

## REPORT OF THE CHIEF FIRE OFFICER AND TREASURER

# MEDIUM TERM FINANCIAL PLAN 2006/07 – 2008/09

### 1 Purpose of Report

This report is to inform the Committee of the latest developments in producing the Medium Term Financial Plan (MTFP) and on examining available financial benchmarking information.

### 2 Recommendations

The Committee is asked to:

- a) Note the current background to, and purpose of, the MTFP;
- b) Note the approach to examining the comparative statistics for expenditure; and
- c) Receive a presentation on the progress so far in developing the MTFP.

### 3 Background

The MTFP is considered a key element in the Use of Resources audit. The following KLOEs (Key Lines of Enquiry) make specific reference to it:

- 2.1.1. The Authority has put in place a Medium Term (3 year) Financial Strategy (MTFS), which is linked to its key strategic aims and objectives and takes account of local improvements and national priorities, including the requirements of the efficiency agenda set out in Fire Service Circular (FSC) 8/2005.
- 2.1.2 The MTFS models income and expenditure over a minimum of 3 years and is reviewed and updated at least annually.
- 2.1.5 Budgets are revised annually in light of the reasons for, and consequences of, the previous year's outturn and are linked to the MTFS.



- 2.1.12 The MTFS is linked to other internal strategies and plans as appropriate, such as Human Resources, Information Technology, Integrated Risk Management Planning and the Best Value Performance Plan.
- 2.1.13 Business planning is integrated into financial planning and drives the MTFS and internal resources allocation, with changes in allocations determined in accordance with policies and priorities.
- 2.1.14 Budgets are linked to the MTFS and high level budgets for future years within this.
- 2.1.15 The Authority's MTFS is communicated to staff and stakeholders.
- 2.1.19 The MTFS describes in financial terms joint plans agreed with partners and other stakeholders.
- 2.1.20 The MTFS models balance sheets and resources requirements over a minimum of 3 years.
- 2.3.1 The Authority has an up-to-date corporate capital strategy, linked to the IRMP and the MTFS.
- 3.1.8 The Authority has made appropriate provision in its MTFS to manage the impact of reductions in Government funding, brought about by adjustment for the return of transitional funding in 2006/07 and 2007/08.
- 4.1.14 The Authority can demonstrate that it has embedded business risk management in its corporate business processes, including strategic and financial planning.

It is hoped that the MTFP will demonstrate that the Fire Authority is matching the expectations as reflected in these KLOEs.

The Performance Management Committee was also concerned that the Fire Authority assures itself that any potential opportunities for service improvement revealed by the 2005/06 Chartered Institute of Public Finance and Accountancy (CIPFA) Expenditure Statistics are followed up through the Strategy and Resources Committee. This was accepted by the Authority on 10 May, and officers intend to bring reports to this Committee during the year, incorporating key issues into the MTFP.

## 4 Structure of the MTFP

The current structure of the Plan is set out below and is related to the KLOEs listed in paragraph 3 above.

Section	Contents and Purpose	KLOE
Foreword by Chair	A statement of how business and financial planning allocates resources in accordance with policies and priorities	2.1.13 2.1.15 (part)



<b>Section</b>	<b>Contents and Purpose</b>	<b>KLOE</b>
Foreword by Chief Fire Officer and Treasurer	A statement of the work being done to improve the financial planning process	2.1.12
1. Introduction and Service Priorities	A summary linking resource allocation and service priorities and showing how this is managed and brought together within the Authority	2.1.12 2.1.13
2. The National Context	Outlines the underlying issues for: <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>	2.1.1
3. Overview of Revenue	Examines the key factors affecting revenue expenditure, grant income and the precept over the next 3 years Explains the forward year strategy and how public consultation takes place Links the budget and service objectives to the Business Departments charged with delivering these objectives	2.1.1 2.1.2 2.1.14 2.1.15
4. Value for Money Strategy (and Appendix A)	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 financial statistics, as required by the Authority. Appendix A is intended to ensure that all examples of good practice are tested for their application to this Fire Authority, even if no further concrete results can be obtained.	2.1.1
5. Overview of Capital Investment Plan	Outlines the strategy behind the capital programme and how it will be funded	2.3.1



Section	Contents and Purpose	KLOE
6. Treasury Strategy	Sets out the method by which the Fire Authority manages its Treasury functions and ensures that its capital investments are sustainable. Appendix B sets out the prudential indicators used to check for affordability and sustainability.	2.3.1
7. Budget Risk Assessment	The risks assessed in order to arrive at the strategy on resources, provisions and balances are scheduled	4.1.14

## 5 Legal Comment

There are no direct legal implications arising from this report.

## 6 Appendices

There are no appendices attached to this report.

## 7 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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