

Pay and Prices Assumptions

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 sets out the possible provision to be made for pay and price inflation in 2014/15 and later years.

2 Recommendations

The Committee is asked to recommend that the Fire Authority bases its future budget plans on the calculations set out in paragraph 5.

3 Background

During this year's strategic planning process, the Fire Authority has continued its policy of fixing a realistic provision for pay and prices changes, whilst continuing to incorporate Government directives on pay increases. A long-term view has ensured low, steady increases in precept, with savings identified, when the position with pay awards has been confirmed. This strategy has avoided the need to put pressure on future budgets, when pay awards may exceed those seen in recent years.

Officers have continued to use the methodology previously adopted by the Authority for establishing its pay and prices contingencies, namely to:

- i) Analyse its base budget (2013/14) into the spending areas, where pay or price changes can be significant;
- ii) Make pay assumptions for firefighters, based on any consensus that exists among fire authorities for the likely outcome of the nationally negotiated settlement;
- iii) Make pay assumptions for other pay, based on a realistic expectation of the outcome of any outstanding negotiations;

- iv) Take account of known issues, such as increments; rank to role; expected progression through scales; and tax changes; and
- v) Analyse the non-pay and income budgets into key elements, including those to which no inflation applies, such as debt charges, and apply appropriate percentages to each.

4 Current Developments

During 2011/12, the Government announced a pay cap of 1% from 2013/14 for two years, with a corresponding reduction in formula grant. As a result, contingencies for pay in the revenue budget have been held at 1% in 2014/15.

Officers have reviewed the assumptions on future pay and price contingencies, and have held estimates for 2015/16 onwards as last year, in light of the current positions on pay awards and inflation.

Pay increases have been budgeted at 1% for 2014/15 to 2016/17, and 2% thereafter, and inflation assumptions have been held at 2.5%.

5 Conclusions

It is proposed that the figures for pay and price assumptions over the planning period will be budgeted as follows:

	Pay		Prices	
	%	£'000	%	£'000
2014/15	1.0	136	3.0	153
2015/16	1.0	138	2.5	131
2016/17	1.0	139	2.5	134
2017/18	2.0	252	2.5	138
2018/19	2.0	286	2.5	141
2019/20	2.0	291	2.5	145

6 Financial Implications

The financial implications are as outlined in the report.

7 Legal Comment

There are no direct legal implications arising from this report.

8 Initial Impact Assessment

An Initial Impact Assessment has been completed for this report.

9 Appendices

There are no appendices attached to this report

10 Background Papers

There are no background papers associated with this report.