

Report of the Treasurer

10. Revision to Medium Term Financial Plan

Purpose of report

1. To provide Members with an update on the approved Medium Term Financial Plan (MTFP) following decisions made at the October meeting of the Fire Authority.
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Recommendation

The Treasurer recommends that the report be noted.

Introduction and Background

2. In February 2014 the Authority agreed an MTFP which identified significant future budget gaps, pending decisions on the Community Risk Management Plan (CRMP).
3. The MTFP has now been updated to take account of these decisions and future information on some elements of grant that has now become available.
4. Information on the core funding elements (i.e. grant, business rates and precept) will not be confirmed until the end of the year:
 - a. Confirmation of core grant - late December 2014
 - b. Indicative Council Tax-base. Business Rate Yield - late December 2014
 - c. Indicative Council Tax Referendum threshold - late December 2014
5. The Chancellors Autumn Statement is due on the 3rd December (i.e. after the publication date for these papers) and it may be possible to give a verbal update on the grant position.
6. As a consequence this is a holding report pending a full update at the next Policy and Resources Committee meeting.

Current Position

7. Subject to the need to still identify £0.443m of savings away from the front-line (as was always envisaged as part of the MTFP), the Authority will have a balanced budget for 2015/16 and 2016/17. This is, of course, subject to no significant changes to grant/precept.
8. Appendix 1 details the savings that have been made since 2010/11, the start of the current Austerity period, covering the whole period to 2019/20.

9. The position in respect of the gap identified for the period to 2016/17 is summarised in the table below:

	2015/16 Forecast £m	2016/17 Forecast £m	Fire Cover £m	Other £m	To be Identified £m	TOTAL £m
MTFP Gap - Feb 2014	0.999	2.137	1.712	0.385	0.040	2.137
removal of 2nd Pumps - Tenbury/Ledbury	(0.090)	(0.090)	(0.090)			(0.090)
conversion to DS - Hereford/Worcester (4+4)	(0.944)	(0.944)	(0.944)			(0.944)
standard crewing at 4 - all other WT/DC/DCP	(0.660)	(0.660)	(0.660)			(0.660)
	(0.695)	0.443	0.018	0.385	0.040	0.443
Savings still to be identified		(0.443)	(0.018)	(0.385)	(0.040)	(0.443)
		0.000	0.000	0.000	0.000	0.000

10. Three other changes are identified at this stage and are factored into the revised projection:
- An a full year saving of £0.200m from the July 2014 Grey Book (Uniformed Staff) pay award
 - Potential loss of Firelink Grant through DCLG re-allocation : £0.100m
 - CLG 10% cut in New Dimensions Grant: £0.100m. On 25 November this reduction is now confirmed as £0.104m.
11. Members will also recall that part of the CRMP decision involved the use of up to £0.800m reserves and this is included in Appendix 2.
12. 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.
13. Whilst there is now a balanced budget for 2015/16 and 2016/17, Members are reminded that the 2016/17 balanced is achieved through the use of the budget reduction reserve.
14. Projections beyond 2016/17 are more speculative, and are based on a continuation of grant cuts and precept control as for the period 2013/14 – 2016/17. Other than a freeze in 2015/16 this assumes an annual 2% increase in Band D each year.
15. All major political parties refer to austerity continuing until at least 2020, but even if grant cuts were to cease, the 2016/17 position would form the “new norm” and the CRMP reductions would still have to be implemented in full.
16. Member’s attention is drawn to the future budget savings required if grant cuts do continue at the current level for the MTFP period.

	£m	£m	£m
2017/18 and on-going	1.5	1.5	1.5
2018/19 and on-going		0.9	0.9
2019/20 and on-going			0.9
	1.5	2.4	3.3

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

Appendix 1 – Savings since 2010/11

Appendix 2 – Medium Term Financial Plan Update

Background Papers - None

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