

## Calculation of the draft budget

### Summary of changes in the base budget

	£000
Original budget requirement 2016/17	64,993
Less ceasing contribution to the capital payments reserve	-1,981
<b>Adjustments:</b>	
Provision for inflation for 2017/18	771
2017/18 of efficiency savings	-2,749
Increase in revenue contributions to capital	573
Apprenticeship Levy	225
Increase in pension contributions	444
Other pension changes	-612
Other minor adjustments / budget pressures	333
Interest and statutory provision for debt repayment	12
Contribution to the Transformation Reserve	2,117
Draft Budget 2017/18	64,126

## 1 Contributions to reserves

- 1.1 Contributions to and from reserves are shown in Appendix C of the main report.
- 1.2 The contribution to the Transformation Reserves of £2.117m shown in the reconciliation above is the surplus available within the revenue budget. It is proposed that this amount be transferred to the capital reserve in order to increase the funding available for future capital projects.

## **2 Full year effect of grey book pay award**

- 2.1 The original budget has been increased to reflect the full year effect of the grey book pay award made in July 2016.

## **3 Provision for future inflation**

- 3.1 The provision for inflation for 2017/18 has been calculated based on 1.5% for fire-fighters and 1% for support staff pay awards for whom a two year pay award has already been agreed. In addition to this, 2.0% has been included 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.

## **4 Interest and provision for statutory debt repayment cost**

- 4.1 Interest payable to the Public Works Loans Board remains unchanged for 2017/18 at £393,000.
- 4.2 Interest received on cash balances and short-term investments is expected to remain at 2016/17 levels for 2017/18. This will provide £248,000 of income.
- 4.3 The provision for debt repayment is expected to increase slightly for 2017/18 from £504,000 to £516,000.
- 4.4 Interest on finance lease payments is expected to reduce by £56,000, due to a number of leases expiring, in some case these vehicles have been purchased at preferential rates.
- 4.5 Revenue contributions to capital have increased by £574,000. This is to try and increase the capital payments reserve and finance the general capital programme from within revenue resources, now that no capital grant is received.

## **5 Apprenticeship Levy**

- 5.1 As of April 2017, the Government will introduce a levy on all organisations with a pay bill in excess of £3m. The levy will be 0.5% of the pay bill, which equates to £225,000. This was included in the MTFP figures in Sept 2016 and is now built into the base budget for 2017/18.

## **6 HFRA pension costs**

- 6.1 The employer's contributions are expected to increase for 2017/18 and future years, as well as the lump sum past years contribution for the LGPS scheme. Therefore an increase of £0.444m has been included within the 2017/18 budget.
- 6.2 A higher number of firefighters transferred to the new scheme than expected, which has a lower cost to the service. This has resulted in a reduction in cost of £0.7m, which more than offsets the increase in

contribution costs.

- 6.3 Further increases to budget of £88,000 have also been made due to changes within the pension schemes.

## **7 Council tax freeze grants**

All Council Tax Freeze Grants have now been incorporated into the base Revenue Support Grant.

## **8 Savings**

- 8.1 £2.749m represents a number of efficiency projects currently underway within the Authority. Appendix B details the savings included within the 2017/18 budget and those expected for future years.