

## Medium Term Financial Plan - 2007

### Report of the Chief Fire Officer and Treasurer

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#### 1 Purpose of Report

This report recommends a structure for the Medium Term Financial Plan – 2007 (MTFP – 2007) and sets out the key issues for discussion and amendment.

#### 2 Recommendations

The Committee is recommended to agree the structure for the MTFP – 2007 and to consider whether it agrees that the key issues have been included.

#### 3 Background

Although not legally required, an MTFP is essential for shaping service and financial planning over a minimum of the next three years.

Consequently, the Fire Authority has developed its integrated service and budget from early beginnings in 2005/06, which where largely financial, to, in 2006/07, a major plan based on best practice.

In approving the MTFP last June, the Fire Authority agreed to update it annually (at least) and it will, therefore, be considering the MTFP – 2007 at its June meeting. Last year's MTFP was also published in conjunction with the Performance Plan and this practice will continue.



## 4 Current Plan

The current MTFP consists of seven main sections, which are set out in the Appendix to this report. There are also two appendices, one on Prudential Indicators, and another on the Glossary of Terms. It extends to over seventy pages, and it is hoped that the MTFP – 2007 can build on this foundation in a clear and concise way.

## 5 The Structure of the MTFP - 2007

The intention will be to build on the existing structure, and each of the sections is, therefore, considered in turn and the key changes or challenges are highlighted.

### Section 1: Introduction and Service Priorities

- i Updating for the 2007/08 to 2009/10 budget
- ii A key issue will be linking Priorities and Performance Improvement to the latest proposed Performance Indicators (PIs)
- iii Progress on our Customer Charter
- iv Progress with the initiatives designed to further modernisation, i.e. smoke alarm ownership, appliance availability and location
- v Progress on efficiencies
- vi An update on bringing policies and finance together, particularly in 2008/09 onwards

### Section 2: National Context

The key issues here will be around the Comprehensive Spending Review, the Grant Settlement, grant distribution and capping.

These represent major uncertainties, which may not be resolved until the autumn. It is proposed that the MTFP examines a range of scenarios, both optimistic and pessimistic. It would also be appropriate to highlight the importance of lobbying for:

- i Improvement or maintenance of the existing grant formula;
- ii Continued release of funding withheld as a result of flooring;
- iii Release of grant money used to recoup transitional funding through the grant system

Other changes, which require reference, are:

- i Regional Fire Control and Firelink
- ii Firebuy and national procurement
- iii Income generation
- iv Potential changes to New Dimensions



### **Section 3: Overview of Revenue**

This section will be updated for the outcome of the 2007/08 budget process. Particular reference needs to be made to the success in reducing the rate of precept increase in 2007/08, but also to potential issues for 2008/09.

Reference will also be made to the initial year of the new departmental management and budgeting.

### **Section 4: Value for Money Strategy**

A general review but in particular:

- i Review of policy on efficiencies
- ii Progress on comparisons and benchmarking
- iii Review of Partnerships

### **Section 5: Overview of Capital Investment Plan**

This will update our strategy for service delivery through investing or changing capital assets and will include:

- i An update on the capital programme
- ii Particular reference to investigating key options for Brigade Headquarters and St Michael's Street
- iii The latest multi-year capital programme

### **Section 6: Treasury Strategy**

This will provide a general update. A particular issue will be the development of longer-term cash flow forecasting as resource levels continue to change.

### **Section 7: Budget Risk Assessments**

This is increasingly important with changes to Statement of Internal Control arrangements, and growing emphasis by external auditors. Changes to our Risk Register will be highlighted.

## **6 Financial Implications**

There are no direct financial implications arising from this report.

## **7 Legal Comment**

There are no legal implications arising directly from this report.

## **8 Equality Impact Assessment**

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have decided that there are no



discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

## 9 Appendix

Contents of Medium Term Financial Plan 2006

## 10 Background Papers

### Shropshire and Wrekin Fire Authority

14 June 2006, Report 8 Medium Term Financial Plan 2006/07 to 2008/09

14 February 2007, Reports 10, 11 and 12

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	*
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings	*	Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link	*	Strategic Planning	*
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Initial Equality Impact Assessment	*



**Contents of Medium Term Financial Plan 2006**

<b>Section</b>	<b>Contents and Purpose</b>
Foreword by Chair and Chief Fire Officer	A statement of how business and financial planning allocates resources in accordance with policies and procedures
1 Introduction and Service Priorities	A summary linking resource allocation and service priorities and showing how this is managed and brought together within the Fire Authority
2 The National Context	<p>Outlines the underlying issues for:</p> <ul style="list-style-type: none"> <li>i National funding in meeting the service objectives for the Fire Authority;</li> <li>ii Achieving efficiencies;</li> <li>iii Precept levels; and</li> <li>iv Other main issues (especially the National Framework) affecting all fire authorities</li> </ul>
3 Overview of Revenue 2006-09	<p>Examines the key factors affecting revenue expenditure, grant income and the precept over the next 3 years</p> <p>Explains the strategy over that period and how public consultation takes place</p> <p>Links the budget and service objectives to the Business Departments charged with delivering these objectives</p>
4 Value for Money Strategy	Sets out the processes by which the Fire Authority continually seeks to achieve economy, efficiency and effectiveness. This includes particulars of work on benchmarking the CIPFA (Chartered Institute of Public Finance and Accountancy) financial statistics, as required by the Authority, and how examples of notable practice are tested for their application to this Fire Authority.
5 Overview of Capital Investment Plan 2006-09	Outlines the strategy behind the capital programme and how it will be funded.



6 Treasury Strategy 2006-09	Sets out the method by which the Fire Authority manages its Treasury functions and ensures that its capital investments are sustainable. Appendix A sets out the prudential indicators used to check for affordability and sustainability.
7 Budget Risk Assessment	The risks assessed in order to arrive at the strategy on resources, provisions and balances are scheduled.

