

Calculation of the draft budget

1 Summary of changes in the base budget

	£000
Original budget requirement 2015/16	65,455
Less ceasing contribution to the capital payments reserve	-1,023
Adjustments:	
Provision for inflation for 2016/17	1021
Other minor adjustments / budget pressures	72
Impact of NI changes	782
Reduction in Section 31 Grant	98
2016/17 of efficiency savings	-3,038
RDS pension scheme increase not required	-880
Removal of Staff Turnover Saving	-114
Contributions (to) / from reserves	-3,861
Revenue contributions to capital funded from reserves	3,363
Increase in revenue contributions to capital	514
Service Improvement Plan	497
Interest and statutory provision for debt repayment	-205
Contribution to Capital Payments Reserve	1,854
Draft Budget 2016/17	64,535

1 Contributions to reserves

- 1.1 Contributions to and from reserves are shown in Appendix C of this report.
- 1.2 The majority of the transfers relate to Transformation and Services Improvement, which have offsetting spend within the budget for 2016/17.

2 Full year effect of grey book payaward

- 2.1 The original budget has been increased to reflect the full year effect of the grey book pay award made in July 2015.

3 Provision for future inflation

- 3.1 The provision for inflation for 2016/17 has been calculated based on 1.5% for fire-fighters and support staff pay awards, 2.0% 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 together with the amount that has to be set aside for the statutory provision for debt repayment has decreased by £87,000 in 2016/17.
- 4.2 Interest on cash balances and short-term investments is expected to increase by £118,000 in 2016/17.
- 4.3 Interest on finance lease payments is expected remain at the same level due to a number of lease extensions being agreed.
- 4.4 Revenue contributions to capital have increased by £0.514m. This is to try and prolong the capital payments reserve and finance the general capital programme from within revenue resources.

5 Impact of changes to National Insurance

- 5.1 The Government will introduce changes to NI from April 2016 which remove the lower rate for those within an organisational pension scheme. The additional cost of this change will be £782,000.

6 HFRA firefighters pension costs

- 6.1 The pension costs for which the Authority is liable for are estimated to decrease by £880,000 in 2016/17. This reduction is due to two main factors;
- 6.2 This reduction is due to a budget of £1m being included in the 2015/16 budget for the RDS Pension Scheme. As further information is now available only £120,000 of this budget is required and therefore £880,000 has been removed from this budget.

7 Other minor adjustments

7.1 These are;

- £6,000 increase in car allowances which offsets a reduction in the RCCO for provided vehicles.
- £36,000 increase for the provision of pension services by Hampshire County Council. This will improve the service and avoid additional unbudgeted expenditure.
- £30,000 for the on-going costs of improved facilities management services..

7.2 These increases in costs have been offset by the savings made and additional precept income expected for 2016/17.

8 Council tax freeze grants

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

9 Savings

9.1 £3.038m represents a number of efficiency projects currently underway within the Authority. Appendix B details the savings included within the 2016/17 budget and those expected for future years.