

Governance, Audit and Scrutiny Committee
15 July 2013

Report by the Director of Finance
and Assets/S.151 Officer

COMPREHENSIVE SPENDING REVIEW (CSR) 2015/16

REPORT EXECUTIVE SUMMARY

This report updates Members on the key messages from the Chancellor's 26 June 2013 Comprehensive Spending Review (CSR) 2015/16 announcement.

The report highlights the main likely impacts for English FRSs and Humberside Fire Authority.

RECOMMENDATIONS

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

CSR 2015/16

2. The Comprehensive Spending Review (CSR) for 2015/16 was announced by the Chancellor on 26 June 2013.
3. Essentially, the CSR sets out at a macro level the Departmental Spending Totals for Government Departments for 2015/16, e.g. Health, Education, Defence and DCLG.
4. Overall, savings of £11.5bn were announced with protections afforded to Health, Education and International Development.
5. An overall reduction in funding of 10% for 2015/16 was announced for local government.
6. The impact on English FRSs was headlined as 7.5% but there is some ambiguity around this.
7. Appendix 1 shows the letter circulated by DCLG on 26 June 2013 with regard to the 2015/16 Spending Round. The letter states:-

“From the 10% reduction that would otherwise be applied to fire and rescue authority funding, a £30 million (2.5%) resource fund will be available on a bid-for basis through the local government settlement to encourage joint working between fire and rescue authorities, collaboration with other blue lights services and help to meet up-front costs of service transformation”.

8. Clarification has been sought from DCLG by the Fire Finance Network on whether funding for English FRSs will be reduced by 10% or 7.5% before the £30m collaboration bidding process is undertaken.
9. £45m of capital funding has been confirmed for FRSs for 2015/16. This is lower than the £75m a year that has been made available in the years 2011/12 to 2014/15. The mechanism for the allocation of the £45m is not yet clear.
10. An outline of the Council Tax mechanism for 2014/15 and 2015/16 was set out as follows:-
 - Referendum limit 2% - 2014/15 and 2015/16
 - Grant equal to a 1% increase for those authorities that freeze or reduce council tax - 2014/15 and 2015/16
11. Confirmation was also given that freeze grants will continue to be provided in 2015/16 for previous council tax freezes. There is no confirmation of whether this will continue for 2016/17 onwards.
12. Public sector pay awards are also expected to average at no more than 1%.

CONCLUSION

13. The announcement is broadly in line with the Authority's planning assumptions for 2015/16. A 10% or 7.5% reduction in the Authority's funding for 2015/16 will be a significant challenge with a 10% reduction equal to £2.2m on top of the £5.3m that

has been removed from our funding for 2011/12 to 2014/15. In parallel options on council tax increases are also severely constrained.

14. A further report will come before the September round of meetings which will set out the financial projections for the Authority for 2014/15 onwards in light of this new information and any subsequent clarification over the coming weeks.

STRATEGIC PLAN COMPATIBILITY

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

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

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

LEGAL IMPLICATIONS

17. 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

18. No direct issues arising.

CORPORATE RISK MANAGEMENT IMPLICATIONS

19. 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

20. No direct issues arising.

COMMUNICATION ACTIONS ARISING

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

DETAILS OF CONSULTATION

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

BACKGROUND PAPERS AVAILABLE FOR ACCESS

23. Medium-Term Financial Plan 2013/14 to 2016/17.

RECOMMENDATIONS RESTATED

24. That Members receive the report and make any recommendations to the Fire Authority as necessary.

K WILSON

Officer Contact: Kevin Wilson ☎ 01482 567183
Director of Finance & Assets/S.151 Officer

Humberside Fire & Rescue Service
Summergroves Way
Kingston upon Hull

KW/SJ
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