



# SHROPSHIRE AND WREKIN FIRE AUTHORITY STRATEGY AND RESOURCES COMMITTEE

## MEDIUM TERM FINANCIAL PLAN

**30 MAY 2007**

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# MEDIUM TERM FINANCIAL PLAN



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# Comprehensive Performance Assessment 2005

- Capacity: Resources and Value for Money
- Score 2 - Adequate
- “No medium-term financial strategy in place to formalise financial planning”

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# Medium Term Financial Plan

SHROPSHIRE AND WREKIN  
FIRE AUTHORITY

MEDIUM TERM  
FINANCIAL PLAN

2006/07 to 2008/09



- Introduction and Service Priorities
- National Context
- Overview of Revenue
- Value for Money Strategy
- Overview of Capital Investment Plan
- Treasury Strategy
- Budget Risk Assessment
- Prudential Indicators

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# 2006 Use of Resources Audit

- Financial Reporting Performing Well
- Financial Management Performing Well
- Financial Standing Performing Well
- Internal Control Performing Well
- Value for Money Performing Well

Note: Only 12 out of 47 FRAs achieved this level of performance

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# Service Priorities



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# Aims and Objectives

- **STRATEGIC AIM 1**
- Reduce the risk to life and material loss from fires, road traffic collisions and other emergencies in the community
- **STRATEGIC AIM 2**
- Protect life, property and the environment from fire and other emergencies
- **STRATEGIC AIM 3**
- Secure the highest level of safety and welfare for all staff and Authority members by providing effective supervision, training, equipment and systems of work
- **STRATEGIC AIM 4**
- Provide a service that demonstrates quality and Best Value in service provision
- **STRATEGIC AIM 5**
- Provide a service committed to the highest levels of equality and fairness

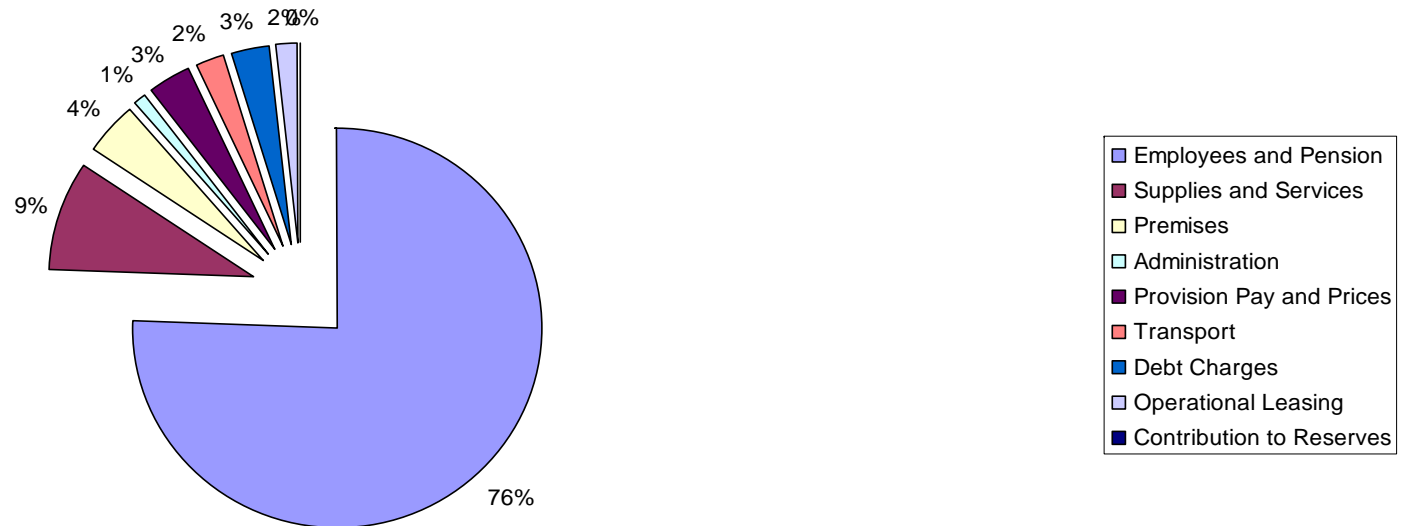
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# Budget Breakdown

Shropshire and Wrekin Fire Authority Budget Breakdown 2007/08



Employee Costs Account  
For 76% of Budget

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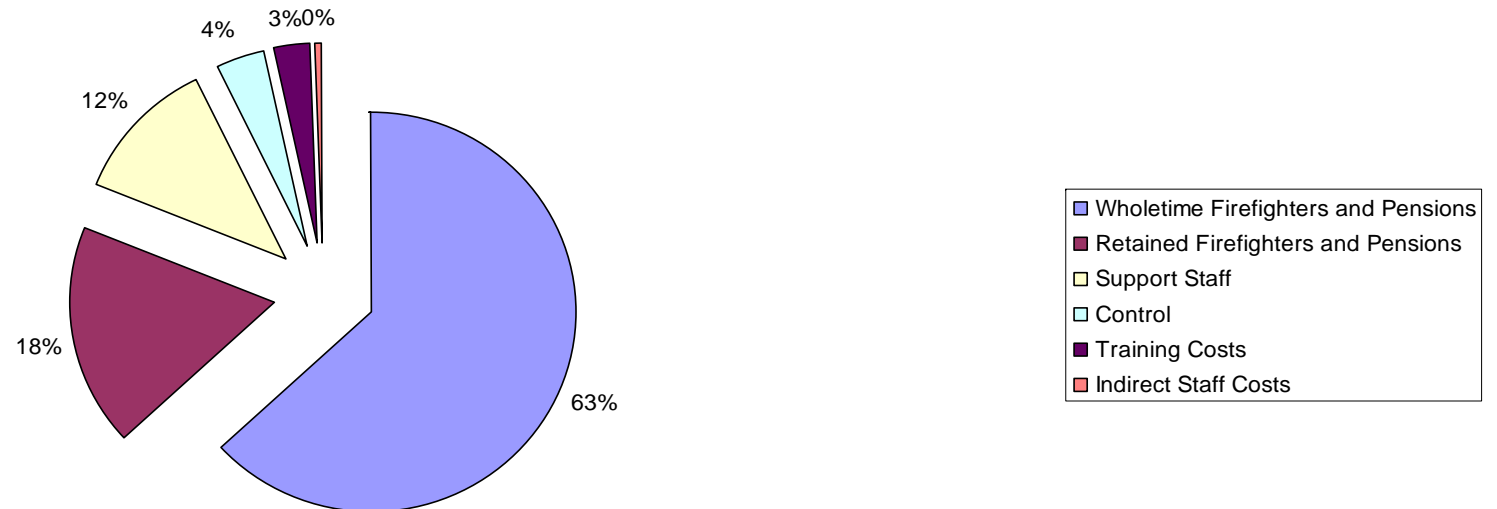






# Employee Detail

Shropshire and Wrekin Fire Authority Breakdown of Employee Costs 2007/08



85% of Employee Costs are Service Delivery

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# Delivering Against Priorities

REF	Description of PI	Lower Threshold	Upper Threshold	Adjusted	SFRS
F1	Primary fires per 10,000 pop	15.2	7.5	Deprivation	7.54 <b>Mid</b>
F2	Accidental dwelling fires per 10,000 dwellings	9.9	5.2	Deprivation	6.44 <b>Mid</b>
F3	Deaths arising from accidental dwelling fires per 100,000 population	0.625	0.5	None	0.492* <b>Upper</b>
F4	Injuries arising from accidental dwelling fires per 100,000 population	6.0	2.0	Deprivation	-0.51 <b>Upper</b>
F5	Percentage of accidental dwelling fires confined to room of origin	89.60%	91.30%	None	90.85% <b>Mid</b>
F6	False alarms caused by automatic fire detection attended per 1,000 non-domestic properties	150.9	112.2	None	86.8 <b>Upper</b>
F7	Number of deliberate primary fires (including vehicles) per 10,000 population	No change or increase from 2004/05 to 2005/06	Net reduction – 7.5% from 2001/02 to 2005/06	None	44% reduction <b>Upper</b>



# SWFA Performance Framework 2006/07 SCORECARD

<b>CPA 2005 Score:</b>	Excellent
	✓ <b>Good</b>
	Fair
	Weak
	Poor
<b>Use of Resources:</b>	4 - Performing Strongly
	✓ <b>3 – Performing well</b>
	2 – Adequate performance
	1 - Inadequate performance
<b>Direction of Travel:</b>	Improving strongly
	✓ <b>Improving well</b>
	Improving adequately
	Not improving adequately or Not improving
<b>Service Assessment:</b>	✓ <b>4 - Performing Strongly</b>
	3 – Performing well
	2 – Adequate performance
	1 - Inadequate performance



# National Recognition

Fire and rescue

National report

April 2007

 **audit**  
commission



## Fire and rescue performance assessment

Scores and analysis of performance in fire and rescue  
authorities 2006

10 Fire and rescue performance assessment | Direction of travel

- 32 Fire services are putting in place systems to improve performance for the future. Understanding the relationship between the costs and the quality of service delivered remains a challenge. The majority of services are unable to demonstrate measurable outcomes from their improvement initiatives. While these may be difficult to assess, it is important that the service can demonstrate that the improvements have come from changes they have made.
- 33 Capacity and the ability to achieve economies of scale remain an issue for many smaller services, but some are rising to this challenge.

### Case study 1 – Shropshire Fire and Rescue Service Changing the service to meet needs

The service is performing well in priority areas and in relation to the national framework. It is consistently one of the best performing services with regard to the numbers of injuries, deaths, calls to false alarms and malicious fires. The service is focusing on its key local priorities and actively targets home fire risk assessments and community safety in rural communities. This has reduced the risk of fire in rural Shropshire. Its 'Keep warm, keep well' programme is responding to the needs of older people with initiatives to reduce deaths due to the cold and to improve community safety by fitting security devices such as door chains.

The service is providing good value for money. Its costs compare well with others and have remained below average. It has a strategy for achieving efficiencies from various activities such as the reduction in unnecessary aerial appliance cover and the use of XL cabs. It has invested an additional £824,000 in the retained service following an extensive review, resulting in improved availability of retained appliances. As a result, recruitment levels of retained firefighters are better, community safety is promoted in high-risk rural areas and fire cover has improved.

The service has plans for further modernisation. Plans are SMART,<sup>1</sup> clearly linked to budgets; integrated with each other; cover the medium to long term; and support the vision and aims of the FRA. The service has improved its capacity to deliver changes by restructuring. Plans are more reflective of community needs and the service has invested in partnership work to improve its capacity.

<sup>1</sup> SMART – specific, measurable, achievable, realistic and time bound.



# The Costs of Further Improvement

- Improving Smoke Alarm Ownership
- Ensuring all Fire Appliances are Available
- Ensuring Fire Appliances are Located to Match Risk

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# National Context



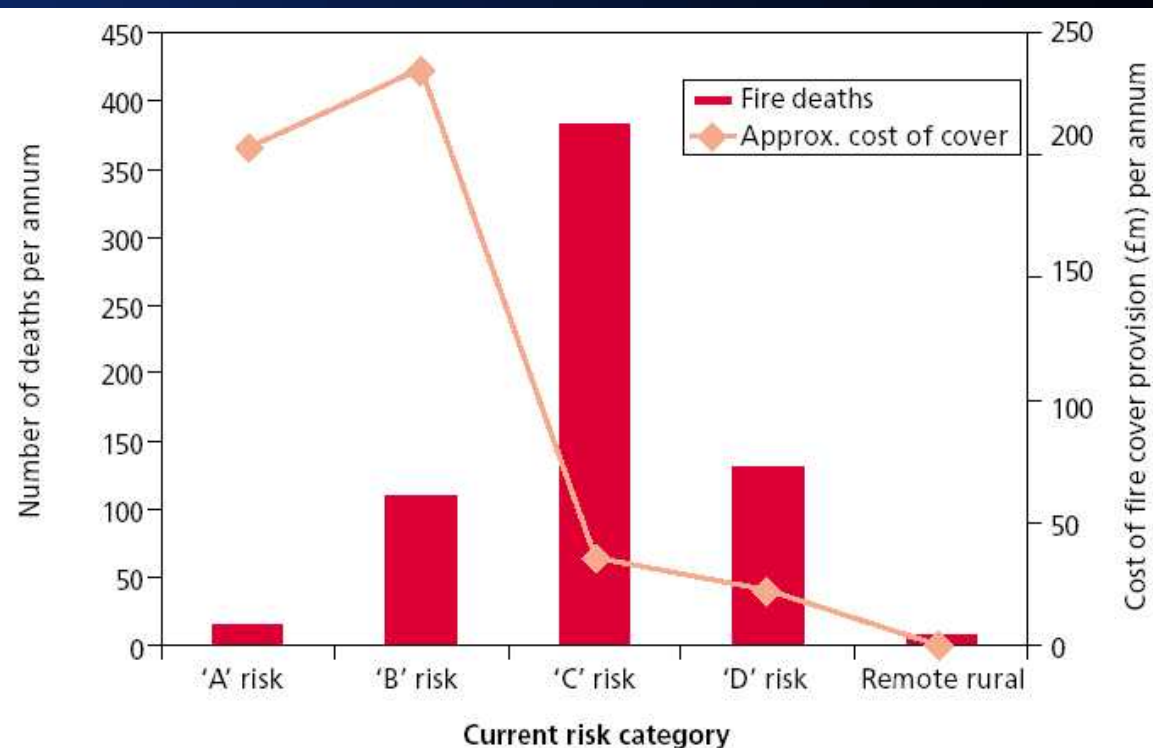
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# Background

- The Bain Review (2002)
- Our Fire and Rescue Service (White Paper 2003)
- Fire and Rescue Service Act 2004
- Fire and Rescue National Framework 2004/05
- Fire and Rescue National Framework 2005/06

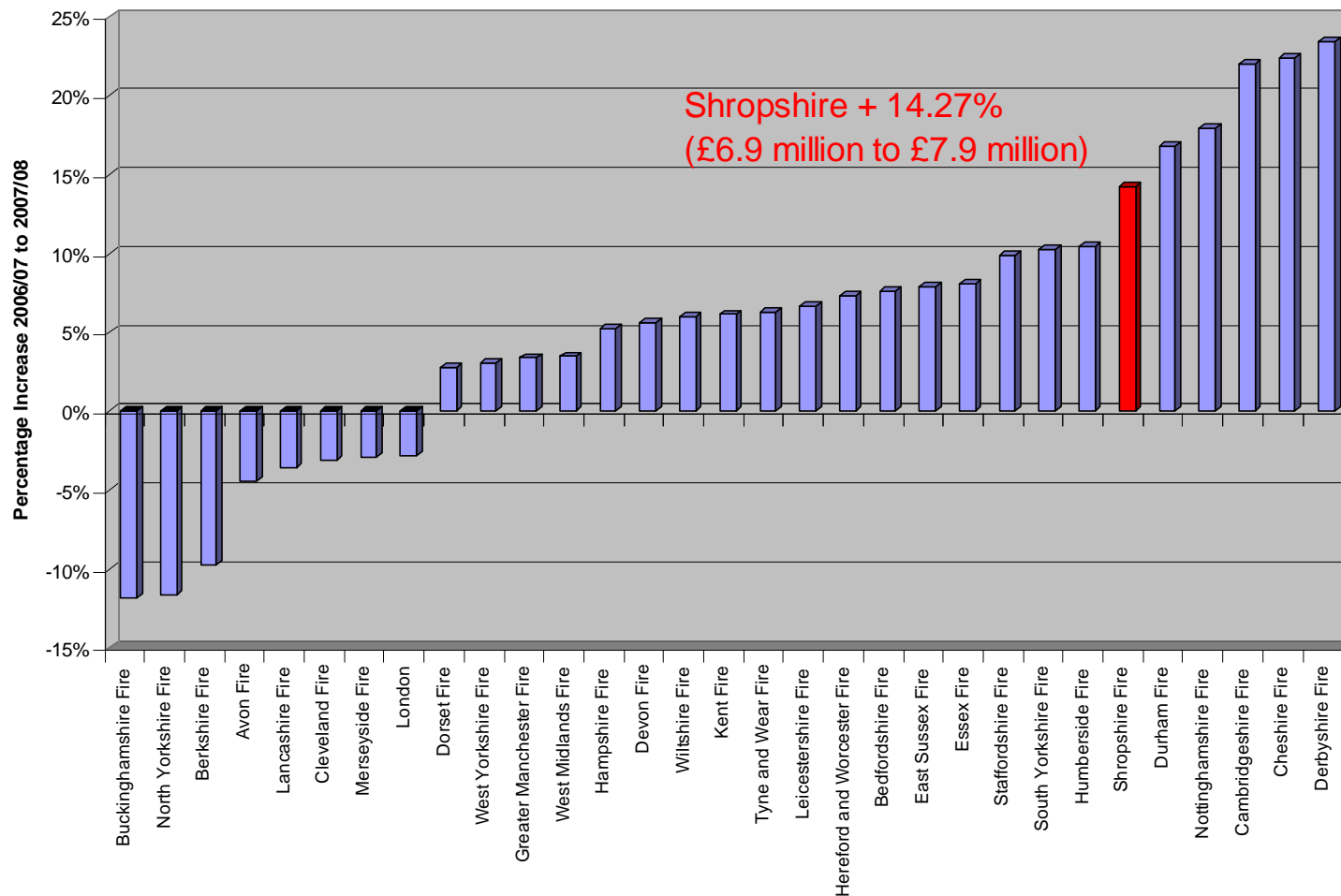


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# Re-distribution of Funding Continues into 2007/08

Percentage Grant Changes for English FRAs 2007/08

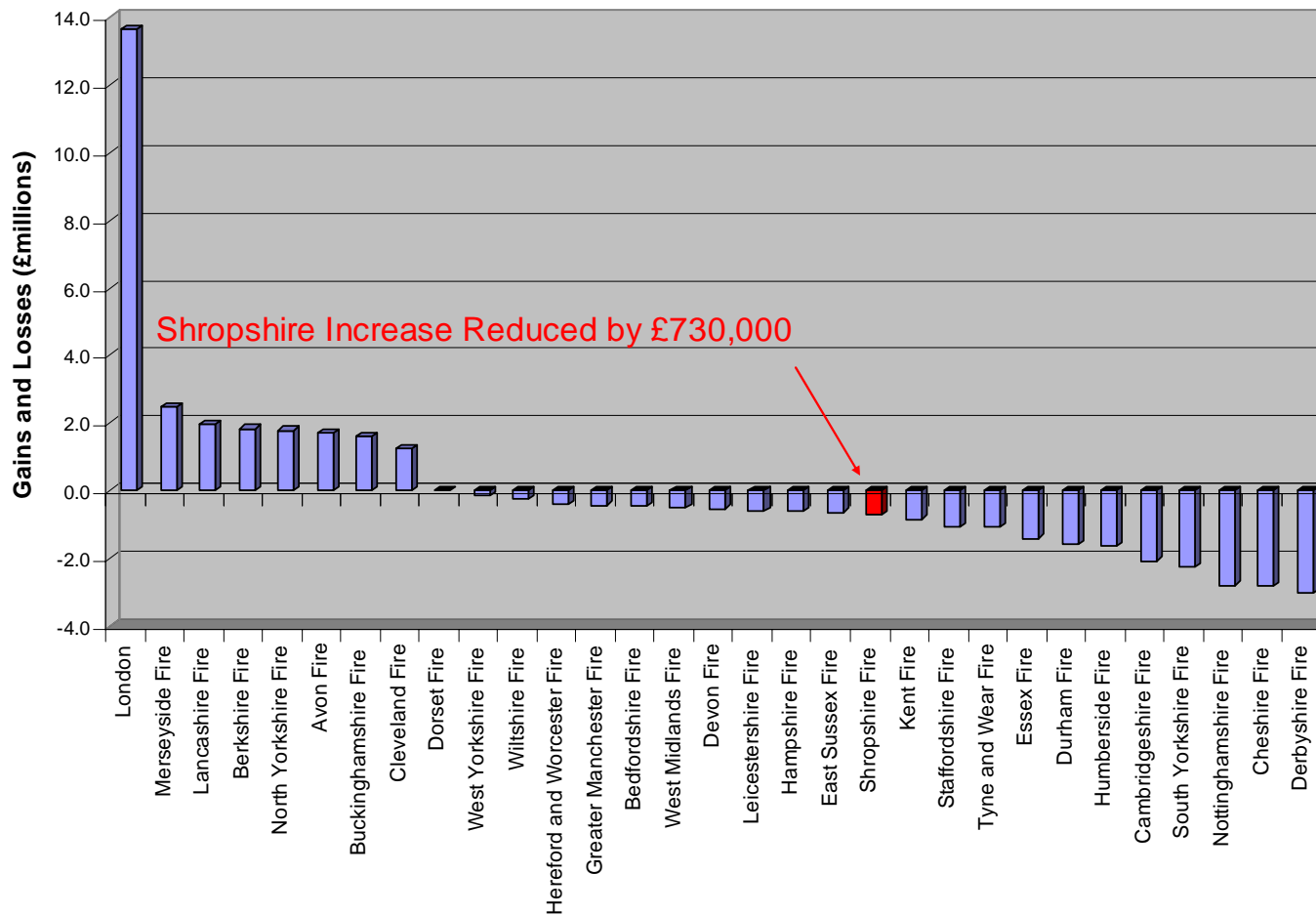






# But – So Does Flooring (2.7%)

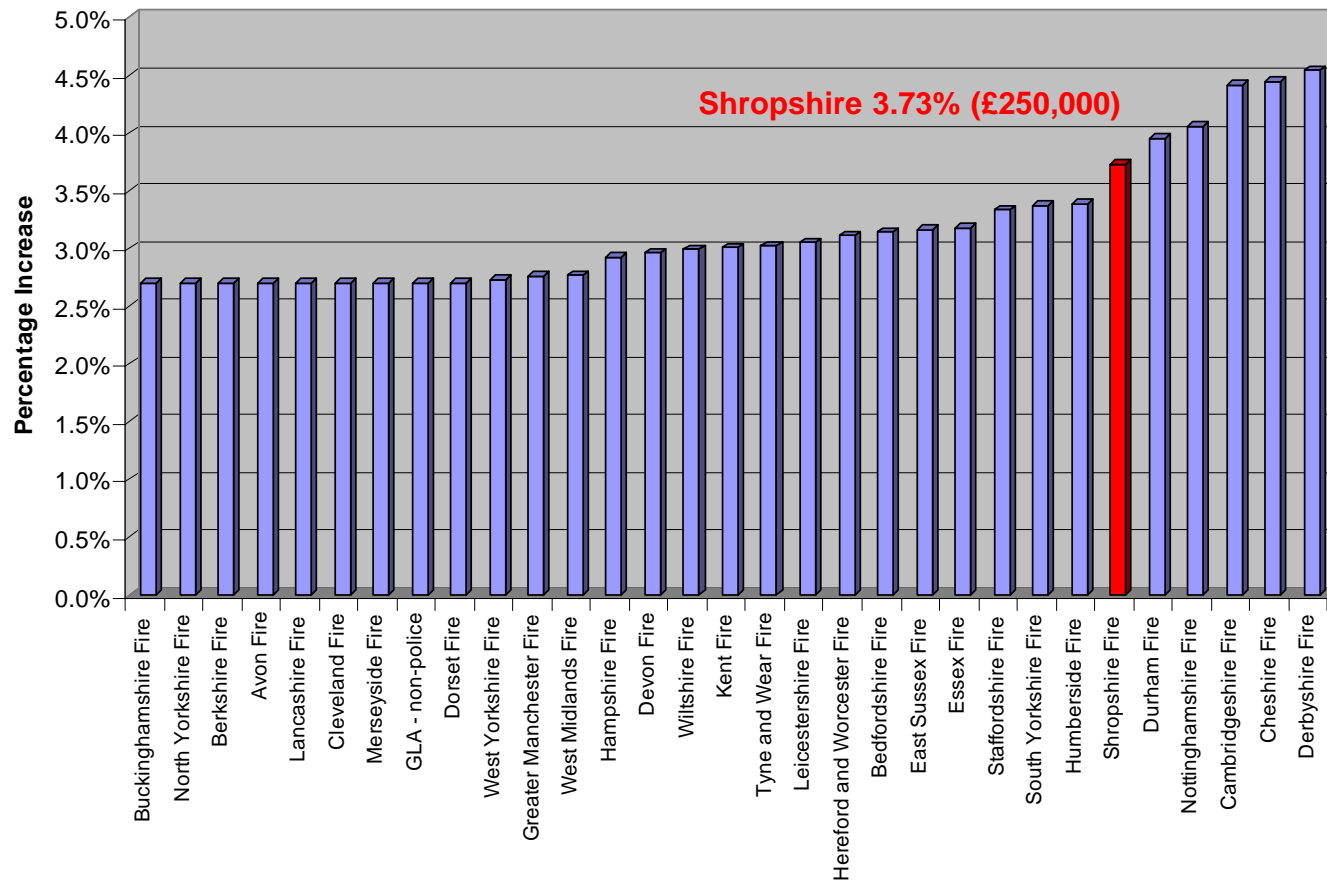
Financial Impact of Flooring 2007/08





# % Grant Increase After Flooring

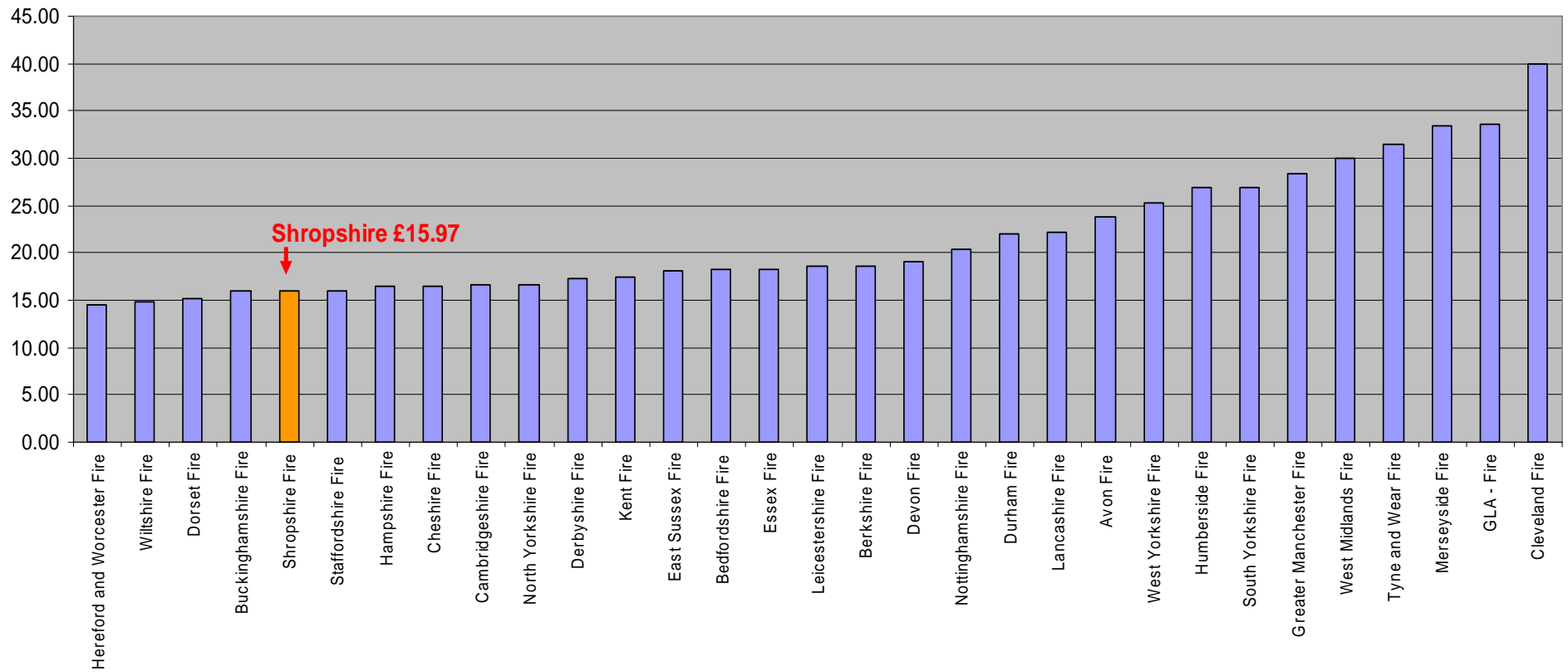
Percentage Grant Increase after Flooring 2007/08





# Grant Per Head of Population

Grant per head of Population for CFAs and Metropolitans 2007/08





# What Does This Mean?

	Budget (£ millions)	Grant (£ millions)	Council Tax (£ millions)	Band D Council Tax	% Change
<b>2006/07</b>	18.296	6.936	11.360	£72.62	(4.5% on 2005/06)
<b>2007/08 Before Flooring</b>	19.059	7.926	11.133	£70.77	-2.5%
<b>2007/08 After Flooring</b>	19.059	7.195	11.864	£75.45	3.9%

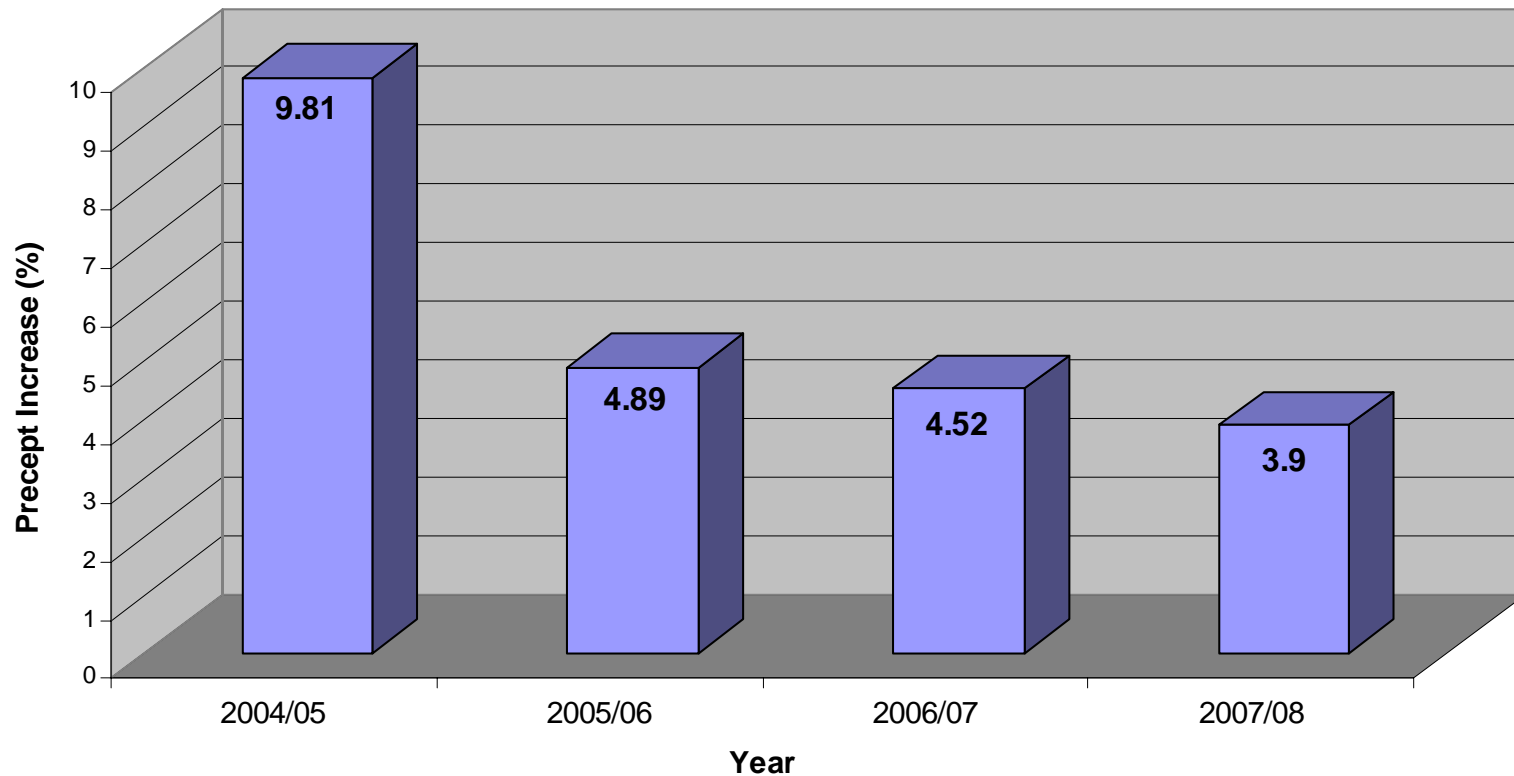
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# SWFA Maintaining Downward Trend in Precept Increases

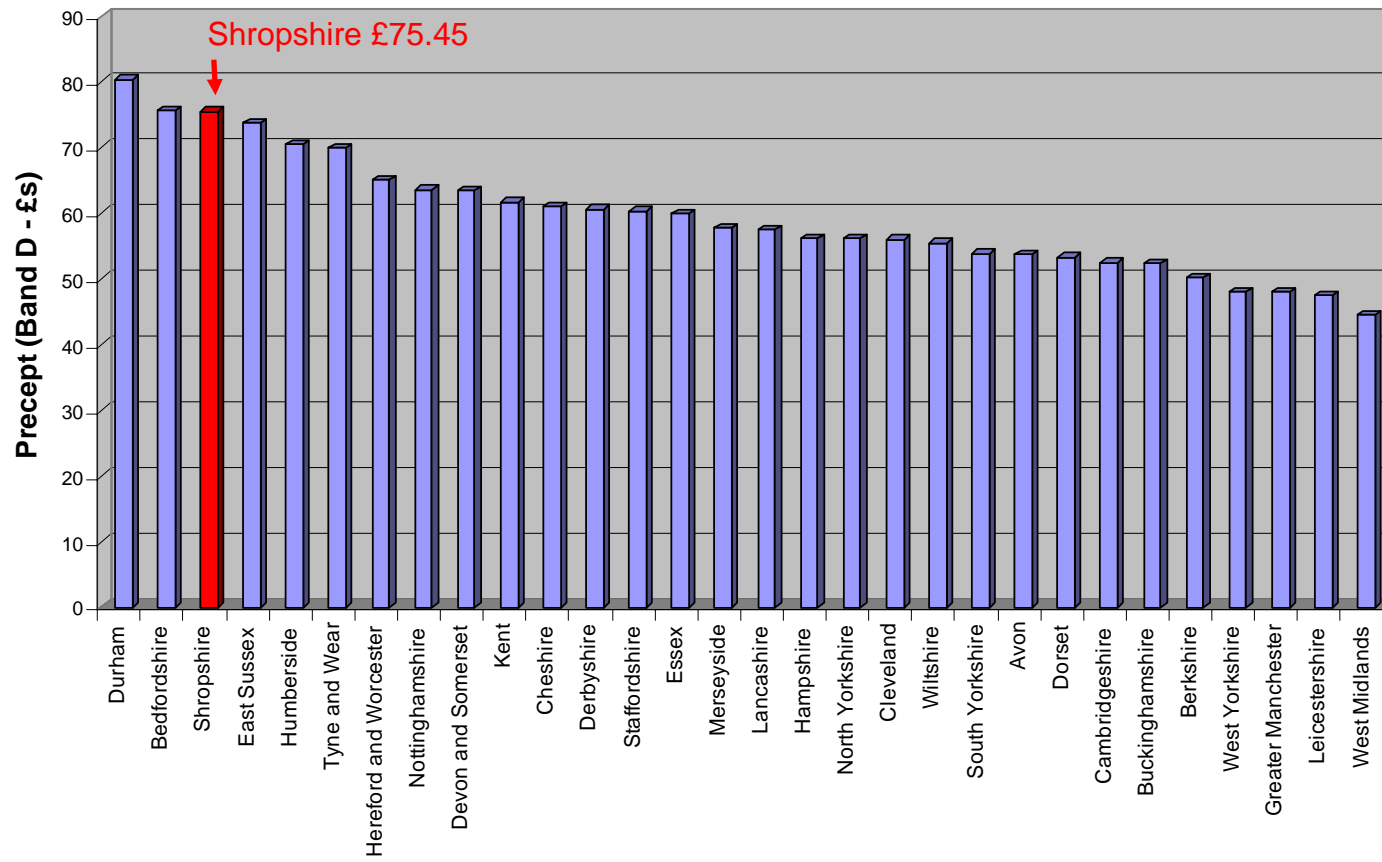
SWFA Precept Increases 2004/05 to 2007/08





# But Still Expensive to Taxpayer

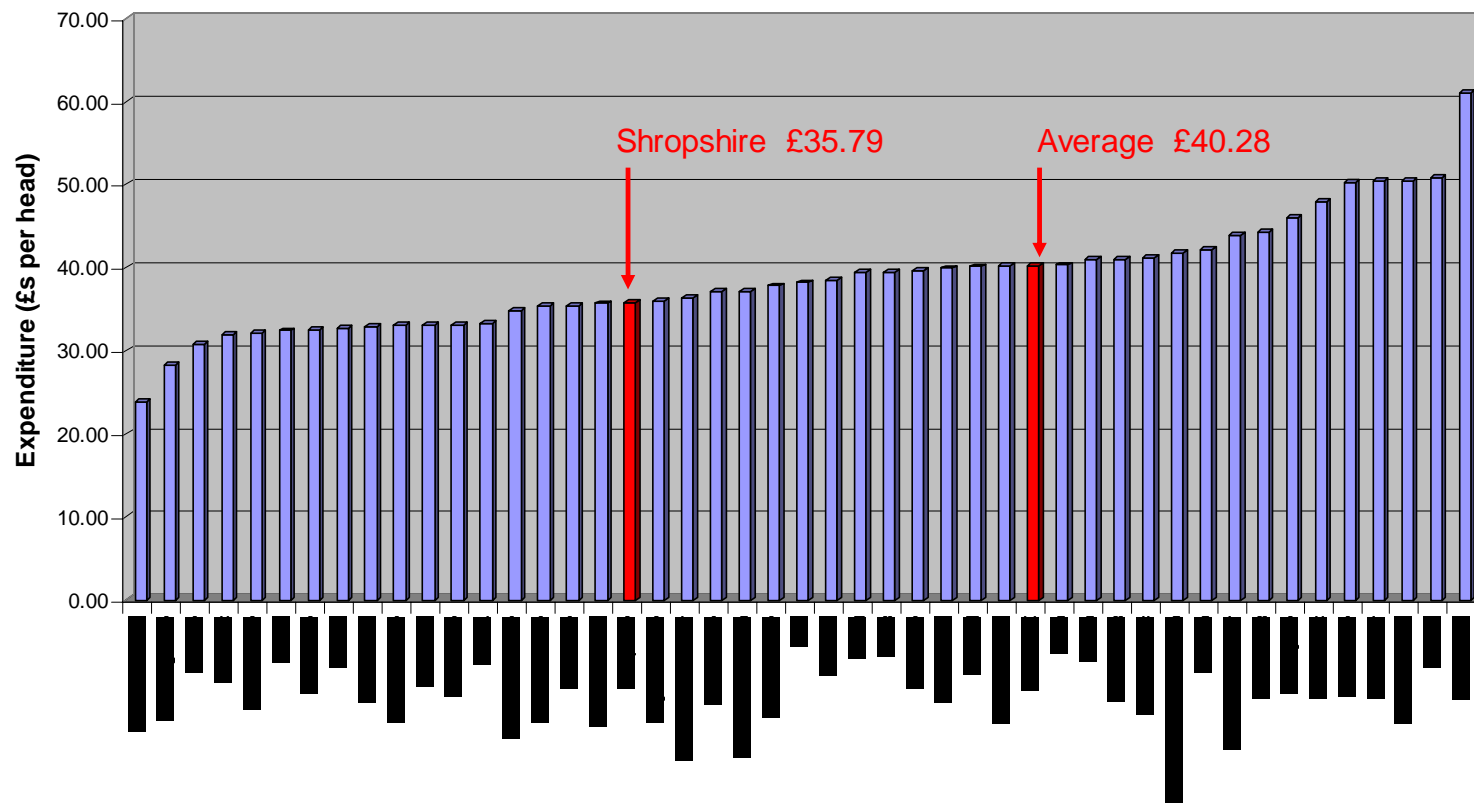
Precept 2007/08





# Expenditure Per Head of Population

Expenditure Per Head of Population 2005/06



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# Overview of Revenue



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# Expenditure Growth

	2007/08 £ 000	2008/09 £ 000	2009/10 £ 000
2006/07 Budget Requirement	18,296	18,296	18,296
Changes to Pension Funding Arrangements	107	243	253
Other committed changes	41-	57-	43-
Pay and Price Increases	598	1,224	1,832
Cashable efficiencies	100-	160-	124-
IRMP developments	280	375	473
Capital Programme	89	195	275
Reserves and Provisions – Transitional Payment Reserve	-	100	100
Grant amending orders	170-	170-	170-
	<b>19,059</b>	<b>20,046</b>	<b>20,892</b>
<b>Precept</b>	<b>£75.45</b>	<b>£79.40</b>	<b>£82.92</b>
<b>Precept Increase</b>	<b>3.9%</b>	<b>5.2%</b>	<b>4.4%</b>



# Budget Consultation Results

Independent Report of Consultation on the Precept 2007/08

“All participants felt that the **rise in council tax** to fund Shropshire and Wrekin Fire Authority’s budget increase is reasonable, justified and about right.”

“All groups were of the view that the Fire Authority represents **excellent value for money**. Participants felt that they receive an excellent service for the amount they pay through their Council Tax.”

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# Uncertainties ???

- Comprehensive Spending Review results not due until the autumn
- Huge areas of uncertainty for budgets beyond 2007/08
- Dealt with in Risk section of MTFP

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# Budget Management

	<b>Staff Budgets</b> £'000	<b>Other Budgets</b> £'000	<b>Total Budget</b> <b>2007-08</b> £'000
<b>Executive</b>	570	1,745	2,315
<b>Community Safety</b>	11,003	125	11,128
<b>Human Resources and Development</b>	1,018	867	1,885
<b>Performance Improvement</b>	741	804	1,545
<b>Resources</b>	414	1,772	2,186
<b>Grand Total</b>	<b>13,746</b>	<b>5,313</b>	<b>19,059</b>

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# Provisions and Reserves

	2007/08 £'000	2008/09 £'000	2009/10 £'000
Equipment Replacement Provision	113	125	139
Retained Review Project	195	100	
Efficiency Reserve	48		
Capital Reserve	315	159	228
Extreme Weather Reserve	412	424	437
Pensions Reserve	281	289	298
General Reserve	926	953	981
<b>TOTAL</b>	<b>2,290</b>	<b>2,050</b>	<b>2,083</b>

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# Value For Money Strategy



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# Methodologies

- IRMP
- Developments funded by Efficiencies
- CIPFA Benchmarking
- Notable Practice Guidance
- Base Budget Reviews
- Procurement Practices
- Audit
- Performance Management

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# Overview of 10 Year Capital Investment Plan



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# 10 Year Plan

	2007/ 08 £'000	2008/ 09 £'000	2009/ 10 £'000	2010/ 11 £'000	2011/ 12 £'000	2012/ 13 £'000	2013/ 14 £'000	2014/ 15 £'000	2015/ 16 £'000	2016/ 17 £'000
<b>Buildings</b>	320	65	255	1,565	2,565	65	65	65	65	65
<b>Vehicles</b>	590	780	860	610	120	510	340	950	850	870
<b>Equipment &amp; PPE</b>	50		250	334					150	
<b>Training Facilities</b>	30	30	30	30	30	30	30	30	30	30
<b>ITC</b>	60	160	75	50	50	50	50	50	50	50
<b>Capital Receipts</b>				-500	-500					
<b>Total</b>	<b>1,050</b>	<b>1,035</b>	<b>1,470</b>	<b>2,089</b>	<b>2,265</b>	<b>655</b>	<b>485</b>	<b>1,095</b>	<b>1,145</b>	<b>1,015</b>

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# Significant Investments

- Premises. Maintenance and relocation to improve service  
£4.095 million (33% of total)
- Vehicles. To meet fleet replacement policies  
£6.480 million (53% of total)
- Equipment and PPE. Firefighter safety  
£0.784 million (6.5% of total)
- Training. Maintaining and improving facilities  
£0.3 million (2.5% of total)
- Information Technology and Communications equipment  
£0.645 million (5% of total)

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# Treasury Strategy



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- Long Term Borrowing
- Short Term Investments
- Prudential Indicators
- Strategy Proposals
- Short Term Investment
- Treasury Management Practice
- Governance Arrangements
- Performance Measurement

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# Budget Risk Assessment



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# Risk Headings

- Accounts
- External

- Demand/Demography
- Funding ←
- New Legislation

- Budget
- Operational



Comprehensive  
Spending Review  
(CSR07)

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# What If Planning



Pessimistic ☹️

Optimistic 😊

1	Grant	Cash freeze; i.e. inflation increase offset by efficiencies	+£100,000 for cessation of modernisation clawback; continued release of floor protection money; 2.5% annual growth
2	Capping	Retained at 5%	Retained at 5%
3	Tax base	0.6% annual growth to reflect slow-down in 2007/08	1.0% annual growth to reflect highest previous annual growth
4	Collection Fund	Continues in surplus but at £40,000 to reflect further worst case downward movement	Surplus of £111,000 i.e. highest known to date
5	Expenditure	Same expenditure as predicted in the budgets approved by the Authority in February 2007	Same as for the pessimistic assumption



# The Effect on Budgets

	2008/09	2009/10	2010/11
	£379,000 shortfall	£536,000 shortfall	£585,000 shortfall
	£68,000 headroom	£194,000 headroom	£446,000 headroom

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# What Then?

Cuts not Efficiencies e.g

- Reduced Training at Fire Service College (£50K)
- Reduced Maintenance of Buildings (£50K)
- Reduced CFS (£100K)
- Reduced Resilience Levels (£100K)
- Reduced Crewing Levels (£100K)

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# Any Questions?



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