

MERSEYSIDE FIRE AND RESCUE AUTHORITY
BUDGET AUTHORITY MEETING

26TH FEBRUARY 2013

MINUTES

Present: Councillors Dave Hanratty (Chair), Robbie Ayres, Andrew Blackburn, Les Byrom, Darren Dodd, Roy Gladden, Ted Grannell, John J. Kelly, Jimmy Mahon, Linda Maloney, Pat Moloney, Barbara Murray, Steve Niblock, Lesley Rennie, Denise Roberts, and Sharon Sullivan.

Apologies: Councillors Tony Newman and Vi Bebb.

Announcements prior to Agenda:

All Members present completed personal declaration forms to confirm their eligibility to vote to determine business which could have an impact on setting the Council Tax Precept for Merseyside Fire and Rescue Authority, in accordance with Section 106 of the Local Government Act 1992. All forms were submitted to the Clerk to the Authority before any business was considered.

1. Preliminary Matters

The Authority considered the identification of any:

- a) declarations of interest by individual Members in relation to any item of business on the agenda;
- b) additional items of business which the Chair has determined should be considered as matters of urgency;
- c) items of business which may require the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

Resolved that:

- a) There were no declarations of interest by any individual Member in relation to any items on the agenda;
- b) There were no additional items of business which the Chair determined should be considered as matters of urgency;
- c) Item 6 of the Agenda – Support Services Review be considered in an open environment as no members wished to comment or discuss exempt information contained within the appendices. Therefore the Appendices be noted without debate.

2. Minutes of the Previous Meeting

The minutes of the previous Authority meeting held on the 12th February 2013 were approved as a correct record and signed accordingly by the chair.

3. Consider the Recommendations of the Performance and Scrutiny Committee

Members considered the recommendations contained within the Minutes of the Performance and Scrutiny Committee held on 14th February 2013 in relation to Item 5 of that meeting – “Outcomes and Improvement Plan From the Operational Assessment Peer Challenge – November 2012”

Resolved that:

- a) The publication of the Final Report onto the Authority’s Website be approved; and
- b) The Final Report be Circulated to all District Council Leaders and Local MP’s for their information.

4. Local Government Association Subscription 2013/14 (CFO/009/13)

Members considered Report CFO/009/13 of the Clerk to the Authority concerning the continuation of membership of the Local Government Association.

Resolved that:

- a) The Authority continues membership of the Local Government Association for the municipal year 2013/14, and
- b) A loyalty discount of 2.5% for Members who are not on notice, alongside the existing 2.5% prompt payment discount for Authorities who pay the subscription in full by 30th June 2013 be noted, and
- c) The Democratic Services Manager be instructed to take up the offer of the discounted subscription for 2013/14, a total of £10,460 plus vat, and raise a purchase order and make subscription payment.
- d) A letter be sent on behalf of the Authority to the Local Government Association Fire Commission, stating the disappointment felt by Members regarding the Fire Minister’s failure to attend a long standing appointment with

representatives sent from Merseyside Fire and Rescue Authority.

5. **Financial Review 2012/13 – April to December 2012**
(CFO/024/13)

Members considered Report CFO/024/13 of the Deputy Chief Executive concerning a review of the financial position, both revenue and capital for the Authority, for the period April to December 2012.

Resolved that:

- a) The 2012/13 budget variations and allocation of capital reserves as set out in this report be approved; and
- b) The Deputy Chief Executive be instructed to continue to work with budget managers to maximise savings in 2012/13; and
- c) The potential £2.5m favourable revenue position and its addition to reserves be noted; and
- d) Authority be delegated to the Deputy Chief Executive to award appropriate contracts for finance/payroll/HR ICT systems subject to it being contained within the current budget.

6. **Support Services Review**
(CFO/026/13)

Appendices to this report are exempt see Preliminary Matters Resolution c above.

Members considered the Report CFO/026/13 of the Chief Fire Officer concerning recommendations of the Support Services Review undertaken by the Strategic Management Group, in anticipation of the cuts to the Authority's Budget for 2013/14 and 2014/15.

The Chair stated that the Authority did not wish to be in position they find themselves in, following further Government grant cuts the Authority are now faced with difficult decisions to be made in relation to each of the Budget related reports on this agenda, and wished to place on record the Authority's thanks and appreciation to all Officers, Staff, and Union Representatives for all their dedication to the Authority.

It was requested how 'Re-deployment Policy' updates would be reported back to Members.

Resolved that:

- a) The outcome of the Support Services Review be noted; and

- b) The recommended savings identified be utilised as part of the budget resolution; and
- c) The Authority's commitment to avoid compulsory redundancy (where possible) be reaffirmed and the Chief Fire Officer be instructed to take all necessary measures to minimise the impact on staff including the extension of the previously agreed Voluntary Severance/ Voluntary Retirement Scheme; and
- d) That consideration be given as to the reporting process to Members in relation to future 're-deployment policy' updates.

7. **Operational Response Review In Light Of The Grant Cuts Over The Period Of The Spending Review (CFO/027/13)**

Members considered Report CFO/027/13 of the Chief Fire Officer concerning recommendations arrived at following consideration of the Operational Response Review and confirmation of the cuts to the Budget Authority for 2013/14 and 2014/15, which have determined the levels of operational response provision achievable within the envelope of financial affordability.

Resolved that:

- a) The Operational Response Review which, through financial necessity, identifies a reduction in the availability of appliances for Merseyside to 28; and
- b) Option 1 which keeps stations open as a community resource be approved; and
- c) The Chief Fire Officer be directed to consult on the impact of the Review through the IRMP; and
- d) The financial savings arising from the Review alongside the budget report in order to determine their financial plan be approved.

8. **IRMP 2013/16 Consultation Document (CFO/023/13)**

Members considered Report CFO/023/13 of the Deputy Chief Fire officer concerning the Integrated Risk Management Plan (IRMP) for 2013/16.

Resolved that:

- a) The 2013/16 IRMP be approved for publication for a period of 12 weeks public consultation; and

- b) The final IRMP report following consultation be reported back to the Authority meeting on 27th June 2013, and published following approval.

Items 9 and 10 were considered together

**9. Merseyside Fire and Rescue Authority Budget and Financial Plan 2013/14 – 2017/18
(CFO/025/13)**

10. Motion from the Chair of the Authority/The Labour Group

Members considered Report CFO/025/13 of the Deputy Chief Executive concerning the proposed Merseyside Fire and Rescue Authority Draft Budget and Financial Plan for 2013/14 to 2017/18
(Item 9)

Members considered the draft budget resolution as proposed by the Labour Group **(Item 10)**

The motion from the Chair of the Authority was formally proposed and then seconded by Councillor Linda Maloney.

Following an intense debate from Members of each political party the Motion was put to the vote.

Of the 16 Members present:

Voted For	Voted Against	Abstained
16	Nil	Nil

The Labour Resolution stands 16

Resolved that:

- a) Members' thanks and appreciation to everyone who works for Merseyside Fire and Rescue Authority and for the dedication they have shown towards providing an excellent service, ensuring that they community of Merseyside are safe be recorded; and
- b) Central Government be further lobbied regarding the Government Grant cuts; and
- c) The Labour Group Proposed Budget resolution be approved as follows:

LABOUR BUDGET RESOLUTION 2013/14

Merseyside Fire and Rescue Authority Budget and Medium Term Financial Plan Resolution 2013/2014- 2016/17

Resolution Summary

Despite its excellent performance Merseyside Fire and Rescue Authority has received one of the worst grant cuts from central Government in the country – a reduction of 26% between 2011/12 and 2014/15. The grant cut for 2013/14 is 8.7% and for 2014/15 a further 7.5%.

The grant settlement seems inequitable and sees some Fire Authorities doing much better. These drastic cuts from central Government mean that the Authority has to make tough choices over the next 2 years.

The Authority has already delivered £9.2m of cuts imposed by Government over the first two year period of the spending review.

This financial plan delivers a further saving of £10m on top of that.

Significant effort has been made to identify savings from back office and support services and £7m in total has been identified for those areas. This does however put at risk over 57 posts and makes avoiding compulsory redundancies extraordinarily difficult.

Despite our best efforts, the consequence of the grant reductions will mean there will be £3m of inevitable cuts in front line fire cover to Merseyside. The Authority will however aim to keep all 26 fire stations open but there will be a reduction of 90 front line Firefighter posts and the number of fire appliances will reduce from 37 to 28 across the next two years. This relates to a 33% reduction in available appliances since 2011.

- Firefighter reductions will be achieved by natural retirements over the next 3 years.
- It is hoped that voluntary severance and other means will allow the avoidance of compulsory redundancy amongst non-uniform staff.

The Authority has a financial plan that as far as possible maintains the front line response and service to the people of Merseyside.

Despite these severe cuts from government the Authority recognises the pressures on the communities of Merseyside and has with a heavy heart and after careful consideration kept to its financial plan and increased council tax by the maximum allowable £1.34 for a band D property (3p per week) which is below the rate of inflation. This is in order to minimise the long term impact of government cuts on the services to the Merseyside Community.

Most taxpayers in Merseyside are in Band A and will see an increase of only 89p for their Fire and Rescue Service (or less than 2p per week)

1. The Authority has for many years maintained a robust financial plan and stuck to its value for money principles and in particular controlled council tax levels despite (in the last ten years) having to make major savings and structural changes because of government grant cuts.
2. Despite the financial pressures that have led it to (by some way) making the most efficiencies of any Fire and Rescue Service in the country, the Authority has managed to significantly improve the safety of the community of Merseyside and achieve more for less. It has significantly reduced Death and Injury from fire.
3. The Authority received the largest grant cuts in the country in the first two years of the spending review despite this excellent performance – a reduction of 13% over two years (2011/12 – 2012/13).
4. The Authority is very grateful to all the MP's, other fire authorities, councillors and partners who supported its lobbying campaign against the unfairness of Government cuts. However whilst the lobbying was to some extent successful the Authority still suffered further grant cuts of 8.7% in 2013/14 and a forecast of a 7.5% cut in 2014/15: This is a total 26% cut in grant funding over the spending review period and is higher than the national average.
5. This means the Authority has faced very tough and challenging decisions in setting a budget. Because of the significant efficiencies the Authority has been forced to deliver over the last decade it has already:-
 - Cut management costs
 - Reduced support services
 - Reduced firefighter numbers from over 1500 to 850
6. This means the Authority's room for manoeuvre in dealing with further financial challenge is limited and there are tough choices to be made.
7. The Authority also recognises that the Government has given notice that it expects to continue cutting public spending until at least 2017. Even if the Authority does as well as the national average the cuts will continue be very severe – currently forecast on a best case scenario to be at least £5m unless additional funding can be found.
8. Despite these likely challenges the Authority is keen to keep to its Budget principles if at all possible:-
 - Investing in line with its Mission
 - Seeking to minimise the impact of cuts on the service to Merseyside Communities
 - Committed to having an appropriate balance between local and central funding and to control council tax
 - It acknowledges the realities of the budget challenges it faces and plans prudently and strategically so as avoid compulsory redundancy wherever possible.

9. The Authority had already set in place prudent plans for the anticipated cuts and has already instructed:-
- a) The CFO to undertake a fundamental review of fire cover
 - b) The CFO to review the standards of fire cover appropriate for the County based upon risk
 - c) The CFO and management team to report back on what savings can be delivered from a fundamental review of cuts achievable in support services.
 - d) The Deputy Chief Executive to review the reserves strategy, the debt portfolio, alternative financing methods and the capital programme to identify any possible savings in the costs of debt servicing for the Authority
 - e) The Deputy Chief Executive to review in detail all technical assumptions in the base budget to assist the Authority to consider if there is any flexibility in those assumptions
 - f) The CFO to consult with the community of Merseyside on their view as to the consequences on the community of Merseyside of the potential cuts and whether they would be supportive of paying relatively small amounts of additional council tax to safeguard their Fire and Rescue Service
 - g) Grants delegated power to the CFO to continue to use VER/VS to reduce staff numbers where a business case exists to do so in line with the policies and procedures previously agreed by the Authority.
 - h) The CFO to review the current Home Fire Safety Check strategy with a view to ensuring that the investment offers the best returns in community safety.
10. This has allowed the Authority to maximise the savings from the back office and minimise the impact on front line services. It will continually review all these areas as it moves forward into the next spending review period.

Dealing with the Government Cuts

£7m from Back Office and Support Services

11. In light of the reviews undertaken, the Authority has been able to identify £7m of the required £10m savings from the back office and support areas and specifically approves the following as part of its financial plan:-
- Notes that the Authority has overachieved in savings delivery of its plan against a £9.2m total saving and utilising that saving to support the financial plan (£0.67m)

- Assumes a further two years of pay restraint for all staff and reducing the provision for pay bill increase to 1%- saving £1.0million. The Authority recognises that there is risk associated with this approach and will hold specific reserves for the short term to cover any pay increases higher than this recognising that in the medium term yet more savings will be required if this is the case.
- Agree the technical savings from the review of the inflation provision overall and the review of capital charges conducted saving £2.5m in total
- Agrees the additional income targets of £0.5m in total from:-
 - a) PFI Fire station use by the ambulance service
 - b) Increased efficiency through the JCC
 - c) Shared services at the vehicle workshops
 - d) Cost recovery of smoke alarms from low risk households
- Adopt in full the savings identified in the support service review to deliver £2.307m noting that:-
 - a) This puts at least 57 non-uniform posts at risk of redundancy and that many of the “support service” areas and posts affected in fact provide front line services to the community of Merseyside notably prevention and protection
 - b) This reduces the provision for investment in smoke alarms
- Assume a 10% saving in Members allowances in line with previous Authority decisions

Inevitable Front Line Cuts

12. Despite the significant cuts and efficiencies identified in support services the scale of the financial challenge means that there inevitably will be a substantial impact on the front line services.
13. The Authority notes the fundamental review of fire cover undertaken by the Chief Fire Officer and accepts in full its findings that will deliver a cut of £3m. The Authority recognises that this is a reduction of 90 fire-fighter posts and a 33% cut in the number of appliances available from the beginning of the spending review.
14. The Authority recognises how important to the local community and all stakeholders its Community Fire Stations are. It is therefore committed to seeking to maintain that resource and keep all its fire stations open as far as practical recognising at the same time that that comes at a cost.

15. The Authority is appalled at the impact that Government cuts have had on the level of fire cover in Merseyside. Despite its best efforts to find other efficiencies a loss of one third has been inevitable. The Authority accepts in full the fire cover model proposed by the Chief Fire Officer in light of the reduced resources made available and asks the Chief Fire Officer to work to introduce that model as soon as practical.

16. In order to mitigate the impact of this level of resource reduction on :-

- The preventative resources available to Merseyside
- Essential training time reductions which might be critical for Firefighter safety.

17. The Authority instructs the Chief Fire Officer to make changes to shift patterns and work routines that will minimise the impact of government cuts.

18. Recognising that it will take over three years to deliver these front line savings from natural turnover the Authority instructs the Chief Fire Officer to manage dynamically within the new fire cover model to deliver the savings and efficiencies in a timely and risk minimising way and to report back appropriately to the Authority on progress made.

IRMP

19. The Authority agrees to update its IRMP to reflect this financial plan and will consult with the local community on the IRMP and the impact these cuts will have upon them.

Implementation

20. The Authority recognises to fully deliver the £10m saving will take over two years if it wishes to minimise the likelihood of compulsory redundancy. It will reflect this phased approach in its Reserve strategy

21. It therefore instructs the Chief Fire Officer to adopt phased multi-year approach to delivery of the model.

22. In relation to Support Service and that need for a phased approach will be required and broadly expects the CFO should manage within the following framework:-

23. Immediate savings – YEAR 1 (2013/14)

- Roles deemed non-essential for statutory delivery through fundamental review
- Roles which can be subsumed within other roles - lesser organisational impact
- Those roles where duplication is identified

- Those roles that can be removed through internal shared services
 - Those roles that will subsumed aligned to an organisational restructure
24. Phased savings– YEAR 2 (2014/15) identified within 2 year financial plan and IRMP
- Those roles for which external funding may be possible
 - Those roles that will subsumed aligned to an organisational restructure not feasible in year 1
 - Those roles that will be subsumed following technological investment
25. The Authority wishes the CFO to use every available measure and management tool to avoid compulsory redundancy and therefore it grants delegated power to reopen and utilise the Voluntary Severance / Voluntary Early Retirement programme in line with the broad framework agreed by the Authority previously. In addition it would wish the CFO to consider if it is appropriate to make a similar offer to staff in the firefighting pension's schemes in order to deliver these savings.
26. In relation to firefighter post reductions the Authority will seek to use natural turnover rates recognizing this will take until 2015/16 and using reserves in the meantime.
27. The Authority will enter into consultation with the Representative Bodies where any member of staff is placed at risk of redundancy.
28. The Authority will adopt a full 90 days consultation period for all staff irrespective of numbers put at risk and any statutory requirements. This is in excess of the statutory minimum.
29. The Authority will also:-
- Maintain an at risk register in order to seek redeployment options where appropriate
 - Establish and manage outplacement support at the Training & Development Academy
 - Use “bumping” and grouping between roles where staff wish to take advantage of severance to deliver overall savings

30. Council Tax

- In identifying a financial deficit of £10m the Authority had already assumed a council tax increase at the maximum level assumed by the government of 2%.
- Because of the scale of the financial challenge likely in future the Authority has agreed, with a heavy heart, to stick to this plan and increase council

tax in 2013/14 by 2% to minimise the impact on the services to Merseyside in the future

- The impact of the budget on council tax will be a ***Band D Council Tax of £68.70, an increase of 3p per week to a total of £1.34 per week*** towards the fire and rescue service
- Most people in Merseyside will pay ***Band A Council Tax of £45.80 or 88p per week towards their fire and rescue service.***

Recruitment

31. Despite the need to reduce Firefighter numbers in the short term as part of the budget plan this Authority recognises that over the next decade almost two thirds of its firefighters are expected to retire. The loss of that experience and knowledge will bring major challenges for the Authority and the need to recruit 300-400 firefighters by about 2020. In addition it takes almost a year to train a firefighter across the full range of competencies.
32. In order to meet this challenge in a prudent and structured fashion the Authority has set aside a strategic reserve of £1m to support some staff recruitment to manage effectively succession planning .
33. It requests the CFO to explore the opportunities for delivering this including apprenticeship models and more flexible recruitment contracts and to report back to the authority with proposals for strategic recruitment

Planning for Next CSR

34. The Authority is seriously concerned about the announcement that this first phase of cuts is likely to be followed through with further cuts in 2015/16 and 2016/17. If Government follows through with this announcement (based upon how poorly local government, fire services and the Authority have done in the current CSR) then future years would see further cuts in fire cover across Merseyside unless government awards grants more fairly or council tax payers in Merseyside are willing to pay more for their Fire and Rescue Service.
35. The Authority whilst continuing with its strong and direct approach to lobbying recognises that it needs to plan prudently for what it would do if that approach is not successful.

Reserves

36. The Authority has prudently planned to meet its financial challenges over the medium term. The plan the Authority proposes is based upon the key assumptions around changes to grant, pay, tax and pension costs.
37. The Authority recognises that there are substantial risks associated with these assumptions and that, particularly in light of the significant economic turmoil; it is not unreasonable to expect a significant degree of financial uncertainty and risk which will vary across the life of the financial plan. The

Authority will therefore set a medium term financial plan based upon these key assumptions recognising that it may need to vary that plan to cope with changes arising.

38. In light of the risks within the financial plan the Authority therefore agrees to maintain the reserves as set out in Appendix B to this resolution and in particular maintain a general revenue reserve of £2.9million.

Capital Programme

39. The Authority approves the Capital programme as set out in CFO/025/13 which includes a total investment of over £31.484million over 2013/14 – 2017/18 period. The programme for 2013/14 shall be approved as £14.926million;

40. The Authority notes the prudential indicators that this programme produces and recognises that the proposed capital investment programme is prudent, sustainable and the borrowing affordable. This programme makes use of the freedoms available to the Authority under the prudential regime and proposes 'prudential' borrowing of £4.732million in 2013/14 as part of a total borrowing of £26.851million across the life of the plan.

41. The Authority notes that it has been successful in bidding for capital grant to support the development of a new joint blue light centre at Prescott and therefore this proposal be included within the IRMP and consulted upon appropriately.

42. In the light of the capital programme and the prudential indicators agree the Treasury Management Strategy and the indicators set out in that strategy for:

- (i) External Debt
- (ii) Operational Boundary for Debt
- (iii) Upper limits on fixed interest rate exposure
- (iv) Upper limits on variable rate exposure
- (v) Limits on the maturity structure of debt
- (vi) Limits on investments for more than 364 days

Basic calculations

43. Following consideration of the report of the Deputy Chief Executive (CFO/024/13 & CFO/026/13) and having taken into account views expressed in consultations, and all other relevant matters, pursuant to the Local Government Finance Act 1992, as amended, (the "Act"), the Authority determines its budget requirement for the financial year 2013/14 as follows.

44. Approves the capital expenditure programme for the financial year 2013/14 for the total of £14.926m as set out in report CFO/025/13 and the five year programme totalling investment of £31.484m, and in this respect notes the advice of the Deputy Chief Executive that the programme is prudent, sustainable and the borrowing affordable.

45. The Authority is recommended to resolve as follows:

- (a) It be noted that on 26 February, 2013 the Authority calculated the Council Tax Base 2013/14 for the whole Authority area as 329,223.6. [Item T in the formula in Section 42B of the Local Government Finance Act 1992, as amended (the "Act)].
- (b) That the following amounts be calculated for the year 2013/14 in accordance with sections 40 to 47 of the Act:

The Authority calculates the aggregate of: (A)

- calculates the expenditure which it estimates it will incur in the financial year 2013/14 in performing its functions and will charge to the revenue account for the year in accordance with proper practices under S42A (2) (a) of the Act as £71.117m,
- calculates the allowance as the Authority estimates will be appropriate for contingencies in relation to amounts to be charges or credited to the revenue account for the year 2013/14 in accordance with proper practices under S42A (2) (b) of the Act as £0.000m,
- calculates the financial reserves which the Authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure for 2013/14 under S42A (2) (c) of the Act as £0.136m,
- calculates the financial reserves as are sufficient to meet so much of the amount estimated by the Authority to be a revenue account deficit for any earlier financial year as has not been already provided for under S42A (2) (d) of the Act as £0.000m.

The Authority must also calculate the aggregate of: (B)

- the income which it estimates will accrue to it in the year 2013/14 and which it will credit to a revenue account for the year in accordance with proper practices, other than income which it estimates will accrue to it in respect of any precept issued by it under S42A (3) (a) of the Act as £48.635m,
- the amount of the financial reserves which the Authority estimates that it will use in order to provide for the items mentioned in S42 (2) (a and b) under S42A (3) (a) of the Act as £1.818m.

If the aggregate calculated under A above exceeds that calculated under B above, the Authority must calculate the amount equal to the difference; and the amount so calculated is to be its council tax requirement for the year under S42A (4) (Item R in the formula in S42B of the Act)

The Authority calculates the basic amount of its council tax by dividing the aggregate amount of S42A (4) (item R) divided by the council tax base (item T) above. The council tax requirement for 2013/14 is

£22,617,660 and the council tax base is 329,224, which is equal to £68.70 precept for a Band D property. This calculation meets the requirements under S42B of the Act.

46. The Authority calculates the council tax sums pursuant to s 47 of the Act as follows:

2013/14	Property Band	Increase
£		£
£45.80	For properties in Band A	0.89
£53.43	For properties in Band B	1.04
£61.07	For properties in Band C	1.19
£68.70	For properties in Band D	1.34
£83.97	For properties in Band E	1.64
£99.23	For properties in Band F	1.93
£114.50	For properties in Band G	2.23
£137.40	For properties in Band H	2.68

47. The Authority calculates the precept amounts payable by each constituent district council pursuant to s48 of the Act as follows:-

PRECEPT		AUTHORITY
£		
6,099,047	Payable by	LIVERPOOL
5,984,897	Payable by	WIRRAL
3,176,688	Payable by	ST.HELENS
5,256,663	Payable by	SEFTON
2,100,365	Payable by	KNOWSLEY
22,617,660		

48. The Authority requests the Deputy Chief Executive to arrange for precepts to be issued to the constituent district councils pursuant to s 40 of the Act before 1st March 2013, such sums to be payable by 10 equal instalments on or before the following dates:

19th April 2013
 29th May 2013
 4th July 2013
 9th August 2013
 17th September 2013
 23rd October 2013
 28th November 2013
 7th January 2014
 10th February 2014
 17th March 2014

49. The Authority notes that The Deputy Chief Executive has advised that the 2013/14 budget is based upon robust estimates.

Appendix A – Financial Plan

2013/14 - 2017/18					
	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
NET EXPENDITURE:					
2012/2013 Financial Plan	71,519	74,019	75,874	77,684	79,384
Grey Book 2012/13 1% Pay Award	391	391	391	391	391
Council Tax Support - Transitional Grant for LCC scheme	-64				
2013/2014 Financial Plan	71,846	74,410	76,265	78,075	79,775
FUNDING					
Government Funding					
Formula Funding	-36,959	-34,205	-33,401	-32,604	-33,256
Council Tax Benefit Grant - "RSG Element"	-3,838	-3,838	-3,646	-3,464	-3,533
Council Tax Benefit Grant - "BR Element"	-2,554	-2,554	-2,554	-2,554	-2,554
2011/12 Ctax Freeze Grant (assume nil post CSR2010)	-681	-681			
Start-Up Government Grant Allocation	-44,032	-41,278	-39,601	-38,622	-39,343
Business Rates: Increase in local forecast					
	-15				
Council Tax -					
2012/13 Revised base	-22,176	-22,619	-23,072	-23,995	-24,955
Assume 2% rise 2013/14 & 2014/15, 4% thereafter	-443	-453	-923	-960	-998
Collection Fund (surplus)/deficit	-55				
Forecast Council Tax Income	-22,674	-23,072	-23,995	-24,955	-25,953
Updated Income Forecast	-66,721	-64,350	-63,596	-63,577	-65,296
Forecast Net Position (surplus) / deficit					
	5,125	10,060	12,669	14,498	14,479
Solution:					
PHASE 2 (2013/14 - 2014/15)					
Technical					
Inflation Provision Review	-1,000	-1,300	-1,425	-1,500	-1,500
Reduce PAY inflation assumption in 2013/14 from 2 to 1 %	-400	-500	-500	-500	-500
Reduce PAY inflation assumption in 2014/15 from 2 to 1 %		-400	-500	-500	-500
Phase 1 additional savings to date on Mgt/Support & other	-670	-670	-670	-670	-670
Saving on revenue costs associated with Capital Spend	-1,000	-1,000	-1,000	-1,000	-1,000
	-3,070	-3,870	-4,095	-4,170	-4,170
Income					
Joint Control Room		-200	-200	-200	-200
Income PFI Stations	-75	-100	-100	-100	-100
Workshops		-100	-100	-100	-100
Smoke Alarm	-100	-100	-100	-100	-100
	-175	-500	-500	-500	-500
Phase 2 Proposed Cuts in Support Savings					
	-1,675	-2,157	-2,307	-2,307	-2,307
Phase 2 Proposed Cuts in Front Line Savings					
	-305	-1,750	-3,100	-3,100	-3,100
SMG Contingency Reserve					
	100				
Use of Smoothing Reserve					
		-1,783			
TOTAL SAVINGS	-5,125	-10,060	-10,002	-10,077	-10,077
PHASE 3 (2015/16 ONWARDS):					
2015/16 onwards savings yet to be identified			-2,667	-4,421	-4,402
Forecast Position (surplus) / shortfall:					
	0	0	0	0	0

Appendix B- Reserves

Analysis of Proposed Strategic reserves										
	31.3.2013	<i>In Year</i>	31.3.2014	<i>In Year</i>	31.3.2015	<i>In Year</i>	31.3.2016	<i>In Year</i>	31.3.2017	
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	
Insurance/Catatstrophe	1		1		1		1		1	
Inflation and Pensions	1.5		1.5		1.5		1.5		1.5	
Capital Investment	2		2		2	-2	0		0	
Cost Smoothing	5.5		5.5	-1.8	3.7	-3.7	0		0	
Recruitment	1	-0.5	0.5	-0.5	0		0		0	
Severance	1	-0.3	0.7	-0.7	0		0		0	
	12		11.2		8.2		2.5		2.5	
General Fund	2.9		2.9		2.9		2.9		2.9	

Close.

Next Meeting 9th April 2013