget. The analysis above shows that the delivery of further efficiencies will be required early in 2014 to keep up with falls in external support from Government and therefore balance the budget for 2015/16.

7. The period 2016/17 onwards offers no better news and looks equally challenging through to at least 2020.

2014/15 AND 2015/16 LOCAL GOVERNMENT FINANCE SETTLEMENT

8. At the time of writing this report a date for the local government finance settlement for 2014/15 and 2015/16 has not yet been announced.
9. Should the announcement be mid-December (i.e. after GAS and the Fire Authority have met) as anticipated, a briefing note will be circulated before the Christmas break to cover the key headlines for Humberside Fire Authority.

STRATEGIC PLAN COMPATIBILITY

10. The Authority's Medium-Term Financial Plan dovetails with the Strategic Plan and IRMP.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

11. The position for the medium-term will be kept under continuous review with regular reports from the Authority's S.151 Officer.

LEGAL IMPLICATIONS

12. Statutorily the Authority must set a balanced budget. Part of this process also requires the S.151 Officer to comment on the 'robustness of the estimates', 'the adequacy of reserves' and the 'in-year budget monitoring arrangements'.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

13. The Authority has always maintained that compulsory redundancy will be a last resort and this will continue to be the position throughout the oncoming period.

CORPORATE RISK MANAGEMENT IMPLICATIONS

14. Setting a sustainable and prudent budget for the Authority is fundamental in mitigating one of the key risks in the Strategic Risk Register.

HEALTH AND SAFETY IMPLICATIONS

15. No direct issues arising.

COMMUNICATION ACTIONS ARISING

16. Key messages on the Authority's financial position that were outlined at the September Fire Authority have been communicated to all staff.

DETAILS OF CONSULTATION

17. The key messages within this report have been discussed at CMT as a backdrop for future service planning.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

18. Medium-Term Financial Plan 2013/14 to 2016/17.
September Fire Authority report – 'Financial Outlook for Humberside Fire Authority 2014/15 Onwards'.

RECOMMENDATIONS RESTATED

19. That Members consider the report and make any recommendations to the Fire Authority as necessary.

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