

## 2014/15 and Later Years Revenue and Capital Budgets

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011, or Joanne Coadey, Head of Finance, on 01743 260215.

### 1 Purpose of Report

This report brings together the elements of the budget, as set out in the reports that follow, and seeks the Committee's approval for a budget outline to be recommended to the Fire Authority in December 2013.

### 2 Recommendations

The Committee is asked to approve the revised expenditure figures as a basis for developing the budget at the meeting of the Fire Authority on 11 December 2013.

### 3 Background

The Committee has based its budget planning in terms of expenditure on the forecasts approved by the Fire Authority in February 2013. However, a number of assumptions have been revised, and these have been taken into account in the report.

This was the position, as approved by the Fire Authority in February 2013.

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Base Budget	20,572	20,352	20,488	20,774
Committed Changes	101	-	-29	90
Pay and Prices	324	303	308	448
Efficiencies	-	-	-	-
Capital Schemes – New Starts	26	10	5	5
Service Transformation Programme	-370	-150	-	-
Public Value Reductions	-297	-	-	-
Other Expenditure	-4	-27	2	-2
Expenditure	<u>20,352</u>	<u>20,488</u>	<u>20,774</u>	<u>21,315</u>
Surplus / -Deficit	<u>662</u>	<u>66</u>	<u>-308</u>	<u>-901</u>
<b>Expenditure</b>	<b><u>21,014</u></b>	<b><u>20,554</u></b>	<b><u>20,466</u></b>	<b><u>20,414</u></b>

This was to be funded as follows:

Grant	8,049	7,251	6,815	6,407
Council Tax	12,965	13,303	13,651	14,007
Collection Fund – surplus	0	0	0	0
	<u>21,014</u>	<u>20,554</u>	<u>20,466</u>	<u>20,414</u>

This report deals with existing expenditure budgets. Funding estimates can only be completed once final information is available in early January on the Council Tax Band D base and the Collection Fund surplus, but planning will continue, based on current assumptions.

This report adds forecasts to 2019/20, in line with the 2020 scenario planning process. Financial years beyond 2015/16 are outside of the Government's planning periods and are speculative at this stage. Grant reductions of 6% per year have been used for planning purposes.

## 4 Revised Budget Summary

The changes to revenue expenditure, covered in the following papers, can be summarised as follows:

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Previous Year's Budget	20,572	19,972	20,354	20,379	20,862	21,296
Committed Change	-894	103	-253	88	2	-2
Pay and Prices	289	269	273	390	427	436
Efficiencies	-	-	-	-	-	-
2014/15 and later Capital Programme	5	10	5	5	5	5
Service Developments	-	-	-	-	-	-
	<b>19,972</b>	<b>20,354</b>	<b>20,379</b>	<b>20,862</b>	<b>21,296</b>	<b>21,735</b>

## 5 Summary to date

At this stage, further work is needed on all forecasts. However, changes already identified show that the originally planned deficits and, therefore, potential reductions in spending in 2014/15 through to 2017/18 have been lowered by expenditure reductions from £21.315m to £20.862m, i.e. £453,000.

Points to note are as follows:

- A sum of £200,000 has been released from the Pay contingency in 2014/15.
- Base changes for pay and prices in the planning period have reduced the total amount required by £162,000.
- Charges to committed costs and base adjustments have reduced the budget by around £100,000.

## 6 Funding Assumptions

### Grant

The grant settlement for 2014/15 is not yet confirmed, although indicative data has been provided as part of the technical consultation on the grant settlement. The consultation covered 2014/15, the last year of the current funding settlement, and also gave some information regarding 2015/16. This indicated that average further grant reductions, totalling 15% over the two years, could be expected.

It has been confirmed that the Council Tax Freeze Grant payable from 2011/12 will continue to be paid in 2015/16, although nothing has been confirmed after this date. The effect of this has been incorporated into the budget strategy.

## Precept

As the budget was set in February 2013, the Authority's precept strategy was as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Precept Increase</b>	1.99%	1.99%	1.99%	1.99%	1.99%
	(3p per week at Band D)				(4p per week at Band D)

As part of the technical consultation on the Grant settlement in September, it was announced that funding equivalent to a 1% increase in precept (pre council tax support base) would be available to those local authorities, who froze council tax in 2014/15, payable in 2014/15 and 2015/16. In addition, grant would also be payable to those, who froze council tax in 2015/16, payable in 2015/16 only. It is not known if the freeze grant will continue to be paid after 2015/16 – both scenarios are exemplified in the table below.

<b>Precept Strategy</b>	<b>2019/20 Surplus / (Deficit)</b>
Budget proposed in this paper – 1.99% Council Tax increase 2014/15 onwards	(1,535,000)
<b>2014/15</b> Do not increase council tax, accept freeze grant: £141k payable 2014/15 and 2015/16  <b>2015/16</b> Do not increase council tax, accept freeze grant: £141k payable 2015/16  Freeze grant <b>is not</b> rolled into base in 2016/17	(2,105,000)
<b>2014/15</b> Do not increase council tax, accept freeze grant: £141k payable 2014/15 and 2015/16  <b>2015/16</b> Do not increase council tax, accept freeze grant: £141k payable 2015/16  Freeze grant <b>is</b> rolled into base in 2016/17	(1,821,000)

Those local authorities that choose to increase precept levels by more than 2% will trigger a referendum.

## Collection Fund

Given the changes around localisation of council tax support, which took effect in 2013/14, and resulting pressures on the Collection Fund, it was considered prudent to remove any anticipated surplus from our planning. This approach has continued for this budget setting process.

### Income

Income forecast for the planning period is as follows:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenue Support Grant	7,975	7,326	6,570	6,176	5,806	5,457
Precept	12,962	13,299	13,645	14,000	14,365	14,738
Collection Fund	0	0	0	0	0	0
Total Income	20,937	20,625	20,215	20,176	20,171	20,195

Given the range of forecasts possible in the light of the unknowns set out above, it is difficult to select any particular assumptions. However, the table above makes the following assumptions:

- Precept increases are 1.99% for 2014/15 and thereafter;
- Grant reduces by a total of 15% in 2014/15 and 2015/16, grant for 2016/17 onwards is assumed to reduce by 6% per year;
- There is an increase in Band D base in line with experience in recent years; and
- No surplus or deficit is anticipated on the collection fund.

The net changes to expenditure and income produce the following deficits:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Forecast Expenditure	19,972	20,354	20,379	20,862	21,296	21,735
Forecast Income	20,937	20,625	20,215	20,176	20,171	20,195
Deficits / (Surplus)	(965)	(271)	164	686	1,125	1,540

At this stage it is proposed to go forward to the Authority on the basis of these figures, subject to further work being carried out with officers, and continuing discussions around the most effective way to use the predicted surpluses in the early years of the plan to reduce committed expenditure in later years.

## **7 Financial Implications**

The financial implications are as outlined in the main body of the report.

## **8 Legal Comment**

There are no direct legal implications arising from this report.

## **9 Initial Impact Assessment**

An Initial Impact Assessment has been completed for this report.

## **10 Appendices**

There are no appendices attached to this report.

## **11 Background Papers**

Reports 5a to 5d on the agenda for this meeting of the Committee