

Calculation of the draft budget

1 Summary of changes in the base budget

	£000
Original budget 2014/15 at estimated outturn prices	65,878
Less ceasing contribution to the capital payments reserve	-2,650
Add full year costs of pay inflation for grey book staff	198
Adjustments:	
Provision for inflation for 2015/16	1,159
Provision to cover increase in pension contributions from allowing RDS firefighters to join the modified scheme	1,000
Other minor adjustments / budget pressures	190
HFRA firefighter pension costs	324
Increase in revenue contributions to capital	970
Reduction in Section 31 Grant	12
Interest and statutory provision for debt repayment	-126
Removal of Council Tax freeze grants now base lined into central government funding	794
Council Tax freeze grant 2015/16	-404
Full year effect of phase 1 efficiency savings	-213
Removal of Host budget	-1,087
Removal of technical changes 2014/15 & 2015/16	-1,183
Contribution to Capital Payments Reserve	926
Draft Budget 2015/16	65,788

2 Contributions to reserves

- 2.1 This is due to ceasing the contribution of £2,650,000 to the capital payments reserve in 2014/15.
- 2.2 There will however, be a one off contribution to the capital payments reserve matching the unexpected, one off surplus on collection funds in 2015/16 amounting to £926,000.

3 Full year effect of grey book payaward

- 3.1 The original budget has been increased to reflect the full year effect if the grey book pay award made in July 2014.

4 Provision for future inflation

- 4.1 The provision for inflation for 2015/16 has been calculated based on 2% for fire-fighters and support staff pay awards, 2.2% for pension payments that the Authority is still liable for and 2% for non pay costs with the exception of the fixed contribution to the LGPS which has increased by 8.8%, waste 8%, vehicle fuel 5% and utilities.

5 Interest and provision for statutory debt repayment cost

- 5.1 Interest payable to the Public Works Loans Board together with the amount that has to be set aside for the statutory provision for debt repayment has decreased by £142,000 in 2015/16.
- 5.2 Interest on cash balances and short-term investments is expected to increase by £9,000 in 2015/16.
- 5.3 Interest on finance lease payments is expected to increase by £25,000 due to a number of lease extensions being agreed at reduced rates.
- 5.4 Revenue contributions to capital have increased by £970,000. This is to try and prolong the capital payments reserve and finance the general capital programme from within revenue resources.

6 HFRA firefighters pension costs

- 6.1 The pension costs for which the Authority is liable for are estimated to increase by £324,000 in 2015/16. This increase is due to two main factors;
- 6.2 The first relates to the injury pensions and accounts for a £218,000 increase. This is the discovery in 2014/15 that 14 injury pensions and a handful of dependant's pensions relating to death in performance of duty cases were being incorrectly coded to the pensions account.

- 6.3 The second relates to revised assumptions relating to ill health retirements and amounts to £106,000. This consists of an increase in the assumed ill health lump sums we will be required to pay in 2015/16 (from one to three) and an increase in the cost of pensions paid due to ill health retirement.

7 Other minor adjustments

- 7.1 These are;

- £55,000 arising from the loss of additional income which was expected in 2014/15.
- £25,000 for our contribution to fund the National Operational Guidance Programme.
- £71,000 for the on-going costs of introducing maternity pay provision, a new telematics system for FDS officers, and a new command and control system interface with FireWatch
- £51,000 to fund a new post for a permanent support officer to Directors.

- 7.2 These increase in costs have been offset by a £12,000 increase in income expected to be generated through recharges to 3S Fire Ltd.

8 Council tax freeze grants

- 8.1 Two previous council tax freeze grants have now become rolled into central government funding and therefore no longer form part of the base budget.

- 8.2 A 1% council tax freeze grant for 2015/16 is expected and will amount to £404,000.

9 Savings

- 9.1 £213,000 represents the full year effect of the phase 1 efficiency savings which concluded in 2014/15.

- 9.2 £1,087,000 represents the removal of the Heads of Service savings.

- 9.3 £1,183,000 represents removal of the technical savings consisting of non pay inflation in 2014/15 and 2015/16, pay inflation held in contingency in 2014/15 which was not required due to only a 1% pay award being made and a 0.5% reduction in the pay inflation assumption in 2015/16.