

## REPORT OF THE TREASURER

# MEDIUM TERM FINANCIAL PLAN

### 1 Purpose of Report

This report draws out a projection of financial trends for the Fire Authority, consistent with current service plans and based on assumptions agreed at earlier meetings. The report is for noting and taking into account in developing future service and financial planning. The Medium Term Financial Plan is attached as an appendix.

### 2 Recommendations

Members are requested to note the report at this stage.

### 3 Background

Members asked that the Plan should be updated when the Provisional Grant Settlement was announced. It was also agreed that Government Grant should be projected to grow at 2.5% per year, and that income from Council Tax should be projected at 4.5% a year. Growth in income from local tax payers is **not** the same as the increase in the precept. That will depend on the growth in the Council Tax base. The projections are attached as an appendix to this report.

### 4 Main Features in the Projections

The projections are only as helpful as the validity of underlying assumptions. These are:

#### Expenditure

- a) Pay and prices increase by 3.5% and 2.5% per year, respectively;
- b) Projected capital programmes are used to estimate the growth in revenue financing costs;
- c) Any new developments are financed by efficiencies; and
- d) The Regional Control Room changes involve a net zero cost.



## **Income**

- a) Government Grant projections for 2007/08 are received and grow at 2.5% per year thereafter; and
- b) Council Tax income grows at 4.5% each year.

The consequences of this show that, by 2008/09, a funding deficit will arise. This is caused by the effect of the retained review, inflation and the capital programme growing faster than the assumed increase in grant and Council Tax. This, however, stabilises and deficits are removed and surpluses develop from 2012/13.

This can only be seen as background information at this time. The picture will become clearer as Integrated Risk Management Planning work progresses, and more details of regional issues are released, noting the costs of regional control rooms.

## **5 Legal Comment**

There are no legal implications arising directly from this report.

## **6 Equality and Diversity Implications**

There are no equality or diversity implications arising directly from this report.

## **7 Appendix**

Medium Term Financial Plan

## **8 Background Papers**

There are no background papers associated with this report.

For further information about this report please contact Keith Dixon, Treasurer on 01743 260202.

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	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Administrative Costs	735	777	777	777	777	777	777	777	777	777
Provisions, Reserves and Contingencies	629	0	0	0	0	0	0	0	0	0
Pensions	2,030	1,708	1,863	2,048	2,030	2,030	2,030	2,030	2,030	2,030
Income	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
<b>Total</b>	<b>17,948</b>	<b>17,629</b>	<b>17,836</b>	<b>18,069</b>	<b>18,142</b>	<b>18,142</b>	<b>18,142</b>	<b>18,142</b>	<b>18,142</b>	<b>18,142</b>

Revenue Consequences of Capital		64	304	568	702	790	910	1,039	1,162	1,162
Developments/Efficiencies	-	0	0	0	0	0	0	0	0	0
Regional Control Room	-	-	-	0	0	0	0	0	0	0
<b>Total Expenditure</b>	<b>17,948</b>	<b>18,163</b>	<b>19,110</b>	<b>20,107</b>	<b>20,849</b>	<b>21,548</b>	<b>22,200</b>	<b>22,929</b>	<b>23,672</b>	<b>24,312</b>

<b>Resources</b>										
Revenue Support Grant/ National Non Domestic Rates	7,219	6,786	7,256	7,437	7,623	7,813	8,009	8,209	8,414	8,625
Council Tax	10,729	11,376	11,889	12,424	12,983	13,567	14,178	14,816	15,483	16,179
<b>Total Resources</b>	<b>17,948</b>	<b>18,162</b>	<b>19,145</b>	<b>19,861</b>	<b>20,606</b>	<b>21,381</b>	<b>22,187</b>	<b>23,025</b>	<b>23,897</b>	<b>24,804</b>
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>(1)</b>	<b>35</b>	<b>(246)</b>	<b>(243)</b>	<b>(167)</b>	<b>(13)</b>	<b>96</b>	<b>225</b>	<b>492</b>