



**Shropshire and Wrekin**  
Fire and Rescue Authority

**Medium Term Corporate Plan**  
**2012 to 2017<sup>1</sup>**  
*(incorporating:*  
*Integrated Risk Management Planning and*  
*Community Assurance)*



**Putting Shropshire's Safety First**  
[www.shropshirefire.gov.uk](http://www.shropshirefire.gov.uk)

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<sup>1</sup> 2012/13 to 2016/17

## Document History

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# 1. Introduction

The scale of public sector debt has now reached over £1 trillion, the highest since records began in 1993, and represents 63% of the nation's Gross Domestic Product.

The Government has forecast that servicing Britain's debt will cost £47.6bn in the current financial year, rising to £65.5bn in 2016/17.

A Treasury spokesman said:

"That our national debt has reached more than £1 trillion simply shows the unsustainable level of spending this country built up over the past few years, and shows why it is critical for our nation's future that we deal decisively with the deficit."<sup>2</sup>

It is a debt that impacts upon all in society and one, which must be reduced to protect and sustain the nation's economy. The Coalition Government's measures to reduce the debt have consequences for all public sector organisations, measures to which fire and rescue services are not immune.

This document, The Medium Term Corporate Plan (MTCP) (previously the Medium Term Financial Plan), has been a feature of Shropshire and Wrekin Fire and Rescue Authority's (SWFRA) financial planning for a number of years and is accessible on the Service's website, once the budget has been set at SWFRA's February meeting. This year, 2012/13, is no exception; however there continues to be a level of financial uncertainty regarding grant settlements for the years 2013 to 15

The MTCP is SWFRA's overarching strategic planning document and sets out its plans for Shropshire Fire and Rescue Service (SFRS) in respect of:

- **Medium Term (five-year) Financial Planning**
- **Integrated Risk Management Planning**
- **Corporate Risk**
- **Service Transformational Planning**
- **Community Assurance Statement**
- **Public Value Measures**

Recent history demonstrates that we live in ever-changing, chaotic, and uncertain economic times. The MTCP aims to ensure that SWFRA has sufficient resources to manage community expectations and mitigate, as far, as is reasonably practical, the effects of risk – both locally and nationally.

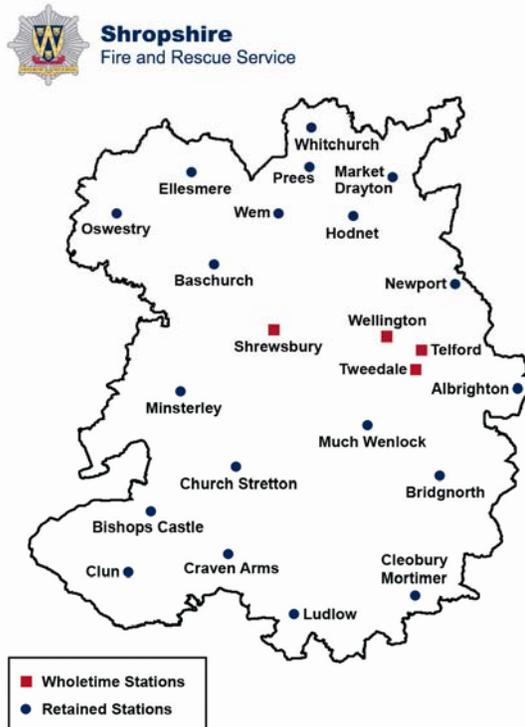
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<sup>2</sup> <http://www.telegraph.co.uk/finance/economics/9034964/UK-debt-passes-1-trillion-for-the-first-time.html>

## 2. Current Service Provision and Governance

SWFRA is a statutory fire authority responsible for discharging fire and rescue functions in relation to protection, prevention and response. The primary legislation, under which SWFRA is constituted, is:

### The Fire and Rescue Services Act 2004<sup>3</sup>



SWFRA is formed from elected Members (local councillors), who collectively represent the community interests of Shropshire and Telford and Wrekin. Members are drawn from the two constituent local authorities – Shropshire Council and Telford & Wrekin Council. SWFRA is responsible for the overall corporate governance of the organisation, including its strategic direction, setting its budget, establishing goals for management and monitoring the achievement of those goals. To help carry out these responsibilities SWFRA has set up various committees and panels with specific remits, which meet regularly throughout the year to set and monitor the strategy.<sup>4</sup> SFRS is directly accountable to

SWFRA for delivery of fire and rescue services across the area and was created through the Shropshire Fire Services (Combination Scheme) Order 1997 ('the combination scheme').

SFRS employs approximately 590 staff that protect the 452,000 resident population of Shropshire<sup>5</sup> and many thousands of visitors and workers. The Service operates from 23 strategically located fire stations and is co-ordinated from the Service's Headquarters and Fire Control, located in Shrewsbury.

Each year the Service attends around 6,000 emergency incidents, with a great many more prevented through the delivery of community and business fire safety initiatives aimed at:



<sup>3</sup> [http://www.legislation.gov.uk/ukpga/2004/21/pdfs/ukpga\\_20040021\\_en.pdf](http://www.legislation.gov.uk/ukpga/2004/21/pdfs/ukpga_20040021_en.pdf)

<sup>4</sup> <http://www.shropshirefire.gov.uk/managing-the-service/fra>

<sup>5</sup> Reference to 'Shropshire' throughout this document (unless otherwise stated) includes the administrative areas of Telford and Wrekin Council.

### 3. Strategic Planning

The organisation's strategic planning process is built around a number of dependencies and milestones, which overlap in three key areas: service, financial and improvement planning. These three overlapping elements are wholly focused upon securing community safety. Community assurance is achieved through a performance review framework. The Strategic Planning Process is illustrated in Figure 1 below.



Figure 1: Strategic Planning Process

The outcomes of the strategic planning process are expressed through the organisation's annual Service Plan, which is underpinned by several functional departmental plans and framework documents. Collectively, these create a Service culture and approach of **one Team**, to deliver **one Service**, with **one clear Vision**. The vision is:

'Working with Communities we will support a safe, prosperous and sustainable Shropshire'

## 4. Service Planning

SWFRA's service planning fundamentally consists of three integral elements:

- Public Value Review
- Integrated Risk Management Planning (IRMP)
- Corporate Risk

These three elements are discussed below.

### 4.1 Public Value Review

Acutely aware of the debt crisis and acting in a proactive manner that recognised the potential consequences of any Government strategy to tackle the deficit, SWFRA implemented in early 2010 the most comprehensive staff engagement exercise ever undertaken, entitled the 'Public Value Review'.

Through the review staff have identified a range of initiatives, which will result in incremental reductions in budget of approximately £3m (equivalent to a 15% reduction of SWFRA's budget) over a four-year period (2010-14). The initiatives predominantly take advantage of natural staff attrition rates to secure savings, whilst maintaining, without significant reduction, frontline services to the community. Essentially, this approach allows for a gradual budget reduction, whilst avoiding compulsory redundancies, maintaining all fire stations and alleviating the necessity for merger with one or more other fire authorities. A summary of the Public Value initiatives is provided at Appendix A.

Further reductions to grant and inflationary pressures mean that in total the Authority must deal with a £4 million reduction in its budget by 2015/16 or 19% of its total budget.

The outcomes of the Public Value Review provide a unified outlook regarding:

- A new vision for an uncertain future
- The Service's core priorities to the community
- A new *deal* with the community
- The key performance measures necessary to provide assurance and community confidence

The key outcomes from the review are summarized below.

### 4.1.1 A new vision for an uncertain future

In addressing probably the most significant change ever to face the Service the review has identified that the core aims of SWFRA must be to secure:

- A Safe Community
- A Prosperous Community
- A Sustainable Place

SWFRA considers the following succinct vision representative of the message it wishes to express to the Communities of Shropshire, Telford and The Wrekin:

*‘Working with Communities we will support a safe, prosperous and sustainable Shropshire’<sup>6</sup>*

The achievement of this new vision will be underpinned through a new strategy that seeks to secure and deliver a professional response, coupled with a precision prevention service. The initiatives / activities supporting the strategy will be:

- Strong local leadership
- Effective public engagement
- Successful teamwork
- Local innovation
- Flexibility of approach
- A commitment to personal development



This approach is summarised in Figure 2 (right).

Figure 2. *A New Strategy for a New Future*

### 4.1.2 The Service’s core priorities to the community

Through comprehensive engagement within the Public Value Review, the core priorities are considered to be (in no order of priority):

- A Service whose primary function is rescue from fire
- A local Service available to the local community 24 hours a day, 365(6) days a year
- A local Service with a local Fire Control function delivering local needs
- A professional response to the extinguishing of fires

<sup>6</sup> Reference to ‘Shropshire’ includes the administrative areas of Telford and Wrekin.

- A professional response, in partnership with other agencies, to road traffic collisions
- The delivery of an effective community safety strategy that integrates with the philosophy of *Big Society*, encouraging citizens to take greater ownership for their own and their neighbours' safety
- Provision of a competent and professional workforce

Since time immemorial the fire and rescue service has performed an array of functions above and beyond those for which it has a statutory function, and which, in many instances, it is not financed, to perform.

A review of the myriad of duties performed by the Service has led SWFRA to conclude that the key moral duties that should be provided are:

- Continue to provide humanitarian services, but in closer co-operation with other agencies (e.g. RSPCA)
- Protection of the built and natural environment from fire and flooding
- Responding to people in distress, arising from emergencies where life is in danger
- Providing a water rescue capability

#### **4.1.3 A new *deal* with the community**

When balancing a decreasing budget and workforce, and still endeavouring to meet public expectations, it inevitably becomes essential to have a new *deal* with the community. Through the Public Value Review a new, simplified and pragmatic *deal* has been forged.

The new *deal* is articulated as:

##### **We ask you**

- To take more responsibility for your, your family's, your neighbour's and your community's safety
- If you are able, to support us to deliver our prevention functions for the most vulnerable in society
- That you actively support your local firefighters in their public duty

##### **In return we will**

- Continue to support the most vulnerable
- Deliver the critical service you need
- Improve the way we involve and communicate with you
- Deliver a cost-effective service

#### **4.1.4 The key performance measures necessary to provide assurance and community confidence**

The Public Value Review has identified the need to move away from the traditional target-driven culture prevalent within many public services and instead introduce a more outcome-focused approach, aimed at creating *Public Value*. Adopting such an approach, we have developed a new set of measures and consulted upon them with both staff and the community. These are set out in Section 9 – Performance Review and Community Assurance.

SWFRA has adopted a formal process of public value review through the Strategic Risk and Planning Working Group (STRaP). This is intended to deal with major changes to the way the service is delivered and, indeed, potentially with whether existing services are considered a priority by the public.

The methodology is led by this Working Group, made up of key members of SWFRA. This is at the heart of delivering wide-ranging innovation to the way the Service is managed and delivered through staff and public consultation. It looks at fundamental issues and, as such, is likely to deliver the largest shifts in use of resources, through examining what services we deliver and the method of delivery.

The results of the STRaP Working Group's reviews are fed into SWFRA's Strategy and Performance process.

## **4.2 Integrated Risk Management Planning (IRMP)**

SWFRA readily recognises that we live in ever-changing, chaotic, and uncertain economic times. The management of risk is equally ever-changing, with change driven by (amongst many other factors) the economy, the environment and the increasing likelihood of terrorism.

Such is the dynamic nature of change that SWFRA regularly reviews its current Integrated Risk Management Plan (IRMP), the latest review having taken place during 2011/12. The results have led to:

- A complete refresh of operational intelligence concerning local risks
- Appointment of Inter-agency Liaison Officers to better support operations with the Police during civil disturbances and terrorist activity
- Investment and deployment of new:
  - a) Fire Control Centre (and command and control system)
  - b) Specialist fire engines to deal better with rural risks
  - c) Road traffic collision rescue equipment
  - d) Water safety equipment and training across the area
  - e) Specialist ammonia training to deal with increased use of bulk gas in rural areas.

During 2012/13 SWFRA will broaden the scope of existing IRMP to create a new three-year Plan (2012-15) to revisit, identify and assess all fire and rescue related risks that could affect the community, including those of a cross-border, multi--agency and / or national nature. This will, of course, include measures to respond to incidents, such as fires, road traffic collisions and emergencies within Shropshire and in other areas in line with mutual aid agreements.

In addition the Service will develop a longer-term IRMP called '2020 vision' together with Hereford and Worcester Fire and Rescue Service to identify how closer working across borders can further reduce risk to our communities, increase capacity and drive efficiencies for both Services.

The new IRM Plans will demonstrate how prevention, protection and response activities will best be used to mitigate the impact of risk, working with others as appropriate, and also set out the strategy and risk-based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005.

SWFRA will ensure that the IRM Plans are easily accessible and publicly available and, as in previous years, reflect effective consultation throughout their development.

Paramount to the process is providing community reassurance and, to this end, SWFRA will publish an annual Community Assurance Statement, detailing how the organisation has had due regard to the expectations set out in the IRM Plans.

### **4.3 Corporate Risk**

The third element of Service Planning relates to Corporate Risk. The assessment of risk is based on the analysis of the potential for a threat to do harm (the detrimental impact upon SWFRA) and the likelihood that the threat will occur. The potential impact is measured against three criteria:

- Financial impact
- Reputational impact, and
- Impact on the ability of SWFRA to deliver its corporate aims and objectives

Using widely accepted principles of risk assessment, each risk is scored and recorded within the Corporate Risk Register. Those risks that have major financial implications for service planning are:

- Demographic and other changes affecting the area extremes of operational demand (a specific reserve is maintained)
- Legislation (such as a possible change in the Working Time Directive)
- Major uncertain risks such as these are monitored through the Risk Register, but no specific budget is allocated (other than the £200,000 annual provision)

- Pay, pensions and other matters affecting employees. An annual contingency is included for inflation occurring in the year. Reserves are also held to meet specific staff issues, such as the pension and conditions settlements affecting retained staff.
- Technical issues, such as the control centre and its associated systems (these are dealt with in the budget projections as far as possible, with reserves provided for unexpected one-off costs)
- Other unforeseen events, such as illness, accidents, liability claims etc (these are covered in a General Reserve, which attempts to balance the cost of such events against the probability of their happening. Insurance cover is also in place for a number of risks)
- Price inflation and other supply issues. The annual contingency for inflation also meets price increases. Officers review suppliers' contracts to ensure that failures or monopoly situations do not endanger service delivery or cost.

Set out below is a schedule of the reserves that SWFRA uses to protect the delivery of its services against corporate risk:

Table 1  
Schedule of Reserves

	<b>April 2012 £000</b>	<b>April 2013 £000</b>	<b>April 2014 £000</b>	<b>April 2015 £000</b>	<b>April 2016 £000</b>
Extreme Demands	312	312	312	312	312
Efficiency	-	-	-	-	-
Pensions and Other Staff Matters	1,256	1,256	500	500	500
General Reserve	539	552	566	589	604
General Fund	-	-	-	-	-
Capital Earmarked	527	450	330	510	520
Capital Un-earmarked	988	2,180	2,798	2,798	2,798
Information and Communications Technology Reserve	500	160	-	-	-

In addition SWFRA maintains a high level of good governance to minimise the risk of financial or other problems arising.

## **5. Financial Planning**

Financial planning focuses on preparing five-year revenue and capital budgets, leading in February of each year to the fixing of the precept (council tax) for the year ahead.

The process for budget planning is agreed in detail each year but must be led by service planning, government's formula grant and the level of the potential precept. To be effective, strategic planning must ensure that all service plans are consistent with the budgets, as agreed each February. The MTCP must be prepared in a consistent way to aid future planning.

This section addresses the key elements of financial planning.

### **5.1 Base Budget Planning**

SWFRA starts its budget planning from its base budget, i.e. the existing budgeted cost of providing services. To this is added committed change, i.e. known or expected changes in the next four years that have been committed by previous decisions of SWFRA, or which will affect the finances but which are outside SWFRA's control.

Examples of committed change as a result of SWFRA's own decisions include the debt charges for borrowing to meet the current year's capital programme; planned efficiency programmes etc. Events outside our control might include changes to the Employers' National Insurance contributions, or national taxation changes.

The announcement of a government capital grant in January 2011 of £916,000 enabled SWFRA to save on debt charges by reducing borrowing to fund committed capital schemes. Government has announced that capital grant will also be awarded for 2012/13, and this grant will also be used to minimise debt charges in future years.

**Table 2**  
**Base Budget plus Committed Change**

	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>
Base budget (2011/12 base)	20,472	20,472	20,472	20,472	20,472
Committed change					
Pension Costs	40	90	150	200	200
Previous years investment and renewal	52	-11	-20	-20	-20
2011/12 developments	20	32	32	32	32
No pay award 2010/11	-300	-300	-300	-300	-300
Base budget review (uniforms; stowage; etc)	-70	-70	-70	-70	-70
Total committed change	-258	-259	-208	-158	-158
	<b>20,214</b>	<b>20,213</b>	<b>20,264</b>	<b>20,314</b>	<b>20,314</b>

## 5.2 Inflation

Quite separately SWFRA tries to “inflation proof” this base plus committed resource provision by adding a pay and price contingency each year over the next five years, including the current year. This is a very significant element of annual change to the budget, particularly at times of volatile inflation, and SWFRA views this as an important element in service planning. Failing to deal with the effects of inflation, e.g. by imposing a simple cash limit can have detrimental and sudden impacts on frontline services and distort the level of real service provision.

SWFRA’s policy is always to make what it considers a realistic assumption about future inflation in order to avoid reliance on reserves to meet any unexpected shortfalls during the year. Balancing this is the desire to keep demands on taxpayers to a minimum and, therefore, avoid an excessive level of provision. The problem, however, is the disproportionate impact of pay settlements, over which SWFRA has little control, because they are largely settled by national negotiation. Additionally, the date of national pay settlements in June / July is out of synchronisation with budget setting and so increases uncertainty.

Price inflation is about 30% of the provision, and is very difficult to predict. Currency movements are also important, e.g. for the purchase of equipment from the Euro-zone or raw materials bought in US Dollars.

The STRaP Working Group has discussed the issues around pay assumptions and inflationary pressures over the next five years.

As pay and prices is the most significant element of the budget setting process, it is important that consistent and realistic assumptions are made. A 1% variation in price assumptions increases or reduces the budget by around £50,000, and a 1% change to pay assumptions makes a difference of around £160,000.

Following its discussions, the Group agreed that inflation assumptions should remain at 2%, whilst pay increases should remain at 2% for 2012/13, and from 2013 should be budgeted at 2.5%. SWFRA recognised that this was an average for a range of expenditures and over a five-year period.

However, changes were made to these assumptions when it was announced that Government had proposed a pay cap of 1% from 2013/14, with a corresponding reduction to formula grant

The contingencies for pay have been reduced to 1% in 2013/14 and 2014/15 in line with the announcement, reverting back to 2.5% in 2015/16. Prices have also been reviewed, and contingencies increased to 4% in 2013/14 and 3% thereafter.

**Table 3**  
**Inflation Contingency**

	<b>2012/13</b> <b>£000</b>	<b>2013/14</b> <b>£000</b>	<b>2014/15</b> <b>£000</b>	<b>2015/16</b> <b>£000</b>	<b>2016/17</b> <b>£000</b>
Inflation Contingency needed	401	399	324	529	591
<b>Cumulative provision</b>	<b>401</b>	<b>800</b>	<b>1,124</b>	<b>1,653</b>	<b>2,244</b>

### **5.3 Best Value and Public Value**

SWFRA is aware of the need to examine and challenge its base expenditure, and, therefore, concentrates on methods of maintaining best value. However, it is increasingly clear that there is a wider aspect, which is delivering value. Public Value ensures that the services, their level, and the way, in which they are provided in a quickly changing public service and financial climate, are agreed and accepted by the public we serve. This section differentiates, therefore, between the processes of achieving public value, from the more specific processes of best value. The distinction between best value and public value is one of timing and significance, but both are part of SWFRA's ambitions to:

- Meet the needs of local people
- Provide services that are to the level and quality required by the public
- At a price that is acceptable; and
- That are capable of being improved continuously

SWFRA recognises that this is particularly important as it starts its budget process each year with the current year's base budget.

This has the advantage that it ensures that no major omission can occur during the process, but requires close investigation of all budgets to ensure that existing spending levels are not taken for granted.

SWFRA tests whether it is providing Public Value through:

- its costs
- services that are appropriate for, and consistent with, achieving our planned targets, as agreed with all stakeholders
- comparative information from other brigades and suppliers
- consultation with the public and stakeholders

SWFRA is, therefore, clear that Public Value means:

- services are of the right quality, being both fit for purpose and meeting local need
- services are delivered economically, i.e. competitively, whether by ourselves or by an external provider
- services are provided efficiently by ourselves or working with partners
- services are effective in meeting the needs of the public and at the right time
- diverting resources constantly from areas which are no longer a priority to fund improvements in areas that are.

## **5.4 Efficiencies**

In February 2011, fire and rescue authorities were advised that the Secretary of State no longer expected Annual Efficiency Statement data returns, instead stating that 'Fire and Rescue Authorities will be expected to provide reassurance with regard to efficiency in respect of spending and performance through greater transparency and accountability'.

To this end, the Code of Recommended Practice for Local Authorities on Data Transparency was published on 29 September 2011, placing requirements on local authorities to make information available for the public. Compliance with the Code should demonstrate how value for money has been achieved in public bodies, and should also highlight inefficiency.

### **Approach to Efficiencies**

A review for possible efficiencies will continue to form part of the Authority's budget setting process. Although a formal efficiency return is no longer required, it seems prudent to continue to budget for, and identify, efficiencies as part of the budget setting process, in order to demonstrate the Authority's ongoing commitment to achieving value for money.

## **5.5 Base Budget Reviews and Statement of Accounts**

Since 1999, SWFRA has agreed a budget process, whereby finance officers and budget holders examine each budget heading in the light of the previous year's outturn and the progress made so far in the current year. The intention is to make the budget as realistic as possible and, in so doing, to identify the scope for formally reducing budgets. This could be either as a result of realism, i.e. events outside SWFRA's control, or as a result of work by officers to obtain efficiencies, i.e. savings with no reduction in service. SWFRA also reviews in detail the outcome of the previous year as reflected in its annual Statement of Accounts in order to ensure that there are no threats to service plans or opportunities that could be grasped for redirecting resources

## **6. Improvement Planning**

Underpinning the ability to deliver SWFRA's priorities is the necessity to continuously improve the assets of the organisation, be these people, physical or intellectual. Improvement planning involves the procurement, planning, implementation, maintenance and evaluation of such assets.

### **6.1 Procurement and Joint Working**

SWFRA's procedures for procurement have been completely updated to change the emphasis from lowest cost to ensuring best value, whilst being fit for purpose and meeting the needs of the public and service users. SWFRA also recognizes that many services are more economically provided by contractors or by other local authorities e.g. support services and there is therefore no presupposition that services are best provided directly.

SWFRA has a history of outsourcing and delivering services with partners to reduce costs. In particular working with partners across the area is delivering cost savings on recruitment, procurement, and community safety. More local joined up working is also producing savings by using staff more flexibly across partners' individual services. Agreements have been made to share the use of SWFRA property with the West Midlands Ambulance Service.

### **6.2 Service Transformation Programme**

As part of the strategic planning process a series of interviews and workshops have taken place with Service managers in order to determine what areas of activities the Service needs to deliver over the next four to five years. This has resulted in the development of a high-level programme of activities, reviews and projects that Service managers believe need to be made to ensure that SWFRA is best placed to meet the challenges it is likely to be presented with over the coming years.

The structure of the programme will be based along similar lines to that used successfully in delivering the Shrewsbury HQ and Fire Station Refurbishment Programme and will be known as the Service Transformation Programme.

The Service Transformation Programme will essentially consist of a series of projects, reviews and activities, which will be supported and delivered by a mixture of Service staff and third party resource.

The Programme will dovetail into the service and financial planning processes set out within this document and will ensure that the appropriate controls are maintained throughout the lifecycle of the Programme.

A high-level outline Programme Plan is attached as at Appendix B in the form of a Gantt chart, which captures the key activities that have been identified to date.

This will be developed into a Programme Brief, which will formally assess the viability and achievability of the Programme and will document, amongst other things, programme approach, structure, control, budget, risk management strategy and service benefits.

Central to the Programme will be the continued investment in technology to increase efficiency. Current examples are the introduction of linked ICT communication at retained stations and remote terminals to allow part-time working from home or link key officers to the office.

There has also been a significant move to electronic processing of data with SWFRA's bank and a move from cheques to direct credit transfer. Most notably, SWFRA had the foresight in 2010 to invest in a new command and control system (a prudent decision given the recent announcement to cancel the national FiReControl Project). Each of these projects is being managed under the overarching HQ development plan.

Areas of investment are set out in Table 4 below.

**Table 4**  
**Areas of Investment**

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Corporate Gazetteer					
Fit out of major incident room					
Procurement of people management system					
Positive pressure ventilation fans					
RTC equipment on station vehicles					
Installation of heating system at Tweeddale					
Command & control pods and vehicle					
Light pumping unit					
Capital training improvements					
Implement replacement of mobile data terminals					
Road model					
Communications resilience					
Large animal rescue equipment					
FSEC software upgrade					
Fire safety system upgrade					
Retained control staff system					
Plan web (corporate GIS)					
Virtual desk top					
Foam inductors					
<b>Total</b>	513	610	240	90	90

**Note:**  
**Individual values/budgets**  
**have been deliberately**  
**omitted**

### 6.3 Capital Programme

The capital investment programme for new scheme **starts** was agreed as set out in Appendix C. Only schemes due to start in the current year can proceed. Schemes due to start in later years are not finally committed and are reviewed each year as part of the budget process.

The capital programme is estimated to result in the following additional revenue consequences from 2012/13 scheme starts. The revenue consequences of the 2011/12 starts are now regarded as committed and are treated as part of the base plus committed changes dealt with earlier in the plan. Schemes added as part of the Service Transformation Programme will attract no charges as they are all funded from revenue contributions to capital.

**Table 5**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Cost of borrowing	-	-	4	48	158
Fund contributions	15	22	43	43	43
Running costs	-	-	-	-	-
	15	22	47	91	201

Borrowing up to 2011/12 is partly supported through the Government grant, which is equivalent to about £0.5m a year. The cost of the remaining borrowing and all borrowing from 2011/12 falls directly on the remaining revenue resources. This is so called prudential borrowing and can only be undertaken if SWFRA decides that it is prudent, affordable and sustainable.

The forward programme will involve prudential borrowing and is judged to be prudential; however it will be reviewed in the light of present financial uncertainties.

On 31 January 2011, the Government announced an allocation of £916,000 to SWFRA, out of a national total of capital £70 million. This favourable allocation has enabled the replacement of ageing appliances to be brought forward to 2011/12, and savings in debt charges on committed schemes, expected to be funded from loan. £70 million will be distributed in 2012/13, and SWFRA will try to obtain a similarly favourable distribution.

## 6.4 Revenue Resources Required

The revenue resources required to meet current plans set out herein can therefore be summarised as follows:

**Table 6**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Base budget (2011/12)	20,472	20,472	20,472	20,472	20,472
Committed change	-258	-259	-208	-158	-158
Council Tax Freeze Grant 11/12 ends	-	-	-	337	337
Inflation	401	800	1,124	1,653	2,244
New Efficiencies	-67	-107	-107	-107	-107
New Developments	513	610	240	90	90
Capital investment	15	22	47	91	201
Public Value Reductions	-507	-935	-1,232	-1,232	-1,232
<b>Total</b>	<b>20,569</b>	<b>20,603</b>	<b>20,336</b>	<b>21,146</b>	<b>21,847</b>

As has been explained earlier capital funding resources will also be required and will on present plans require prudential borrowing:

**Table 7**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Supported borrowing					
Prudential Borrowing	-		-	1,220	-
Capital reserve	105	50	400	-	
Revenue	398	500	150	-	-
	<b>503</b>	<b>550</b>	<b>550</b>	<b>1,200</b>	-

## 7. Forecast of Resources Available

Revenue expenditure is funded from the precept SWFRA raise on Council Tax Payers adjusted each year by any balances from previous years (the collection fund surplus or deficit); from reserves; and from Government grant which includes the redistributed national collection of non-domestic rates.

The table below shows how current spending plans are anticipated to be financed. The Table shows the relative significance of each element.

**Table 8**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Revenue Support Grant	7,229	6,517	5,734	5,734	5,734
	(35%)	(32%)	(28%)	(27%)	(26%)
Council Tax Precept	14,025	14,502	14,983	15,467	15,954
	(68%)	(70%)	(74%)	(73%)	(73%)
Collection Fund Surplus	30	30	30	30	30
	(%)	(%)	(-%)	(-%)	
Reduction in/ (contribution to) Reserves	(715)	(446)	(411)	(85)	129
	(-3%)	(-2%)	(-2%)	(%)	(1%)
Total	20,569	20,603	20,336	21,151	21,847
	(100%)	(100%)	(100%)	(100%)	(100%)

### 7.1 Formula Grant

Formula Grant accounts for about one third of SWFRA's income. Whilst substantial this proportion is one of the lowest for Combined Fire Authorities. The grant had, until recent years, experienced moderate increases but since 2010/11 has suffered significant reductions. The level of reductions -9.5% in 2010/11 and -3.4% in 2012 represent some of the largest reductions seen by any Fire Authority.

The new Comprehensive Spending Review covers the period 2011/12 to 2014/15, and grant announcements for the first two years only are known. These announcements have resulted in a reduction in grant over the first two years of 20.7% in grant before flooring protection in 2011/12 or 12.6% over the two years after flooring adjustments have been taken into account.

The settlements for 2013/14 and 2014/15 are still unknown, and SWFRA's assumptions are still based on the expectation that cuts will be back loaded and will total around 27.5% over the four year settlement period. In monetary terms, and after factoring in inflation, this amounts to reduction in budget of approximately £4million by 2015/16.

## 7.2 Council Tax Freeze Grant

SWFRA set a zero percent increase in precept in 2011/12, and in return received funding equivalent to a 2.5% from Government. This funding is likely to cease from 2014/15, meaning that SWFRA needs to find further budget cuts of £337,000 to balance the budget.

For 2012/13, funding equivalent to a 3% increase in precept is available to those fire authorities who freeze council tax for a second year. This grant is for one year only, and will offer no ongoing increase to SWFRA's base budget. Whilst SWFRA are entitled to reject the grant Government have announced that a referendum will be triggered for those fire authorities that chose to refuse the freeze grant in 2012/13 and set a precept of more than 4%.

## 7.3 Precept Income from local Council Tax payers.

Income is the product of the Council Tax base, (i.e. the number of Band D equivalent properties in SWFRA's area) and the level of the precept. In 2011/12 this was  $160,324.96.71 \times £83.81 = £13,437,000$ . The base does increase annually but the impact on income is relatively small compared with decisions taken over the percentage rise in the precept.

The outcomes of a comprehensive public consultation held in January 2012 showed that the majority of those questioned were willing to pay an additional 4p per week for their fire service, with over two thirds willing to pay 6p or more.

An increase of 4p per week equated to an increase of 6p per week at Band D, and it was calculated that an increase of 6p in 2012/13, followed by increases of 5p in 2013/14 onward in addition to the significant cuts in Service costs already identified, would deal with most of the projected deficit.

Income with current assumptions on precept is as follows:

**Table 9**

	Precept £	Band D Properties	Precept Income £000
2011/12	83.81	160,324.69	13,437
2012/13	86.93	161,342.85	14,026
2013/14	89.53	161,988.41	14,503
2014/15	92.12	162,636.36	14,982
2015/16	94.72	163,286.91	15,467
2016/17	97.32	163,940.05	15,955

## 7.4 Use of Reserves

Table 8 shows that current predictions are that income will fall short of the resources needed to meet current service levels from 2016/17 onwards.

The present policy is that there are strategies available to address this order of shortfall including surplus inflation contingency if pay and prices remain low, as in 2010/11, and a re-examination of Public Value changes and precept policy. In addition, surpluses are available in prior years which can be invested in order to make efficiencies in future years. The intention is to avoid, where possible, the use of reserves. The exception would be their use as part of any future phased plan aimed at ensuring ongoing service expenditure. SWFRA would attempt never to depend on one-off sources of funding such as the use of reserves.

## **7.5 Capital Resources**

Capital investment has been dealt with as far as it affects the revenue account through debt charges and other costs of financing, plus increased running costs. The main sources of capital finance are borrowing; capital reserves or the revenue account; capital grants; leasing and capital receipts. As stated earlier SWFRA presently relies on prudential borrowing and has significantly reduced this dependence through measures identified during the Public Value exercise.

SWFRA also maintains an Earmarked Capital Replacement Reserve which uses annual contributions from revenue to replace assets at the end of their planned life. An Un-earmarked Capital Reserve has also been created to meet the cost of the major St Michael's Street remodelling scheme and or any other significant capital financing. Finding revenue to meet capital costs in future may also become difficult.

Leasing has proven unattractive since the advent of prudential borrowing as it is as expensive for most equipment and is far less flexible. Capital receipts are a possible source of funding and the estate has been thoroughly reviewed for opportunities. However these are limited given the nature of the asset transfer that occurred when SWFRA took responsibility for the service from the former Shropshire County Council in 1998.

## 8. Performance Review and Community Assurance

SWFRA is responsible for ensuring that its business is conducted in accordance with the prevailing legislation, regulations and government guidance and that proper standards of conduct, probity and professional competence are set and adhered to.

This ensures that the services of SFRS are delivered efficiently, effectively and fairly, and that public funds are used wisely, are properly accounted for and achieve the maximum value for money. SWFRA also has a duty to secure continuous improvement in the way it exercises its duties and functions by continually reviewing and developing what it does and how it does it.

### 8.1 Community Assurance

Assurance is enabled by local scrutiny arrangements that facilitate easy access to a range of information to help to the community and key stakeholders (including Government) be assured of the robustness of local delivery arrangements. These arrangements provide for assurance on financial, governance and operational matters and show how SWFRA have had due regard to the expectations set out in its integrated risk management plan and Government's priorities (as set out in the Fire and Rescue Service National Framework). They will be transparent and robust, with an appropriate degree of independence.

SWFRA will ensure that any capability gaps identified to ensure national resilience are duly reported to Government.

To provide assurance, SWFRA will publish an annual statement of assurance.

### 8.2 Continuous Improvement

Continuous improvements are secured via a number of means including customer surveys, complaints/compliments, monitoring of performance measures and peer reviews etc. SWFRA will, during 2012, undertake a comprehensive Operational Assessment peer review, adopting nationally agreed processes.

#### 8.2.1 Customer Feedback/Public Value

SWFRA has been highlighted as having an effective annual consultation process with the public on risk reduction changes and on the budget. The process currently comprises of two distinct elements – a **community street survey** and **focus groups**.

Both elements are conducted, as far as reasonably practicable, in accordance with the code of conduct<sup>7</sup> issued by the UK's Market Research Society.

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<sup>7</sup> <http://www.mrs.org.uk/standards/downloads/Code%20of%20Conduct%202010.pdf>

The statistical level of confidence generated by the results from the street survey is equivalent to 99.93% (+/- 5% variance) with the focus groups achieving 95% (+/- 15% variance).

## **8.2.2 Scrutiny**

SWFRA delegates to its Audit and Performance Management Committee responsibilities for scrutiny. This involves benchmarking, comparing with best performing providers, and scrutinising audit reports.

## **8.2.3 Audit**

SWFRA uses internal audit to evaluate its internal control systems, and supporting and guiding staff in securing value for money as an integral part of their role. Examples include checking that proper procurement practices are in place and information and financial systems are up to date and are accurate so that informed management decisions can be taken.

Internal audit also questions current practices, and suggests improvements. This is helped by the employment of internal audit services from Shropshire Council, who can bring examples of good practice particularly in the operation of common systems, e.g. creditors and payroll.

## **8.2.4 Public Value Performance Measures**

SWFRA, in consultation with the community (via the Public Value Review) has developed eight meaningful and transparent Public Value performance measures, namely:

- The first fire engine will arrive at an emergency incident within 15 minutes on 85% of occasions
- The first fire engine will arrive with a minimum competent crew of 4 staff on 100% of occasions
- Accidental fires will be maintained to not more than 616 fires during 2011/12
- Fire crimes will be maintained to not more than 1114 fires during 2011/12
- Fire related deaths and serious injuries in the community will be maintained to not more than 40 during 2011/12
- Injuries sustained to staff through firefighting will be maintained to not more than 25 injuries during 2011/12
- The achievement of a minimum four star rating ('Good') in our customer satisfaction on not less than 75% of occasions
- The achievement of a minimum four star rating ('Good') for service that represents Value for Money on not less than 75% of occasions

These measures are subject to annual review (revised targets will be published for 2012/13) and monitored on a regular basis, with performance published on the Service's website.

## Appendix A Summary of Public Value Budget Reductions 2011/12 to 2014/15

2011/12 Area:	Saving	2012/13 Area:	Saving	2013/14 Area:	Saving	2014/15 Area:	Saving
<i>Legacy Inflation*</i>	£100,000	<i>Reduction of 2 Non-Uniform Posts</i>	£50,000	<i>End to permanent crewing of RT (from 01/01/2014)</i>	£80,000	<i>End to permanent crewing of RT (from 01/04/2014)</i>	£217,000
<i>Insurance Premium Reductions *</i>	£100,000	<i>Reduction of 5 RDS Posts</i>	£30,000	<i>Reduction of 2 Non-Uniform Posts</i>	£50,000	<i>Reduction of 2 Non-Uniform Posts</i>	£50,000
Reduction of 2 Non-Uniform Posts	£50,000	Reduction in RDS budget	£50,000	Reduction of 5 RDS Posts	£30,000	Reduction of 5 RDS Posts	£30,000
Reduction of 5 RDS Posts	£30,000			Reduction in Smoke Alarm Budget	£75,000		
Reduction of 4 planned DST officers	£148,000	Reduction in Building Maintenance Budget	£50,000	Reduction of 1 Training Instructor post	£43,000		
Reduction of 4 WT watch managers	£172,000	Revised Relief Crew Policy	£30,000				
Reduction of 6 Incident Command posts	£372,000	Cessation of permanent crewing of ALP	£297,000	Reduction in Building Maintenance Budget	£50,000		
Removal of station messing	£61,000			Reduction of 1 Brigade Manager post	£100,000		
Reduction in RDS budget	£50,000						
<i>Reduction in Capital Programme*</i>	£63,000	<i>Reduction in Capital Programme*</i>	£90,000	<i>Reduction in Capital Programme*</i>	£160,000	<i>Reduction in Capital Programme*</i>	£125,000
<b>Saving:</b>	<b>£1,146,000</b>		<b>£597,000</b>		<b>£588,000</b>		<b>£422,000</b>
<i>Less included elsewhere *</i>	263,000		90,000		160,000		125,000
<b>Net saving</b>	<b>883,000</b>		<b>507,000</b>		<b>428,000</b>		<b>297,000</b>
<b>Accumulative Savings:</b>	<b>883,000</b>		<b>1,390,000</b>		<b>1,818,000</b>		<b>2,115,000</b>

### Key to abbreviations

**RDS** – Retained Duty System personnel, **WT** – Wholetime Duty personnel, **DST** – District Support Officers, **ALP** – Aerial Ladder Platform, **RT** – Rescue Tender

*\* 2009/10 inflation changes are included as a base variation; Insurance reductions are shown as efficiency savings; and the revised cost of the capital programme is detailed and delivers the savings set out above which were measured against last year's forward capital programme..*

Appendix B - Summary of Service Transformation Programme (Gantt Chart)



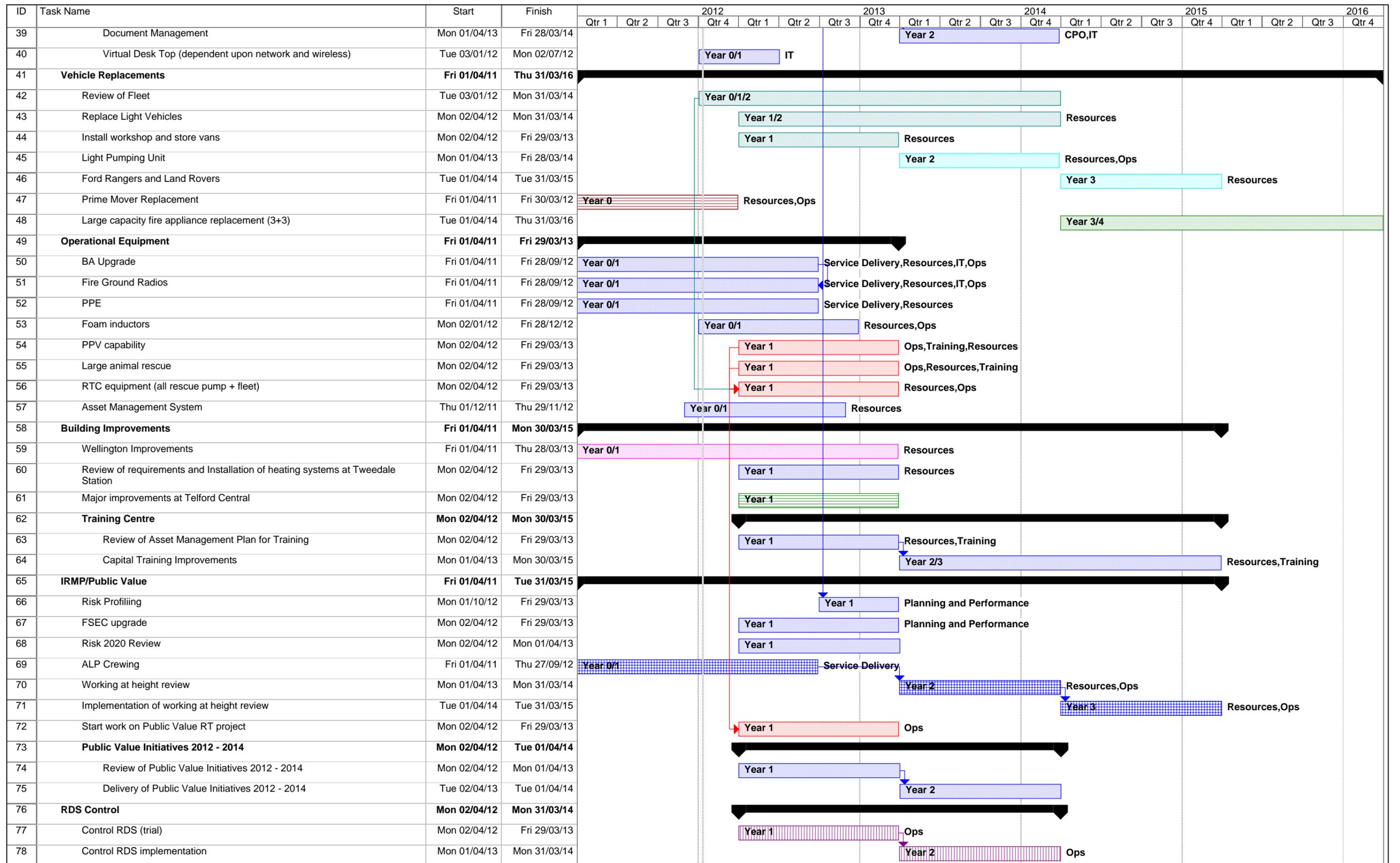
Appendix to report 9 on Revisions to the 2012/13 Budget and Medium Term Financial Planning Shropshire and Wrekin Fire and Rescue Authority Strategy and Resources Committee 19 January 2012

Project: Strategic Planning Gantt 2012 Date: Tue 10/01/12

Task Progress Summary External Tasks Deadline

Split Milestone Project Summary External Milestone

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Project: Strategic Planning Gantt 2012  
Date: Tue 10/01/12

Task		Progress		Summary		External Tasks		Deadline	
Split		Milestone		Project Summary		External Milestone			

## Appendix C

### Capital Programme 2012/13 to 2016/17

Scheme		2012/13	2013/14	2014/15	2015/16	2016/17
		£000	£000	£000	£000	£000
<b>2012/13</b>						
Replace Workshop and Store(2) Vans	Fund	*	8	8	8	8
Provisional Sum to replace light vehicles	Fund	*	7	7	7	7
Corporate Gazetteer	Revenue	*	-	-	-	-
Fit out major incident room	Revenue	*	-	-	-	-
Procurement – people management system	Revenue	*	-	-	-	-
Positive pressure ventilation fans	Revenue	*	-	-	-	-
RTC equipment on stations	Revenue	*	-	-	-	-
Installation of heating system at Tweedale	Revenue	*	-	-	-	-
			<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>2013/14</b>						
Provisional Sum to replace light vehicles	Fund		*	7	7	7
Command and control pods and vehicle	Revenue		*	-	-	-
Light pumping unit	Revenue		*	-	-	-
Capital training improvements	Revenue		*	-	-	-
				<b>7</b>	<b>7</b>	<b>7</b>
<b>2014/15</b>						
Replacement of Prime Movers (2)	Loan			*	18	18
Replace Ford Rangers(5) and Land Rovers (2) including pods	Fund			*	21	21
Implement replacement of mobile data terminals	Revenue			*	-	-
					<b>39</b>	<b>39</b>
<b>2015/16</b>						
Replace Sabre Appliances(6)	Loan				*	140
						<b>140</b>
<b>2016/17</b>						
		<b>503</b>	<b>550</b>	<b>550</b>	<b>1,200</b>	<b>0</b>
		<b>15</b>	<b>22</b>	<b>47</b>	<b>91</b>	<b>201</b>