

BUDGET 2015/16 AND MEDIUM-TERM FINANCIAL PLAN 2015/16 ONWARDS - UPDATE

SUMMARY

1. This report provides a brief update with regard to the Authority's budget for 2015/16 and Medium-Term Financial Plan for 2015/16 onwards.
2. An outline is also given of the work that will be undertaken on the budget for 2015/16, before the next report to the December Fire Authority.

RECOMMENDATIONS

3. That Members note the report and that the detailed budget for 2015/16 onwards be brought to the December Fire Authority meeting.

CURRENT POSITION FOR 2015/16 ONWARDS

4. Since the 26 September Fire Authority meeting further work has been undertaken on the budget for 2015/16 onwards. The current projections for the next three financial years are as follows:-

2015/16	2016/17	2017/18
£112k Deficit	£2.071m Deficit	£3.534m Deficit

5. Members will recall the thrust of the September Fire Authority report, which signalled further financial austerity into the medium-term.
6. Most uncertainty is attached to the years 2016/17 onwards as a result of the General Election in May 2015. Funding allocations for 2016/17 onwards are not yet known and will be influenced by a number of factors when notified.
7. The stance adopted by the Authority since the start of austerity (2011/12) has been to anticipate and make decisions early. This approach has served the Authority well so far.

WORK TO BE COMPLETED BEFORE THE DECEMBER HFA REPORT

8. In the period between now and the December HFA report there will be significant work undertaken by the Finance Team on the budget for 2015/16 onwards. The key aspects are as follows:-
 - Validation of the pay budgets – this is a significant area of spend for the Authority and work will be undertaken to ensure budgets are as accurate as possible;

- Confirmation of Band D equivalents from the four Constituent Authorities – this information on the number of Band D equivalent properties in each Unitary Authority area should be provided to the Authority in late November/early December;
- Recalculation of the Minimum Revenue Provision (MRP) – the MRP is the amount that the Authority must set aside each year for the repayment of long-term debt. This is calculated annually based on the latest capital programme;
- Capital programme 2015/16 onwards – the draft capital programme for 2015/16 will be brought to the December Fire Authority meeting;
- Interpretation of the Autumn Statement due on 3 December – whilst the Autumn Statement will deal with issues at a macro level and won't reveal Authority level information, it may give guidance on expectations for public sector pay awards and any council tax freeze scheme arrangements for 2015/16. It is unlikely that the financial 'Settlement' from Government will be issued before the Fire Authority meeting on 12 December and is usually two weeks approximately after the Autumn Statement. Details, if significant, therefore will be circulated to Members between the December Fire Authority and the Christmas break.

COUNCIL TAX 2015/16

9. The Authority has frozen its council tax precept in each of the years 2011/12 to 2014/15 inclusive. The last time the council tax precept was increased was therefore in the 2010/11 financial year.
10. Members will be required to make a decision on the council tax precept for 2015/16 at the 16 February 2015 Fire Authority meeting.
11. The choice is likely to rest between a 0% change and therefore participation in the Government's freeze initiative (details of which are not yet known) or an increase close to any referendum threshold specified by Government (for 2014/15 this was set at 2%).
12. For information a 1% increase in the council tax precept raises approximately an additional £190k for the Authority.

CONCLUSION

13. The Authority has responded well to the austerity that has been in place since 2011/12. The Authority's financial position today is sound but further financial headwinds will challenge this in the near term and therefore the need to deliver further efficiencies before the 2016/17 financial year remains.

STRATEGIC PLAN COMPATIBILITY

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

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

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

LEGAL IMPLICATIONS

16. 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

17. No direct issues arising.

CORPORATE RISK MANAGEMENT IMPLICATIONS

18. 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

19. No direct issues arising.

COMMUNICATION ACTIONS ARISING

20. Key messages on the Authority's financial position are regularly communicated to all staff.

DETAILS OF CONSULTATION

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

BACKGROUND PAPERS AVAILABLE FOR ACCESS

22. Medium-Term Financial Plan 2014/15 to 2017/18.

RECOMMENDATIONS RESTATED

23. That Members note the report and that the detailed budget for 2015/16 onwards be brought to the December Fire Authority meeting.

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