

Report of the Treasurer

9. Financial Prospects 2014/15

Purpose of report

1. To provide Members with a further update on developments on the funding position for 2014/15 and beyond.
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Recommendation

The Chief Fire Officer and the Treasurer recommend that the report be noted.

Introduction and Background

2. The Authority approved a Medium Term Financial Plan (MTFP), in February 2013, which identified future gaps in budget due to the reductions in funding from grant and restrictions on council tax increases.
3. This position was modified in July 2013 following the publication of revised figures for 2014/15 and indicative figures for 2015/16. This formed the basis of the detailed context for the Community Risk Management Plan (CRMP) consultation proposals.
4. There will be no further updates on figures until:
 - a. Final figures - late December 2013
 - b. Indicative Council Tax-base. Business Rate Yield – late December 2013
 - c. CRMP decision – February 2014
 - d. Updated Authority view on Council Tax increases – December 2013?
5. As a consequence this is a holding report pending a full update at the next Committee meeting.

Current Position

6. The current position is summarised below, but it should be noted that the changes to date form part of the £2.7m non-front line savings envisaged in the CRMP document and are not additional savings.

	2014/15 £m	2015/16 £m	2016/17 £m
Budget Gap – Feb 2013	1.102	3.085	4.099
Updated Budget Gap – CRMP Oct 2013	1.375	3.227	4.725
Actions already taken:			
Merger of USAR/Droitwich	(0.300)	(0.300)	(0.300)
Support Staff Reviews *	(0.249)	(0.249)	(0.249)
2013/14 Expenditure budget savings *	(0.278)	(0.278)	(0.278)
Other Support Staff reviews	(0.027)	(0.027)	(0.027)
Residual Gap	0.521	2.373	3.871

* Referred to in Quarter 2 Budget Monitoring Report

7. For information the Budget gap sensitivity for key assumptions is summarised below. This is the increase/(reduction) in the gap from changing assumptions.

	2014/15 £m	2015/16 £m	2016/17 £m
Provision for Pay Awards at 2% instead of 1%	(0.180)	(0.640)	(0.760)
Increase Council Tax by 2% instead of freezing	(0.161)	(0.329)	(0.378)
1% greater grant cut each year	0.100	0.205	0.295

8. The risks associated with the assumptions were discussed by the Committee in recommending the MTFP to the Authority.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	None
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None.
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	None

Supporting Information

None

Background Papers

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