

FINANCIAL PLANNING 2016/17 ONWARDS

SUMMARY

1. This report considers the Authority's Revenue Budget for the period 2016/17 onwards.
2. The current financial position of the Authority is sound but there will be significant challenges to this in the medium-term.
3. In summary, the financial projections for the next four financial years after 2015/16 are as follows:

2016/17	Balanced;
2017/18	£1.3m deficit;
2018/19	£2.2m deficit;
2019/20	£3.0m deficit.

4. The requirement to make further efficiencies will continue into the medium-term.
5. The report also sets out the arrangements for the precept/council tax consultation for 2016/17.

RECOMMENDATIONS

6. That Members note the report and the financial challenges for the period 2016/17 onwards and that the precept/council tax report be considered at the February 2016 Authority meeting.

2016/17 ONWARDS

7. Appendix 1 of this report sets out the latest position on the Authority's Revenue Budget for 2016/17 onwards.
8. 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 2016/17 to 2019/20

	2016/17	2017/18	2018/19	2019/20
Pay Awards	1%	1%	1%	1%
Council Tax *	1.9%	1.9%	1.9%	1.9%
Taxbase	3%	3%	3%	3%
Business Rates	2%	2%	2%	2%
External Grant	-13%	-13%	-10%	-10%
Non-pay inflation				
- Rates	5%	5%	5%	5%
- Fuel	5%	5%	5%	5%
- Utilities	6%	6%	6%	6%
- Insurance	5%	5%	5%	5%
- Other	0%	0%	0%	0%
- Income	1%	1%	1%	1%

* As a planning assumption for 2016/17 an increase on the precept/council tax has been assumed of 1.9%. The final decision on council tax for 2016/17 will be taken by Members at the February 2016 Fire Authority meeting.

9. Appendix 1 sets out a balanced budget for 2016/17, a £1.3m deficit for 2017/18, a £2.2m deficit for 2018/19 and a £3.0m deficit for 2019/20.

PRECEPT/COUNCIL TAX CONSULTATION 2016/17

10. Appendix 2 of this report shows the information that is being used as part of the Precept/Council Tax Consultation for 2016/17.
11. The consultation will be web-based with articles in the local press and on social media to highlight the process.
12. The options put forward for consideration are 0% or an increase of 1.9%. The consultation will run for approximately six weeks from 1 December 2015 to 8 January 2016 and the responses will be incorporated into the February 2016 budget report to Members.

THE COMPREHENSIVE SPENDING REVIEW (CSR) 2015 AND THE 2016/17 LOCAL GOVERNMENT FINANCE SETTLEMENT

13. The Chancellor announced the details of the CSR 2015 on 25 November. The CSR sets out the Government's spending plans for the years 2016/17 to 2019/20.
14. Unprotected Government Departments, such as DCLG, will again encounter significant austerity over the medium-term. The projections show a halving of central Government grant to local authorities over 2016/17 to 2019/20 with mitigating assumptions made by the Treasury on increases in the council tax base and business rates over the same period.
15. The distributional effects of this reduction in central support to local government will be felt hardest by the authorities that are proportionately most reliant on central funding.
16. At the time of writing this report a date for the more detailed local government finance settlement for 2016/17 which identifies funding at the Authority level has not yet been announced.
17. Should the announcement be early December before the Fire Authority has met, then a verbal update will be given at the 11 December HFA meeting. Should the settlement fall after the 11 December, then an email briefing will be distributed before the Christmas break.

CONCLUSION

18. In summary therefore, the key dates between now and budget setting in February 2016 are as follows:-
 - **16/17 December 2015** - Provisional Local Government Finance Settlement 2016/17
 - *No date confirmed yet – estimate based on previous experience*
 - **Before Christmas** - Email to Members to update on Provisional Local Government Finance Settlement 2016/17 for HFA or verbal update at 11 December HFA if released before the meeting

- **8 January 2016** - Council Tax Consultation that opened 1 December will close
- **Late January/Early February 2016** - Final Local Government Finance Settlement 2016/17
 - *No date confirmed yet*
- **15 February 2016** - Budget and Precept 2016/17 including Council Tax consultation feedback – Report to HFA

19. The Authority's financial position remains sound, however significant challenges will occur in the period 2016 to 2020 and to that end it is essential that the Authority continues to carefully identify efficiencies wherever possible.

STRATEGIC PLAN COMPATIBILITY

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

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

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

LEGAL IMPLICATIONS

22. Statutorily the Authority must set a balanced target. 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

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

CORPORATE RISK MANAGEMENT IMPLICATIONS

24. 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

25. No direct issues arising.

COMMUNICATION ACTIONS ARISING

26. Key messages on the Authority's financial position that were outlined at the September and October 2015 Fire Authority have been communicated to all staff.

DETAILS OF CONSULTATION

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

BACKGROUND PAPERS AVAILABLE FOR ACCESS

28. Medium-Term Financial Plan 2016/17 to 2019/20.
September Fire Authority report 'Financial Outlook 2016/17 Onwards and Potential Efficiency Options' and October Fire Authority report 'Budget 2016/17 and Medium-Term Financial Plan 2016/17 Onwards'.

RECOMMENDATIONS RESTATED

29. That Members note the report and the financial challenges for the period 2016/17 onwards and that the precept/council tax report be considered at the February 2016 Authority meeting.

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