

REPORT OF THE CHIEF FIRE OFFICER AND TREASURER

SERVICE AND BUDGET PLANNING 2007/08 – 2009/10

1 Purpose of Report

This report brings together the issues, which need to be addressed in order to produce a recommended service and budget planning process to the Fire Authority at its meeting on 19 July.

2 Recommendations

The Committee is recommended to agree a budget and service plan process as outlined in paragraph 4 and scheduled in paragraph 5.

3 Background

The proposals are intended to adapt the process used in the last few years. This can be related to the Use of Resources Assessment, which will be undertaken by the Audit Commission in the autumn.

Of particular relevance are the following Key Lines of Enquiry (KLOE):

- 2.1.3 A comprehensive and balanced revenue budget has been set, based on realistic assumptions about pay, inflation and known service and capital development plans
- 2.1.4 Budget holders are involved in the budget setting process and budgets are reviewed by senior officers and Members before approval
- 2.1.5 Budgets are revised annually in the light of the reasons for, and consequences of, the previous year's outturn, and are linked to the medium term financial strategy



- 2.1.7 An affordable capital programme has been agreed and the current and future funding of this is built into revenue planning
- 2.1.8 The Authority's medium term financial strategy is linked to other internal strategies / plans as appropriate (Information Technology, Human Resources, Integrated Risk Management Planning (IRMP), Best Value Performance Plans)
- 2.1.14 Budgets are linked to:
- Medium term financial strategy and high level budgets for future years within this
 - Corporate business plans and IRMP
 - Risk assessments of material items of revenue and capital income and expenditure
- 2.1.16 The corporate business plan projects forward at least 3 years and takes account of:
- Stakeholder and partner consultation
 - External drivers, including funding variations and requirement to improve efficiency
 - Major capital investment plans and their revenue consequences
 - Risk assessments and financial contingency planning
 - Sensitivity analysis
 - Expected developments in service
- 2.1.18 There are project appraisals, business plans and affordability tests for new policy and capital developments.

4 Existing Procedures

The Fire Authority integrates its final year budget process with its service plans, e.g. in 2005 with IRMP and the Retained Review. Progress was made in developing a Medium Term Financial Plan (MTFP) over a longer period, in order to pick up capital investment plans and potential precept implications of grant changes, inflation etc.

The budget process has been that in July the Fire Authority has agreed an outline strategy and timetable. This has been consistent since the zero-base approach to 1998/99, when a zero-based assessment was made as the start of the new Fire Authority.

The strategy for each year has been:

a) July, August, September

Finance Officers review all existing revenue budgets with budget holders in the light of the previous year's outturn, monitoring to date and known changes likely to have an impact. They also review and update the capital programme, developing individual project appraisals.



b) October / November

Members consider:

- i) The outcome of the base budget review by officers to identify:
 - Potential efficiencies
 - Committed change (up or down)
- ii) The level of provision for unknown pay and price increases over the next three years. This is based on a realistic assessment and checked with other authorities. Members could vary this but would then need to consider the implications for reserves and balances.
- iii) Consider, justify and quantify growth in expenditure. Current policy is that this should be funded by efficiencies.
- iv) Consider efficiencies in the context of the base budget review, IRMP and the Government guideline nationally of about 5% ongoing efficiencies by 2007/08.
- v) Roll forward and revisit the three year capital programme and prudential guidelines in order to calculate and assess overall financing costs.
- vi) Review provisions, reserves and balances in the light of risks and changing circumstances.

c) Late November / December

Members review the outcome of b), as seen in the light of the provisional grant settlements, implications for the precept, capping statements etc.

d) January

Re-address budget plans, if necessary. Consult as widely as possible and review and reconsider the final budget package.

e) February

Set the precept.

5 The Strategic Planning Timetable

If the Committee is broadly content with this approach, then the budget timetable could be integrated as shown at the appendix to this report.

6 Legal Comment

There are no direct legal implications arising from this report.



7 Appendix

The Strategic Planning Timetable

8 Background Papers

Audit Commission Use of Resources Key Lines of Enquiry

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.

Balance Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment	*	Operational Assurance	
Equality and Diversity		Retained	
Efficiency Savings		Risk and Insurance	
Environmental		Staff	
Financial		Strategic Planning	*
Fire Control/Fire Link		West Midlands Regional Management Board	

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Strategic Planning Timetable

Month	Financial Plan	Performance Plan	Medium Term Financial Plan	Integrated Risk Management Plan	Retained Service Implementation Plan
April	Produce budget booklet.	Develop Business Plans			Developed
May	Develop proposals at Strategy and Resources Committee	Develop improvement priorities, capacity building needs and proposals. S&R agree performance targets.	Develop proposals at Strategy and Resources Committee	Draft Action Plan	
June	Fire Authority agrees accounts	CFA agree final version prior to formal release on 30 June.	Fire Authority agrees Plan	Develop draft Action Plan	
July	Fire Authority agrees Budget Plan			Fire Authority agrees Action Plan	
August September October	Develop plans for service changes, capital, inflation, reserves etc.			Consultation	Progress informs budget
November	Strategy and Resources Committee proposes net expenditure budget	Consider the implications of the National Framework.	Updated		
December	Fire Authority agrees budget for consultation in light of grant, tax base etc	Strategic Planning Workshops		Fire Authority endorses Action Plan	
January	Consultation				
February	Fire Authority agrees precept		Plan agreed after considering the impact of the budget		
March		Develop Business Plans			



