

Shropshire and Wrekin Fire Authority

Medium Term Financial Plan

2009/10 to 2013/14



Foreword by the Chair of the Fire Authority and the Chief Fire Officer

This Medium Term Financial Plan sets out Shropshire and Wrekin Fire Authority's (SWFAs) continued commitment to providing a Fire and Rescue Service which represents the best possible value for money for our communities. It builds upon the achievements of the past, and charts a clear course for the future.

We start from a base where our Service continues to be rated as amongst the very best by the Audit Commission. In their most recent 'Annual Audit and Inspection Letter' they have confirmed that SWFA are one of only five fire and rescue authorities (FRAs) in England to be classed as 'improving strongly.' Also, in the most recent league tables published by Government, SWFA is shown as being 24th out of 49 with regard to cost per head of population, despite the fact the our Service covers a large rural county with the third smallest population of all FRAs.

We have demonstrated for many years our commitment to 'putting Shropshire's safety first' and have clear performance information confirming an ongoing reduction in the risks posed to the public we serve. We still have much to do, however, and this Plan describes how we intend to maintain and increase vital investment in our Retained Service; in community fire safety throughout Shropshire; in our commitment to equality and diversity; and, in improving our resilience to support large scale local, regional or national emergencies such as those presented by the floods of 2007. The medium and longer term financial implications of a major refurbishment of Shrewsbury Fire Station are also considered in detail within the plan.

Recent years have seen quite substantial changes to the way in which FRAs are funded. Changes included new financial arrangements for firefighters' pensions, changes to indicators caused by the elimination of national standards of fire cover and changes to fire safety laws. Changes were also made to the formula to recognise the increasing role of community fire safety work: the fixed percentage element was increased from 3% to 6% and this element was also widened to include the population of those over 65.

This Plan describes the ongoing implications of these changes upon our budgets, and recognises that Government is fulfilling its promises, made in its 2005 White Paper entitled 'Our Fire and Rescue Service', to re-distribute funding to better match risk. The Plan also describes how this redistribution has continued through the outcomes of the Government's latest Comprehensive Spending Review conducted in 2007, which has provided a quite favourable grant settlement for SWFA for 2008/09 and also for the following two years.

Clearly we are now entering an uncertain financial future and this plan sets out how we will plan and implement changes to our service over the next four years linking our financial plans with our strategic assumptions thus ensuring we can continue to deliver a first class service in financially straitened times.

In short, this Medium Term Financial Plan demonstrates that Shropshire and Wrekin Fire Authority will continue to make the best use of its limited and reducing resources for the benefits of the public we exist to serve.

Stuart West
Chair of Shropshire and Wrekin Fire Authority

Paul Raymond
Chief Fire Officer

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Section 1

Introduction and Service Priorities

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Introduction

- 1.1** This is Shropshire and Wrekin Fire Authority's (SWFA's) latest update to its comprehensive Medium Term Financial Plan (MTFP) covering the financial years 2009 -10 to 2013-14. The plan highlights the way in which the Fire Authority drives the setting of medium term strategic targets, which in turn shape medium term and annual financial plans. This MTFP is designed to be read as a stand-alone document, but its compilation is an integral part of a strategic policy to operational implementation continuum. In particular, the MTFP is closely linked to SWFAs updated Corporate Plan for 2009-10, which describes more fully how the Authority will continue to deliver an improved service for the public of Shropshire and Telford and Wrekin. Both the MTFP and the Corporate Plan are reviewed and updated annually to take account of national, regional and local developments.
- 1.2** This Plan builds upon the work undertaken in previous years to ensure that financial planning links closely to Service planning and to the delivery of the Fire Authority's five strategic aims. It also embraces a number of wider policy initiatives developed during the year, and describes what appears to be a continuing and favourable (if gradual) shift of central government controlled resources towards more rural fire and rescue services, such as Shropshire. The plan also highlights the benefits to SWFA and the public of Shropshire brought about by Government's Comprehensive Spending Review carried out during 2007 (CSR07).
- 1.3** Comprehensive medium term planning is an essential part of delivering an excellent fire and rescue service for the people of Shropshire in the most cost-effective way, but the world does not stand still. Through the Fire and Rescue Service Act 2004 and the National Framework, the Government continues to impose new legislative and policy pressures backed by tougher regulatory and inspection regimes, and these do not always accord with local priorities and pressures driven by our extensive engagement with local communities. Demographic changes and modernisation interact with these priorities and pressures to create increased demands well in excess of additional grant funding, with the potential to impose council tax burdens well beyond that which the tax was designed to withstand.
- 1.4** SWFA's response to these extraordinary demands continues to be one of confronting problems before they become apparent and seizing opportunities before they become established practice. This approach is about leading rather than following, and it is not without risk. But, as a small yet efficient Fire and Rescue Authority that has always been recognised as innovative compared with others, and one where new pressures are relatively high and funding remains relatively low, a more reactive strategy simply will not do.
- 1.5** This approach to financial planning is based upon solid foundations. SWFA was confirmed as a "Good" fire authority within the Government's Comprehensive Performance Assessment (CPA) during 2005. More recently SWFA has been highlighted as the second highest performing Authority in the country following a range of audits conducted during 2007. In their most recent 'Annual Audit and Inspection Letter' to SWFA, the Audit Commission included the following 'key messages':

- 1) The Authority has made strong progress in delivering its priorities. Performance is better and improving faster than others in the numbers of accidental dwelling fires, deaths and injuries, it is making an effective contribution to wider community outcomes and is improving access to services and its approach to equality and diversity.
- 2) Performance in relation to value for money is good and the service has exceeded its efficiency targets. Challenging targets aimed at stretching the organization both in terms of national requirements and local influence are set.
- 3) There is a clear commitment to the regional management board and other partners to increase capacity, gain resources and better deliver organizational objectives. The service is well positioned to make further improvements with strengthened corporate and financial planning across improvement priorities and improved financial capacity.

1.6 In summary, this Plan reflects a determination on the part of Members and officers to build on past successes, to focus on areas for improvement, to secure continued excellent value for money, and to take the lead on developing new and improved ways of delivering an even better fire and rescue service in financially difficult times.

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Summary of Shropshire and Wrekin Fire Authority's Medium Term Financial Plan

1.7 Within **Section 1** of the MTFP, the longstanding strategic aims and objectives of SWFA are briefly described and broad links with the finances and budgets are provided. The degree to which SWFA's priorities have driven Service improvements and reduced the risks of fire to the people of Shropshire are then detailed, and the medium and longer term financial implications of yet further improvements are considered. These include continuing budgetary requirements for improved Community Fire Safety (CFS) in rural areas; for maintaining and improving the Retained Service; for maintaining and building upon our commitment to equality and diversity; and, for improving our resilience to support large scale local, regional or national emergencies such as those presented by the floods of 2007. Finally, this section also includes a description of how SWFA ensures sound financial management and value for money, and briefly describes its approach to risk management, customer care, people development and working in partnership.

1.8 **Section 2** of the MTFP attempts to place the funding of SWFA within a national context. It describes briefly the process of modernisation, which commenced with an independent review of the Service in 2002 by Professor Sir George Bain, through to changes to the funding of the Service through CSR07, and the detail of the Fire and Rescue Service National Framework for 2008-2011 which was published in late May 2008. With regard to the impacts of national funding upon SWFA this section highlights the following:

- There has, for a number of years now, been a clear recognition by the Government that funding of the Service needs to change so as to be more focussed upon the actual reduction of risk;
- The Government has introduced changes to funding to recognise that need;
- The changes to date still do not appear to take account of the impacts of sparsity;
- The changes to date are, however, generally beneficial to SWFA;
- The effects of 'flooring' continue to have a huge and disproportionate affect upon the funding of SWFA;
- As a result, SWFA continues to receive one of the lowest levels of central government funding per head of population of any FRA;
- Consequently the precept level set by SWFA remains amongst the highest of all FRAs;
- Despite the above, SWFA can clearly demonstrate that it provides an efficient and effective service to the public of Shropshire and that it is committed to reducing the burden on local taxpayers; and
- CSR07 has provided clarity for SWFA with regard to the support available from Government up to and including financial year 2010/11 and, as such, has enhanced the Authority's ability to plan financially for the medium term.

- Funding for this year and 2010/11 is apparently secure but there will undoubtedly be pressure on the Authority from two directions - both to review its total budget and its current strategy of setting 3.9% increases in its precept each year.

1.9 Section 3 of the MTFP seeks to provide an overview of the revenue budgets of SWFA for the period 2009/10 to 2013/14. The factors taken into account when setting revenue budgets for the next five years are summarised as follows:

- The outcome of CSR07 has been generally favourable to SWFA despite the fact that flooring mechanisms mean that the Authority still does not receive all of its funding entitlement;
- The improvement in grant settlements offered SWFA the opportunity to set a zero increase in precept for 2008/09 and possibly beyond;
- The need to take into account efficiencies and service improvements made through their IRMP, however, has led SWFA to establish a policy of precept increases for the next three years of 3.9% or less. This approach maintains SWFA's long term commitment to reducing the burden on the taxpayers of Shropshire;
- Consultation with the public and stakeholders provided widespread support for such increases;
- Budget increases for 2008/09 allowed for the funding of a number of important 'improvement priorities' identified through the Authority's strategic planning process and contained within the Corporate Plan for 2008/09;
- In continuing to drive its longstanding strategic aims for the Service, SWFA manages its budgets through five separate departments each with its own delegated budget responsibility; and,
- SWFA has established a number of reserves and provisions, which have helped quantify and clarify the need for a general reserve. This will help reduce the financial pressure on services in future years whilst minimising the impact that the need to have these reserves will place on the public and stakeholders.

1.10 Section 4 of the MTFP describes the wide range of methodologies and structures used by the Fire Authority to ensure that it is promoting and delivering value for money.

1.11 Remaining sections of the MTFP then provide much greater detail on the Capital Investment Plan, the Treasury Strategy and on Budget Risk Assessment. The importance of Governments CSR07 is explained more fully in the Budget Risk Assessment section of the plan (Section 7) whilst the need to further develop our "what if" planning assumptions is described more fully in Section 3. The fact that this work now provides an ongoing prioritisation matrix should reductions in Service be required, is also clearly important to SWFA.

Revenue and Capital Budgets

1.12 So far as Revenue Budgets are concerned, the proposed working budgets for the three years are as follows:

	2009/10 Budget	2010/11 Forecast	2011/12 Forecast
Department	£000	£000	£000
Executive	3,266	3,886	4,520
Service Delivery	12,025	12,195	12,235
Strategy & Performance	1,672	1,672	1,672
Human Resources & Development	1,583	1,583	1,583
Resources	2,300	2,305	2,305
	20,846	21,641	22,315

1.13 The pay and price contingency is held within the Executive and distributed according to quantified and justified need.

1.14 Revenue spending plans are co-ordinated and integrated with the capital investment programme summarised below:

	2009/10 Budget	2010/11 Forecast	2011/12 Forecast
Spend Area	£000	£000	£000
Land and Buildings	1,215	3,255	115
Fire Appliances	670	185	675
Other Vehicles and Equipment	375	500	50
	2,260	3,940	840

1.15 This programme is currently sustainable, funded as follows:

	£000	£000	£000
Loan	875	2,000	740
Capital Reserve	783	1,249	100
Capital Grant	602	691	0
	2,260	3,940	840

1.16 Alternative funding directly from revenue or from leasing would be considered, if the opportunity was available and could prove financially advantageous. The Authority will also continue to explore opportunities to re-configure its existing assets, thereby generating capital receipts or entering partnership agreements.

Service Priorities

1.17 The Service Priorities of SWFA were established as long ago as 1998 when the Fire Authority was formed. Although they have been adapted slightly over the years, due, for example, to changes in legislation, they remain fundamentally the same today as they were ten years ago and have been responsible for a massive and well documented improvement in the safety of communities throughout Shropshire. Details of the strategic aims and objectives of the Authority are shown below:

Strategic Aim 1

Reduce the risk to life and material loss from fires, road traffic collisions and other emergencies in the community

Corporate Objectives for Strategic Aim 1

- 1 Reduce fire deaths and injuries in the community
- 2 Support the life safety agenda of our partners
- 3 Reduce the incidence and severity of fires and other emergencies
- 4 Ensure the effective enforcement of fire safety legislation
- 5 Reduce false alarms and inappropriate calls for assistance

Strategic Aim 2

Protect life, property and the environment from fire and other emergencies

Corporate Objectives for Strategic Aim 2

- 6 Ensure the provision of an appropriate risk based response to fires, road traffic collisions and other emergencies
- 7 Maximise the beneficial environmental impact of our intervention activities
- 8 Ensure an appropriate response to regional and national emergencies and crises

Strategic Aim 3

Secure the highest level of safety and welfare/wellbeing for all staff and Authority Members

Corporate Objectives for Strategic Aim 3

- 9 Maintain and improve the health, safety and wellbeing/welfare of all Members and employees
- 10 Ensure that all Members and employees are competent and able to perform their role by providing effective leadership and development
- 11 Ensure the provision and availability of appropriate information, equipment, resources and supplier support

Strategic Aim 4

Provide a sustainable service that demonstrates quality and best value in service provision

Corporate Objectives for Strategic Aim 4

- 12 Deliver continuous improvement having regard to a combination of economy, efficiency and effectiveness, in partnership where appropriate
- 13 Ensure the provision of a service that responds to the needs and views of local communities, where appropriate
- 14 Ensure effective corporate governance
- 15 Provide a service which minimises our environmental impact
- 16 Ensure provision of a resilient service
- 17 Manage our information, assets, resources and procurement to maximise value

Strategic Aim 5

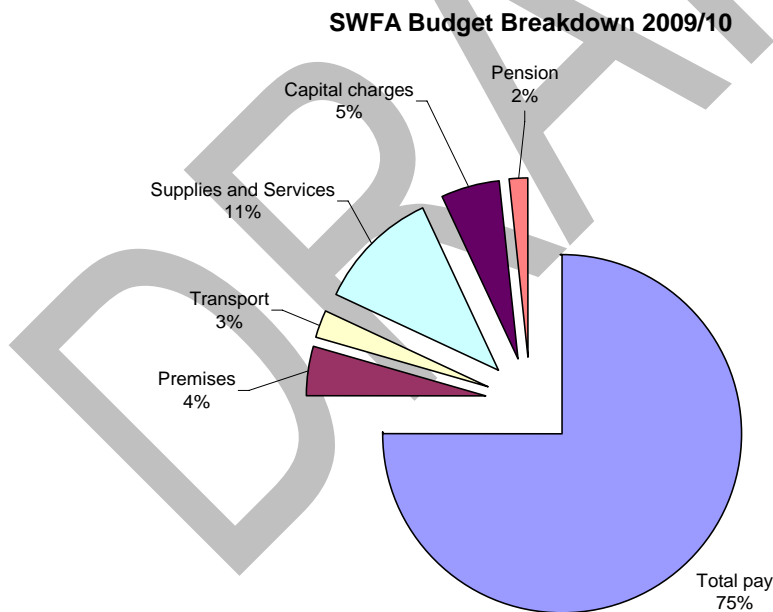
Provide a service committed to the highest levels of equality and diversity

Corporate Objectives for Strategic Aim 5

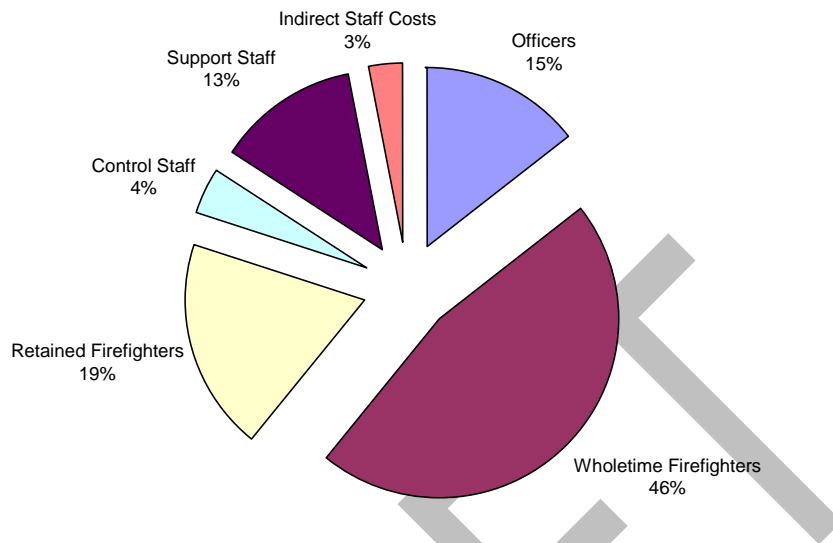
- 18 Provide and promote an equitable service to the communities of Shropshire and other stakeholders
- 19 Provide a just and dignified place of work environment for all employees, Members and visitors
- 20 Recruit, promote and retain a workforce representative of the community that we serve.

Links between Costs and Service Priorities

1.18 Whilst Strategic Aim 1 has been the number one priority of SWFA for many years, clearly the provision of a fire and rescue service to meet the needs of Strategic Aim 2, dealing with fires and other emergencies when they occur, remains by far the largest cost driver for any FRA. This is demonstrated clearly in the following charts, which provide a breakdown of the overall SWFA budget and a further breakdown of employee costs. The first chart shows clearly how three quarters of the Fire Authority's budget is spent on employees; the second then demonstrates how 84% of employee costs are related to frontline staff i.e., wholtime firefighters 46%, retained firefighters 19%, officers 15% and control room staff 4%:



SWFA Breakdown of Employee Costs 2009/10



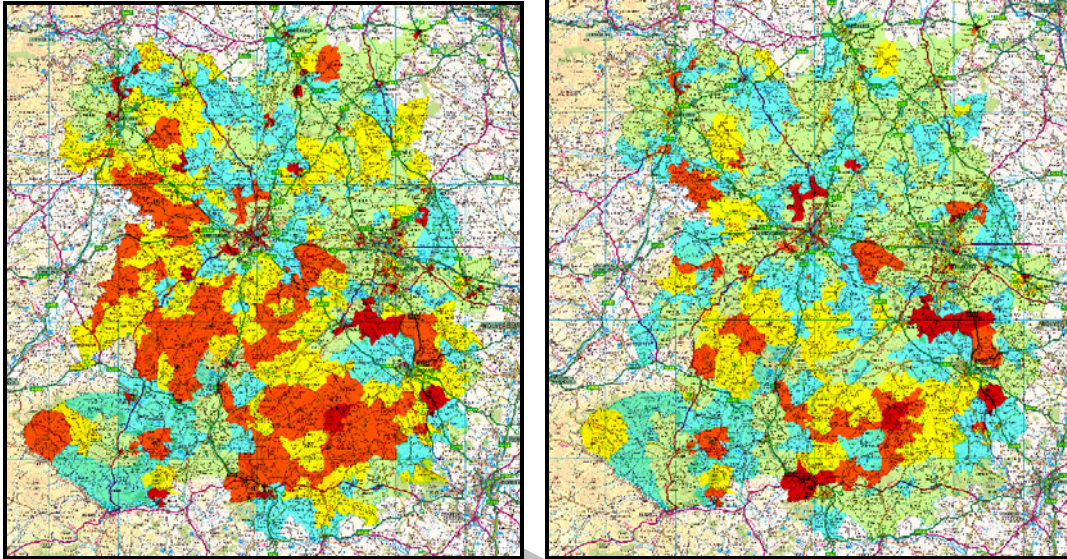
Links between Investment in Service Priorities and Risk Reduction

- 1.19** The Fire Authority continues to make large investments in order to drive down fire deaths and injuries amongst those most vulnerable in Shropshire. During 2006/07 and 2007/08 investment in the retained service was increased by almost £1 million per annum. Each year over £100,000 of that investment is utilised to fund the fitting of smoke alarms by retained personnel and to date almost 50,000 homes in rural Shropshire have been visited with over 20,000 smoke alarms installed.
- 1.20** The Fire Service Emergency Cover (FSEC) model, supplied by the Government as part of the fire service modernisation programme, allows the impact of the Service's risk reduction work (such as that described above) to be modelled. The model is based on the number of deaths and injuries within identified vulnerable groups such as lone pensioners; those with long term illness; single parent families; and those living in rented accommodation. Using the model it is possible to analyse how the predicted risk has changed as a result of a fall (or rise) in actual deaths and injuries.
- 1.21** The following maps show how FSEC has predicted a fall in accidental fire deaths in vulnerable groups in Shropshire as a result of the vast amount of risk reduction work which has been undertaken. The maps compare the level of risk predicted by the incidents attended during the three year period between 2004 and 2007, against those for 2005 to 2008. In each case the darker the colour/shading the higher the risk, and a clear reduction in risk is noted.

Predicted Risk of Death in Dwelling Fires

2004- 2007

2005 -2008



Links between Service Priorities and Performance Improvement

1.22 The previous Comprehensive Performance Assessment (CPA) process developed by the Audit Commission, through their 'fire and rescue service performance framework 2007/08,' brought together a range of Best Value Performance Indicators (PIs) covering the full range of services provided by FRAs, which they used previously to measure outcomes rather than inputs or processes. The Audit Commission take measures to minimise the impact of volatility between various years; adjust the PI outcomes to take account of deprivation; and, set upper and lower thresholds for performance in order to be able to score FRAs against their achievements. 2007/08 was the last statutory period of collection and reporting of the PIs. The Single Set of 198 National Indicators (NIS), announced by CLG in October 2007, will be the only set of indicators on which central government will performance manage local government, replacing all other existing sets of indicators including PIs. The NIS took effect from 1 April 2008. Performance against each of the national indicators will be published annually by the Audit Commission, as part of Comprehensive Area Assessment (CAA).

1.23 The PIs form an important part of the Authority's overall performance management framework and despite the fact that the Commission no longer publish the data collected, the information is still of value for performance monitoring purposes. The results achieved by SWFA over previous years have shown that the Fire Authority is in an extremely strong position compared to other FRAs with regard to actually delivering against its key priorities.

1.24 The results for 2007/08 are shown in the following table:

SWFA Performance against Audit Commission Key Performance Indicators 2007/08

Ref	Description of PI	Source	Audit Lower Threshold	Audit Upper Threshold	SWFA Outcome	SWFA Position
F1	Primary fires per 10,000 population	BVPI 142 (ii)	15.2	7.5	5.10 (following deprivation adjustment)	Upper Table
F2	Accidental dwelling fires per 10,000 dwellings	BVPI 142 (iii)	9.9	5.2	4.84 (following deprivation adjustment)	Upper Table
F3	Deaths arising from accidental dwelling fires per 100,000 population	BVPI 143 (i)	0.625	0.5	0.49	Upper Table
F4	Injuries arising from accidental dwelling fires per 100,000 population	BVPI 143 (ii)	6.0	2.0	0.00 (following deprivation adjustment)	Upper Table
F5	Percentage of accidental dwelling fires contained to room of origin	BVPI 144	89.60%	91.30%	92.24%	Upper Table
F7	Number of deliberate primary fires (including vehicles) per 10,000 population	BVPI 206 (i) and (ii)	No change from 2005/06 to 2006/07	8.75% reduction from 2001/02 to 2006/07	49.70% reduction from 2001/02 to 2006/07	Upper Table
F8	False alarms caused by automatic fire detection	BVPI 149	(i) 110.1 (ii) 74.9%	(i) 74.9 (ii) 53.6%	(i) 61.05 (ii) 77.8%	Mid Table
F9	Calls to malicious false alarms	BVPI 146	(i) 0.3 (ii) 72.4%	(i) 0 (ii) 41.3%	(i) 0.24 (ii) 32.3%	Mid Table
F10	The number of fires in non-domestic properties per 1,000 non-domestic properties	BVPI 207	15.2	10.9	13.82	Mid Table
F11	The percentage of fires attended where a smoke alarm was not fitted	BVPI 209	54.1%	40.3%	41.53%	Mid Table

1.25 In achieving an upper table position for four out of the ten key performance indicators for 2007/08 whilst also having no outcomes in the lower table, SWFA achieved, once again, a maximum rating of 4 and were assessed by the Audit Commission as 'performing strongly' in the area of service assessment.

1.26 Although the outcomes for 2008/09 have yet to be verified, the predicted achievements of SWFA for the previous year are shown below.

SWFA Performance against Audit Commission Key Performance Indicators 2008/09

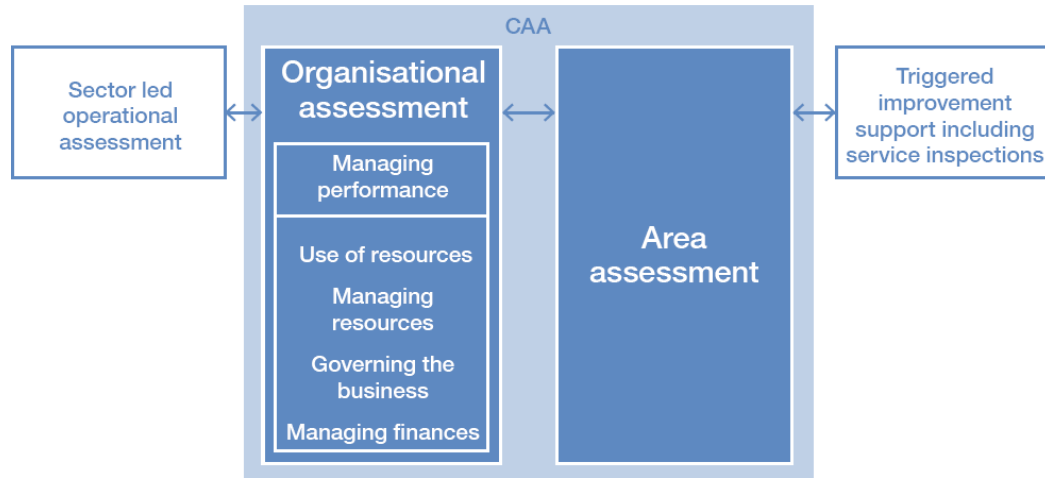
Ref	Description of PI	Source	Audit Lower Threshold	Audit Upper Threshold	SWFA Outcome	SWFA Position
F1	Primary fires per 10,000 population	BVPI 142 (ii)	14.8	6.5	2.61 (following deprivation adjustment)	Upper Table
F2	Accidental dwelling fires per 10,000 dwellings	BVPI 142 (iii)	9.1	4.7	3.92 (following deprivation adjustment)	Upper Table
F3	Deaths arising from accidental dwelling fires per 100,000 population	BVPI 143 (i)	0.625	0.5	0.60	Mid Table
F4	Injuries arising from accidental dwelling fires per 100,000 population	BVPI 143 (ii)	5.4	1.5	0.00 (following deprivation adjustment)	Upper Table
F5	Percentage of accidental dwelling fires contained to room of origin	BVPI 144	89.6%	91.3%	93.6%	Upper Table
F7	Number of deliberate primary fires (including vehicles) per 10,000 population	BVPI 206 (i) and (ii)	No change from 2007/08 to 2008/09	8.75% reduction from 2001/02 to 2008/09	58.2% reduction from 2001/02 to 2008/09	Upper Table
F8	False alarms caused by automatic fire detection	BVPI 149	(i) 110.1 (ii) 74.9%	(i) 74.9 (ii) 53.6%	(i) 55.91 (ii) 76.6%	Mid Table
F9	Calls to malicious false alarms	BVPI 146	(i) 0.3 (ii) 72.4%	(i) 0 (ii) 41.3%	(i) 0.00 (ii) 26.6%	Upper table
F10	The number of fires in non-domestic properties per 1,000 non-domestic properties	BVPI 207	15.2	10.9	13.7	Mid Table
F11	The percentage of fires attended where a smoke alarm was not fitted	BVPI 209	54.1%	40.3%	41.2%	Mid Table

1.27 The table shows that SWFA continues to improve the service being delivered to the public of Shropshire and the Borough of Telford and Wrekin, and once more, achieving a upper quartile positions against 60% of the Audit Commission's previously chosen key indicators and thus maintain a 'performing strongly' rating.

1.28 Comprehensive Area Assessment (CAA) is very different from the previous CPA and Performance Framework in that it focuses on outcomes for local people (particularly through the Area Assessment) rather than on processes. The CAA will also consider how well local public bodies work with each other, the private and third sectors¹, other organisations working locally including town and parish councils, and their local communities.

¹ The 'third sector' may be defined as voluntary and community organisations, charities, social enterprises, cooperatives and mutuals etc.

The CAA has two elements, Area Assessment and Organisational Assessment, which will inform each other. The Audit Commission represents the relationship between the two in the following way:



- **Area assessment** - The area assessment is reported as a narrative accompanied by green and red flags. There is no overall score. The assessment focuses on three questions:
 - how well do local priorities express community needs and aspiration?
 - how well are outcomes and improvements being delivered?
 - what are the prospects for improvement?
- **Organisational assessment** - This is an expanded 'Use of Resources' assessment, which was part of CPA. It will be used to measure partner organisations as well as councils. It will be scored, and scores will be affected by relevant green and red flags in the area assessment.

1.29 The Audit Commission publish the results of the 2008/09 CAA process in November 2009. Previous reports from the Commission's previous Performance Framework regime are published at the Commission's website:

www.audit-commission.gov.uk

The judgements contained within the national reports provide a statement of performance in four areas (see table below). Scrutiny of the assessment results, combined with the previous CPA score, provide the following summary *scorecard* results for SWFA for the last two reportable years:

SWFA Scorecard for 2006/07 and 2007/08

SWFA Performance Framework 2006/07 SCORECARD		SWFA Performance Framework 2007/08 SCORECARD	
CPA 2005 Score:	Excellent	Excellent	
	✓ Good	✓ Good	
	Fair	Fair	
	Weak	Weak	
	Poor	Poor	
Use of Resources:	4 - Performing Strongly	4 - Performing Strongly	
	✓ 3 – Performing well	✓ 3 – Performing well	
	2 – Adequate performance	2 – Adequate performance	
	1 - Inadequate performance	1 - Inadequate performance	
Direction of Travel:	Improving strongly	✓ Improving strongly	
	✓ Improving well	✓ Improving well	
	Improving adequately	Improving adequately	
	Not improving adequately or Not improving	Not improving adequately or Not improving	
Service Assessment:	✓ 4 - Performing Strongly	✓ 4 - Performing Strongly	
	✓ 3 – Performing well	3 – Performing well	
	2 – Adequate performance	2 – Adequate performance	
	1 - Inadequate performance	1 - Inadequate performance	

The scorecard results demonstrate that, as well as being a very highly performing FRA, SWFA outcomes are also continuing to improve. Analysis of the Fire Authority's performance compared with that of other FRAs, at a national and regional level, has also been undertaken to determine relative positioning as shown in the table below:

2007/08 Summary Scorecard of all Results all FRAs

FRA Performance Framework 2007/08 SCORECARD		Spread of Scores Nationally	Spread of Scores Regionally	SWFA Position
CPA 2005 Score:	Excellent	2		
	Good	20	5	✓
	Fair	18		
	Weak	5		
	Poor	2		
Use of Resources:	4 – Performing Strongly	4		
	3 – Performing well	37	5	✓
	2 – Adequate performance	6		
	1 – Inadequate performance	0		
	<i>Under Review</i>	0		
Direction of Travel:	Improving strongly	5	1	✓
	Improving well	23	2	
	Improving adequately	18	2	
	Not improving	0		
	<i>Under Review</i>	0	0	
Service Assessment:	4 – Performing Strongly	11	2	✓
	3 – Performing well	17	1	
	2 – Adequate performance	16	2	
	1 – Inadequate performance	0		
	<i>Exempted FRAs</i>	2		

1.30 What can be deduced from the above table is that out of 47 English FRAs:

- For Comprehensive Performance Assessment, only two FRAs scored above SWFA;
- For Use of Resources, only 4 FRAs scored higher than SWFA;
- For Direction of Travel, SWFA was one of only 5 FRAs to achieve the highest possible grading;
- For Service Assessment SWFA, together with only ten other FRAs, achieved the highest possible score; and
- Within the West Midlands region, SWFA has consistently achieved the best performance of all FRAs.

1.31 These results present a very positive picture of the Fire Authority's performance and confirm that SWFA continues to be one of the very best performing FRAs in England.

The Costs of Further Improvements

1.32 In order to progress even further the modernisation agenda and, more importantly, to continue to improve the safety of the public of Shropshire and Telford and Wrekin, SWFA has identified three ongoing initiatives, which will make demands upon the finances of the Authority in the medium to long term. These are related primarily to the first two strategic aims of SWFA and are also very much interrelated. These initiatives and the financial implications are described briefly as follows:

a) Improving smoke alarm ownership

Almost 60% of the population of Shropshire live within the urban areas of Shrewsbury or Telford, which are served by SWFA's five wholetime fire appliances, (two at Shrewsbury and one each at Telford, Tweedale and Wellington). Since 1998 wholetime firefighters have been heavily involved in CFS activities and, as such, have been responsible for the dramatic improvements demonstrated above with regard to reductions in accidental dwelling fires and associated deaths and injuries. In the more rural parts of Shropshire covered by retained personnel, however, the advancement of CFS has not been so rapid or indeed productive.

Through the use of the Fire Service Emergency Cover (FSEC) software provided by the Office of the Deputy Prime Minister for the purpose of Integrated Risk Management Planning, it more recently became possible to identify the level of risk of accidental fire for all dwellings in the County. As a result, during 2005/06, SWFA made available funding for retained firefighters to commence CFS (and in particular the fitting of free smoke detectors) in all areas of the County. This initiative proved to be extremely successful, with over 10,000 homes visited and 3,500 smoke alarms fitted by retained personnel in 2005/06. As a result, SWFA made an ongoing commitment to funding retained CFS work and from 2006/07 to 2008/09 almost 50,000 more homes were visited and over 20,000 smoke alarms have been installed by Retained personnel. This work has clearly been an important factor in achieving the ongoing improvements described above against 'key performance indicators.' Improved targeting of vulnerable groups has also improved our efficiency in delivering this important prevention initiative as has collaborative work with local authority, community a voluntary groups.

b) Ensuring all fire appliances are available

With 23 out of SWFA's 28 fire appliances crewed by retained personnel, the Authority has not been immune to the problems of recruitment and retention of sufficient personnel to crew the appliances, as highlighted in a national report published in February 2005. Although SWFAs shortfall of approximately 8% of retained firefighters was well below the figure of 20% nationally, it still meant that in the past up to seven fire appliances could be unavailable or 'off the run' at any one time. This was a situation which was, of course, totally unacceptable with regard to meeting the Authority's strategic aim to 'protect life, property and the environment from fire and other emergencies'.

As such, SWFA carried out a Best Value Review (BVR) of the Retained Service during 2005. The Review identified the need for very substantial investment in the Retained Service and, as described in previous MTFPs, SWFA made a commitment to this investment, which has had a significant impact upon the budgets and finances of the Authority in the medium and longer term. The investment amounted to £824,000 during 2006-07, rising to £1.108 million by 2009-10, i.e. an increase of over 6% on SWFA's budget for 2005-06.

This investment has already started to pay dividends however, and by the end of 2007-08 Retained appliance availability has increased dramatically from below 94% to over 98.5%, recruitment and retention are at their best levels for many years (the number of Retained firefighters employed has increased from 295 to 325), Retained CFS is having a huge impact in rural Shropshire, and officers are being asked to share the 'best practice' approach of SWFA across all parts of the UK.

The recession is already having an impact on the availability of RDS appliances. Currently many staff are on short time working making them more available during the day to crew our appliances in rural areas. Looking to the future we need to assess the longer term impact of the recession on RDS availability and factor recommendations into future IRM Plans.

This year's IRMP is also looking at how the Service can secure the competence of our RDS colleagues through the possible provision of District Development Teams whose purpose will be to continue the work of our Retained Support Officers in recruiting new RDS staff but also work with local managers to improve the skills and knowledge of our rural fire and rescue teams.

c) Ensuring all fire appliances are located to match risk

Under the old national standards of fire cover applicable until September 2004, fire cover (and hence fire appliances) were located to provide protection for buildings. Thus, within Shropshire, two wholetime appliances are currently located adjacent to the town centre of Shrewsbury and a further two were in the vicinity of Telford Shopping Centre. It has more recently, of course, been recognised nationally that the major risk to life from fire occurs in the home. As such, FRAs have been required for a number of years to implement their own Integrated Risk Management Plans (IRMP), which must seek to ensure that resources are actually matched to risk.

Through their IRMP, SWFA have set attendance standards for fires and road traffic collisions; during 2006/07 these standards provided strong evidence of the need to re-locate one of the Authority's wholetime appliances in Telford to provide the best match possible to actual risk. SWFA agreed funding and during 2007/08 re-located one of the Service's wholetime appliances from its Telford Central base to Tweedale in order to provide a much improved standard of service in the south of Telford. By utilising an existing Retained station at Tweedale the costs of this service improvement was kept to an absolute minimum and the move has now been very successfully completed.

Following further extensive IRMP consultation during 2007/08 with staff, stakeholders and the public, it has been identified that there is little (if anything) to be gained by relocating the wholetime appliances currently located at St Michaels Street, Shrewsbury. It has, however, also been recognised and agreed that extensive refurbishment work is required to enable the current site to continue in operation. Whilst refurbishment is a much less costly option than relocation (approximately £3.9 million as opposed to nearer £8 million) this work will have a major impact upon the Fire Authority's 10 year Capital Investment Plan as described in Sections 3 and 5 of this Plan.

With almost 80% of the Service's budget being spent on pay and 70% of the pay budget being used for front line operational staff clearly any cuts in government funding will have an impact on the number of staff we can employ to deliver a responsive fire and rescue service matched to the risk our communities face. Our aim will be to protect front line service delivery above all else but any significant financial cuts will require the Authority to look carefully at the level of service provision provided across the county. This analysis has already commenced and recommendations will be made during the development of our organisational strategic plans for 2010/11.

Sound Financial Management and Value for Money

- 1.33** The report in July 2004 by Sir Peter Gershon on "Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency" identified 2.5% efficiency savings per annum for local government. The Fire and Rescue National Framework made clear that these savings related also to FRAs. In the 2005/06 edition of the framework, however, there was clear recognition that the costs and savings of modernisation would fall unevenly across FRAs. This view was also recognised during the Government's work on identifying changes to funding for the Fire and Rescue Service, where it was noted that those FRAs with higher numbers of wholetime staff (which does not include Shropshire) would have the greatest opportunities to force out savings.
- 1.34** In the national framework for 2006-08, however, no mention was made of differing abilities to force out savings, and it was implied that all FRAs were expected to achieve gross efficiency savings of at least 5.67% of their 2004-05 expenditure by 2007-08. SWFA adopted a policy of maximising cashable efficiencies and established an aim of delivering its share of the national Fire Service average target, i.e. £930,000 by 2007/08. SWFA also acknowledged however, that Authorities such as itself, with a long history of driving out efficiencies and delivering best value may find delivering efficiencies more difficult than those with a more recent history of modernisation.
- 1.35** The Fire Authority, therefore, established a policy of looking to maximise efficiencies in order to achieve best value and give opportunities to invest any savings in priority service objectives. In addition SWFA identified other savings where increased quality or quantity of services had been achieved within the same budget. In their recently published Annual Audit and Inspection Letter for 2006/07 the Audit Commission confirmed in their key messages the fact that 'the service has exceeded its efficiency targets' and that 'challenging targets aimed at stretching the organisation both in terms of national requirements and local influence are set.'

1.36 In setting their budgets for the next five years SWFA have adopted the following strategy to ensure that sound financial management and value for money for tax payers is maintained:

- Precept increases to be limited, (subject to major unknown changes in circumstances) to 3.9% per year for the next three years with an objective to reduce the rate of increase, if possible;
- Service developments and, in particular, the St Michaels' Street project to be monitored closely in the next three years, and precept policy reviewed, if necessary;
- The capital reserve should be maximised, where possible, and used to reduce prudential borrowing;
- Efficiency targets of £150,000 per year (0.75% of expenditure) should be maximised in the context of both the Authority's policy of achieving best value in service provision, and the national target for the Fire and Rescue Service of 1.6% per year; and
- Contingency plans ('what if' analysis) should be further developed for 2011/12.

Risk Management

1.37 The proposals contained in this Plan are underpinned by a comprehensive appraisal of strategic and operational risks. Corporate and departmental risk registers are maintained and regularly updated. In this way risk management is treated as an integral part of the planning and managing processes, rather than as a separate annual event. An assessment of financial risks associated with the 2009-10 budget is included within Section 7 of this Plan.

Customer Care

1.38 SWFA exists to serve the interests of the people of Shropshire, and this must always be its central focus. The importance of this focus is reinforced by our customer charter which sets out our service delivery approach and commitment to customers, their rights and responsibilities, and how they can expect any complaint they may need to make to be dealt with. The charter is the public expression of our commitment to the public we exist to serve and it sets out in clear language:

- What we do
- Our delivery approach
- Contact details
- Our promises/customer care standards
- Information on how complaints will be dealt with
- Details on how to make a request under the Freedom of Information Act
- Information on our commitment to Equality and Fairness

The recent report by Ipsos MORI 'Assessing Shropshire's performance' Results of the Place Survey 2008/09 for Shropshire Council and partners identified that 98% of people who had experience of our service were either satisfied or very satisfied. However 29% of respondents had no experience of the service they pay for as tax payers. It will be vital therefore that our future customer care plans include informing all tax payers about what they get for their tax pound.

Workforce Development and Working in Partnership

- 1.39** Staff are an organisation's most important resource, and excellent services cannot be delivered without committed people, who are fulfilled by their work. Leadership and management are about empowering every individual to make the fullest possible contribution to the delivery of front line services, whether directly or indirectly. The most pleasing outcome of the CPA process in 2005 for the Authority was the following comment made within the Audit Commission's national report:

"Good authorities, including Shropshire and Wrekin, Warwickshire and Gloucestershire employ some of the smallest workforces nationally but make the most of their enthusiastic and motivated staff. Furthermore, they are able to recognise their capacity weaknesses and build on their strengths. An example being their ability to prioritise and bring extra capacity through partnership (Page 35, Paragraph 80)."

The Authority has invested heavily over the years on developing a modern organisational culture where colleagues feel valued. Over 100 members of Staff and six elected Members have to date participated in overseas staff development programmes to fire and rescue services operating in ten European countries. In 2008 the Authority received the European Commission's 'Gold Award' for excellence in international partnership working. In 2009 the Authority was awarded runner-up position in the IDeA GO Awards for lifelong learning through partnership working.

The most recent cultural audit, carried out in 2007 identified further areas for improvement however, when compared to 26 other Fire & Rescue Services across the country Shropshire Fire & Rescue Service is clearly seen as an organisation with a positive culture with the Service being positioned in third place overall.

Bringing It Together

- 1.40** SWFA policies are developed and implemented on a thematic basis covering prevention, protection and intervention. Moreover, the themes are themselves interdependent, knitting together as a coherent corporate strategy. But most importantly, it is the policies which drive the allocation of resources on a rationally planned medium term basis.
- 1.41** This Medium Term Plan describes how policies emanate from the community, inform strategic plans and operational plans, and facilitate effective service delivery to the public of Shropshire and Telford and Wrekin by individuals and teams.

Section 2

National Context

DRAFT

Introduction

- 2.1 SWFA's financial and service planning must take place within the context of the national economic and public expenditure plans for the Fire and Rescue Service. This part of the Medium Term Financial Plan looks at the recent history of Fire and Rescue Service funding, and discusses the broad assumptions within which the budget and Medium Term Financial Plan is framed. This Section also provides detail on the Government's latest position with regards to financing, as detailed in the recently published Fire and Rescue Service National Framework 2008-11. Finally, this section considers the outcomes of Government's Comprehensive Spending Review 2007 and describes the impact that changes to national grant distribution have had upon SWFA.

Background

The Bain Review (2002)

- 2.2 In December 2002, the results of an Independent Review of the Fire Service conducted by Professor Sir George Bain were published, with the aim of making recommendations on the future organisation and management of the Fire and Rescue Service (FRS).
- 2.3 The Review found that major changes were required across the Fire Service; including that there needed to be a new approach to the way the FRS was organised and managed; that the work of the Service should be based more around risk management and prevention; that new reward systems and structures were required; and that the distinction between 'full-time' and 'retained' staff should be abandoned.
- 2.4 Furthermore, Sir George identified that the governance of the Service needed restructuring so that policy would be laid down clearly by ministers, and institutions would be in place to deliver the policy agenda effectively at local level. He identified that, if the challenge of these recommendations was accepted, FRS personnel would have the chance to move to a new system that encouraged them to develop their personal skills and would make their jobs more satisfying, with increased rewards.
- 2.5 Although the terms of reference did not include a need to examine the financing of the Fire and Rescue Service, Sir George did identify that *"Brigades working on fire prevention have been hampered by another 'perverse' incentive. Until the local government finance settlement announced on 5 December this year, only a miniscule element of the Standard Spending Assessment (SSA) formula was linked to fire safety in any form. So there is no encouragement to invest in fire safety; quite the reverse, since fire authorities got no extra money for reducing fires."* As long-term performance information indicates clearly, this 'perverse' incentive has never prevented SWFA from investing in preventative work since its inception in 1998.

Our Fire and Rescue Service (White Paper) 2003

- 2.6 The White Paper *Our Fire and Rescue Service* presented to Parliament in June 2003, responded to the Independent Review of the Fire Service by Professor Sir George Bain and set out the Government's vision for the Fire and Rescue Service in England and Wales and the strategy for achieving that vision. It highlighted a Fire Service that could be proud of what it had achieved in the past, but that needed to extend its role in the future in order to serve even better the communities it is there to protect.

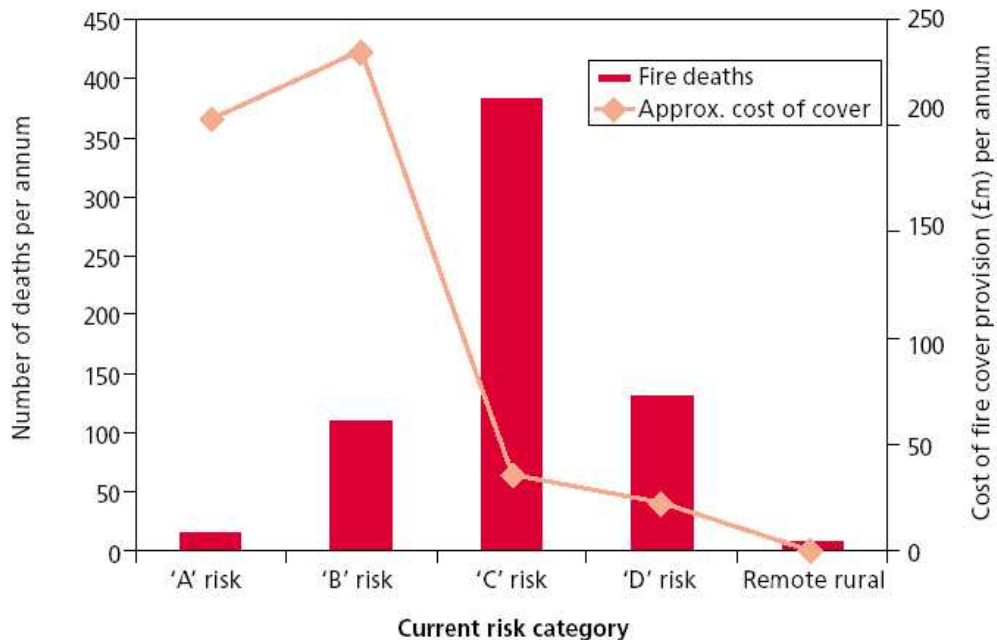
The White Paper identified that the Fire and Rescue Service had been hampered by:

- an outdated legislative framework;
- an outdated structure;
- weak institutional support;
- an insufficient focus on risk prevention; and
- poor human resources systems.

2.7 The White Paper also highlighted that total Government expenditure on the Fire and Rescue Service had increased from £1,237 million in 1997-98 to £1,583 million in 2003-04. More importantly that resources were not always allocated on the basis of need, exemplified in the White Paper as follows:

“For example, as Figure 3 shows, at present we devote many more resources to protecting buildings in city centres (where deaths are low) compared to what we devote to residential areas (where deaths are much higher). Response standards and the way resources are organised should vary in accordance with those different levels of risk. At the moment, they do not. This must change.”

Figure 3: Current allocation of resources to risk



A risk = normally in the largest cities and towns, and including main shopping, business, entertainment or industrial centres

B risk = normally in the larger cities and towns

C risk = normally in the suburbs of the larger towns and in the built-up areas of smaller towns

D risk = all risks other than remote rural

Source: ODPM

- 2.8 Within Shropshire, under the standards of fire cover referred to above, Shrewsbury, Telford and the centres of the larger market towns were classified as 'C' risk, and the remainder of Shropshire (with the exception of small pockets of remote rural risk) was classified as 'D' risk. The White Paper, therefore, confirmed a long-held belief that SWFA had been under-funded for many years.

The Fire and Rescue Service Act 2004

- 2.9 The Fire and Rescue Services Act 2004 ('the Act') received Royal Assent on July 22nd of that year. It replaced the Fire Services Act 1947 with a new legislative framework to ensure the Fire and Rescue Service was better able to meet the particular challenges of the 21st Century.
- 2.10 The Act put prevention at the heart of what the Fire and Rescue Service does, for example by creating a new duty for all fire and rescue authorities to promote fire safety, and other powers to help create safer communities, particularly for the most vulnerable in society. The Act also formally recognised the broader role the Service has taken on over the last 50 years, beyond its traditional firefighting role. This includes rescue from road traffic accidents as well as responding to other serious incidents, such as major flooding and the new terrorist threat.
- 2.11 The Act also made provision to place the 'Fire and Rescue National Framework' on a statutory footing, providing national and strategic guidance and support to the Service for the first time.

The Fire and Rescue National Framework 2004-05

- 2.12 Within the very first Fire and Rescue National Framework, the Government identified that the changes under the modernisation programme and the associated agreement on pay and terms and conditions for firefighters would have significant financial ramifications. There would be increased costs to fund the pay award and potentially some aspects of the modernisation agenda, for example the increased emphasis on prevention. Substantial savings were also identified, however, as being available, for example through better targeting of resources to match risks, and through regional collaboration. Overall, the Government believed that the costs and savings of these changes should balance across the Spending Review 2002 (SR02) period (2003/04 to 2005/06).

Distribution

- 2.13 Due to proposed changes to pensions finance arrangements also identified within the Framework, the Government recognised the need for change to the Fire Formula Spending Share, as the existing system, which included an element predicated on forecast pensions outgo costs, could no longer be fair. In addition, **the Government also recognised that the costs and savings of modernisation could fall unevenly across fire and rescue authorities.** The Government, therefore, asked a working group of officials, including the Local Government Association (LGA) and representatives from fire and rescue authorities, to examine the **case for change and possible alternatives to the existing Fire Formula Spending Share that might better reflect fire and rescue authorities' needs.** The Government indicated that they would consider proposals for changes to the Formula in the light of the working group's conclusions and that any changes to the Formula would come into effect for 2005/06 at the earliest.

The Fire and Rescue National Framework 2005-06

Revenue Support

- 2.14** The second Fire and Rescue National Framework identified that according to the provisional 2005/06 local government settlement, fire and rescue authorities would receive an average increase in grant of 3.7% and no authority would receive less than a 2.5% increase in 2005/06. In referring to Sir Peter Gershon's efficiency review that formed part of Spending Review 2004 (SR04), the Government identified within the national framework that fire and rescue authorities had a part to play in helping local government to meet that target. The Office of the Deputy Prime Minister had assumed within its own efficiency target that English fire and rescue authorities together would achieve £105 million gross efficiency savings in 2007/08, compared to the position in 2004/05. This would amount to a gross efficiency saving in 2007/08 equivalent to around 5% of total 2004/05 expenditure.

Council tax

- 2.15** The national framework included a reminder that capping powers were exercised against five fire and rescue authorities in 2004/05. One authority was capped in-year and four were set notional 2004/05 budget requirements, which were lower than the actual budget requirements. The Government made clear that they expected to see significantly lower council tax increases in 2005/06, and that they expected average council tax increases in England in 2005/06 to be less than 5%; including for fire and rescue authorities.

Distribution

- 2.16** Within the 2005-06 Framework, the Government again recognised that proposed changes to pensions finance arrangements could entail a change to the Fire Formula Spending Share. Furthermore, it **again recognised that the costs and savings of modernisation could fall unevenly across fire and rescue authorities**. In contrast to the 2004-05 Framework, however, the Government confirmed that any changes proposed by the funding working group would come into effect for 2006/07.

Local Government Finance Settlement 2006/07 And 2007/08

- 2.17** In accordance with the National Framework 2005-06, the Government established a Fire Formula Working Group to look at the case for change and possible alternatives to the existing Fire Formula Spending Share.
- 2.18** As a result a two-year settlement for 2006/07 and 2007/08 confirmed changes to the Fire Formula Spending Share to take into account the move to three-year settlements, new financial arrangements for firefighters' pensions, changes to indicators caused by the elimination of national standards of fire cover and changes to fire safety law. Changes were also made to the Formula to recognise the increasing role of community fire safety work in FRAs by increasing the fixed percentage element from 3% to 6%. The indicator used to distribute this was also updated and widened to include the population of those over 65. Most notably for SWFA, however, an earlier proposal for the introduction of a fixed element for sparsity was not included.

Settlement 2006/07

2.19 The changes to the formula ensured that funding allocation was much more closely linked to actual risk and, as such, for 2006/07 SWFA received a much better than normal settlement as demonstrated in the following table:

	Grant	% change over 2005/06
Grant 2005/06 (adjusted to take account of changes to pension financing)	£6,522,000	
Grant 2006/07	£7,710,000	18.2
Grant after flooring (set at 1.5%)	£6,936,000	5.9
Grant after previous years adjustments	£6,766,000	3.3

2.20 The table shows that for 2006/07 SWFA received an 18.2% increase in grant prior to the impact of flooring and previous years' adjustments. Unfortunately for the council tax payers of Shropshire, however, these impacts were very substantial as shown in the table, and thus the grant settlement had gone from one of very good news for the people of Shropshire and Telford and Wrekin to an increase of only 3.3% i.e., barely above inflation.

Settlement 2007/08

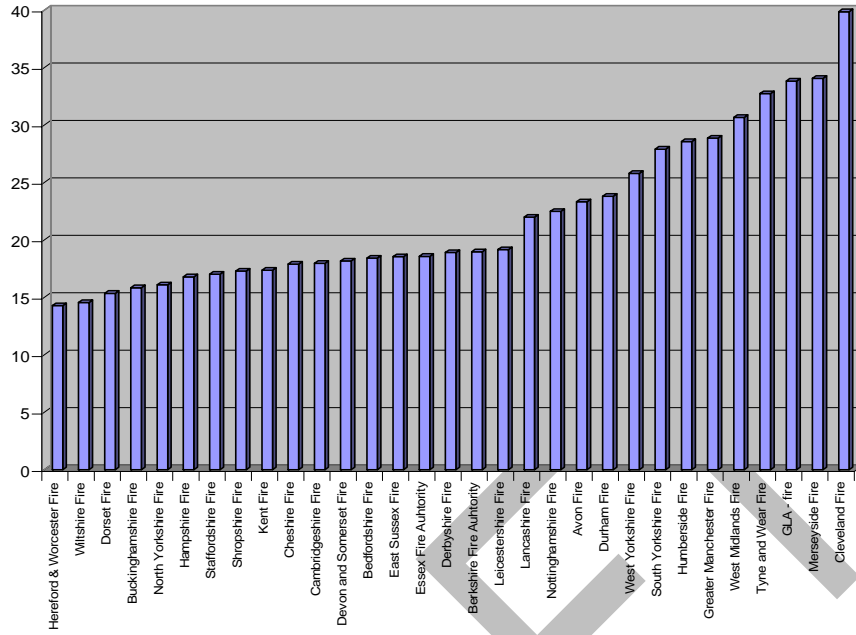
2.21 The effects of flooring continued to have a serious impact upon the funding levels of the Service into 2007/08 as shown in the table below:

	Grant	% change over 2006/07
Grant 2006/07 (after flooring and previous years adjustments)	£6,766,000	
Grant 2007/08	£7,900,000	14
Grant after flooring (set at 2.7%)	£7,195,000	3.7

The Overall Effect of the 2006/07 and 2007/08 Settlements on SWFA

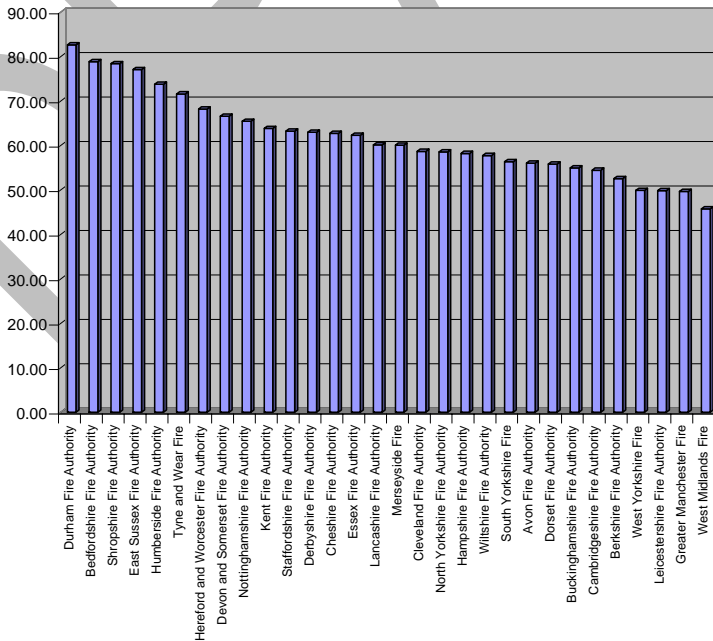
2.22 As demonstrated by the chart below, the overall effect of the 2006/07 and 2007/08 settlements (after flooring) were that SWFA continued to receive one of the very lowest grants per head of population of any FRA (£15.97 as opposed to an average of £24.32 and a maximum in Cleveland of just under £40); this despite the well-recognised difficulties of providing a fire and rescue service in a large, mainly rural area employing a majority of retained firefighters.

Grant per Head of Population for CFAs and Metropolitans 2009/10

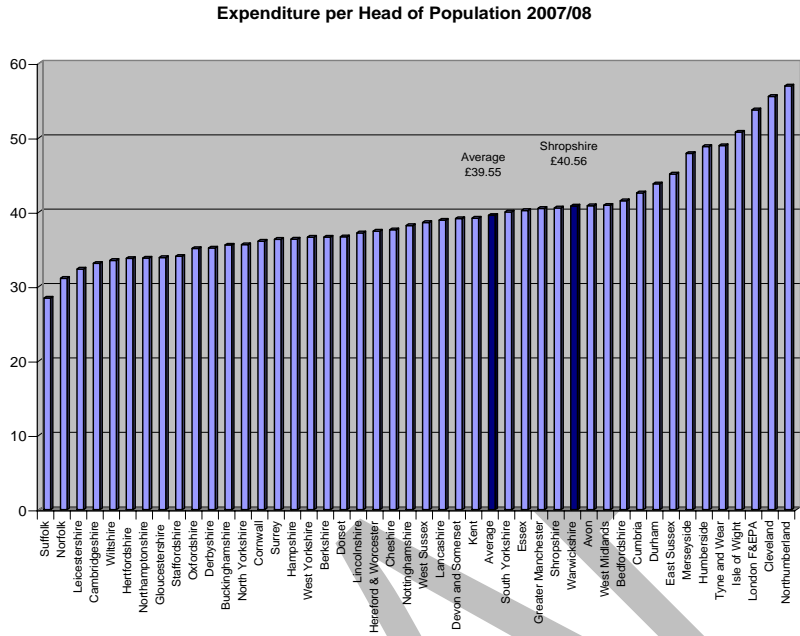


2.23 This, of course, also meant that the financial burden of funding the Service continued to fall disproportionately upon the council tax payers of Shropshire and the Borough of Telford and Wrekin. This was clearly demonstrated in the following chart showing precept levels for 2008-09.

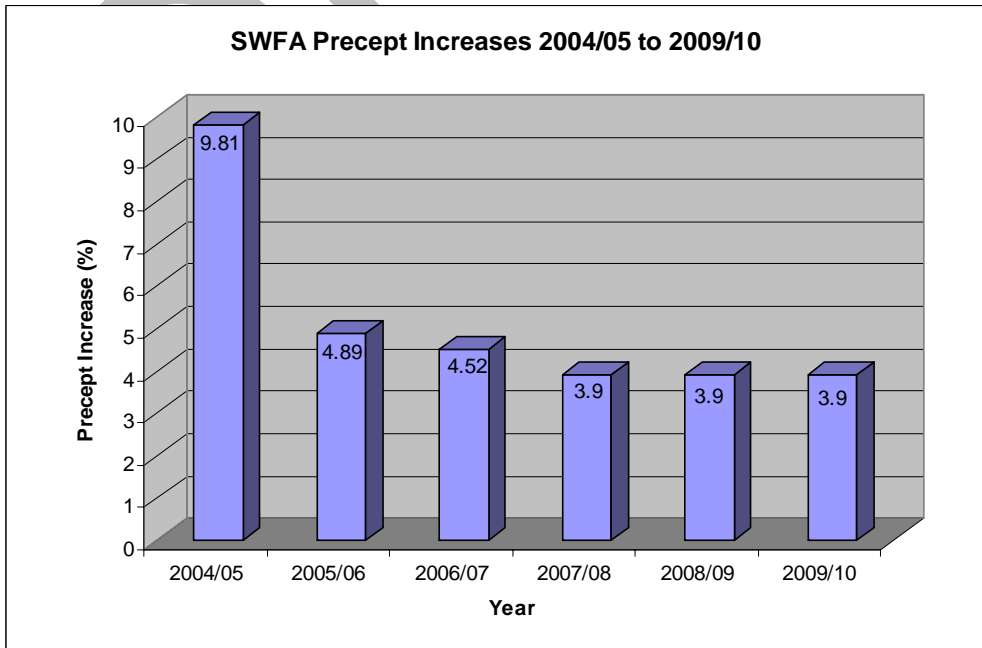
Precept 2008/09



2.24 Despite the very unfortunate impact described above of many years of under-funding of SWFA, there were also very positive indications that the Authority was doing everything within its powers to provide an effective and efficient service for the public of Shropshire and to continue to reduce the costs to local taxpayers. This was demonstrated to the public during budget consultation using the following charts:



2.25 The above chart showed how SWFA were 14th out of 46 English FRAs with regard to the actual expenditure per head of population on providing a Fire and Rescue Service for their area. The following chart also demonstrated that over the previous three years SWFA had maintained their commitment to reducing the tax burden upon local taxpayers by delivering a clear downward trend in precept increases:

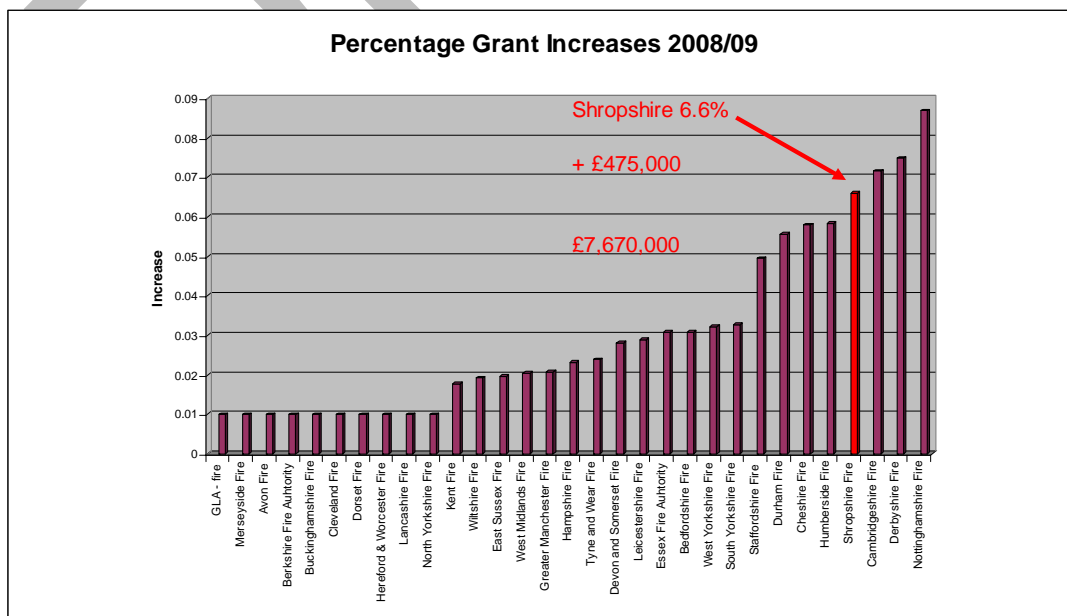


Fire and Rescue Service National Framework 2006-08

- 2.26** In its first two-year version of the National Framework, published on 6 April 2006, the Government confirmed that fire and rescue authorities received average grant increases of 1.96% in 2006/7 and 3.14% in 2007/8 and no authority received less than 1.5% in 2006/7 and 2.7% in 2007/8. Government also once again confirmed that FRAs should be seeking to achieve (by the end of 2007/08) efficiency savings of 5.67% of their total 2004/05 expenditure, and that these should be reported to Government through Annual Efficiency Statements.
- 2.27** The Government also clarified its expectation that all fire and rescue authorities should ensure that they did not set excessive increases in 2006/07 and 2007/08. The Government made clear in its general election manifesto that it would not hesitate to use its capping powers to protect council taxpayers from excessive rises in future years.

Comprehensive Spending Review 2007

- 2.28** In last year's MTFP it was reported that SWFA was in a very difficult position with regard to establishing its medium and long term financial plans due to wide ranging uncertainties surrounding CSR07. It was also noted that the outcomes of the Review were unlikely to be known before December 2007, by which time planning for 2008/09 and future budgets needed to be well underway. Consequently a great deal of work was undertaken in what became known as 'what if' planning in which worst case grant settlement had to be assumed, and possible cuts to service identified and prioritised. Further detail on the 'what if' planning is contained within Section 3 of this MTFP. Further work during the strategic planning process for 2010/11 will expand on this financial contingency plan.
- 2.29** The Government's spending review was, as expected, announced in December 2007. The results were positive for SWFA with the introduction of risk based grant allocation now starting to really address the previous under-funding of the Service. The following chart shows the variation in grant increase for 2008/09 for all FRAs in England:



2.30 As can be seen from the chart, SWFA received one of the highest grant increases of 6.6% which equates to an increase of almost half a million pounds. The news was also positive for the remaining two years of the settlement as shown in the following table:

SWFA Grant increases 2008/09 to 2010/11

Year	Grant (£ million)	Increase (£ million)	Increase (%)	Floor (%)
2008/09	7.67	0.475	6.6	1
2009/10	7.975	0.305	4.0	0.5
2010/11	8.268	0.293	3.7	0.5

2.31 It must be stressed that, even at the end of what can only be described as a good three year settlement, SWFA will not have received all of its funding due under the new risk based grant allocation mechanisms. The Authority will still have a shortfall of £366,000 due to the flooring mechanisms. It must be noted, however, that CSR07 has been a positive boost for SWFA and, as will be described in the following section, the settlement has allowed for both service improvements and reduced increases for taxpayers. In essence, it could have been worse!

Fire and Rescue Service National Framework 2008-11.

2.32 During November 2007 Government issued a draft National Framework 2008-11 for consultation. The main proposed changes since the previous Framework documents included:

- Scaling down the narrative to key 'must/should' messages;
- Lifespan – moving to a three-year document, to run alongside the Fire and Rescue Service's financial commitments; and
- Structure – moving away from the nine to four new chapters focused on key strategic priorities:
 - Chapter 1 - Prevention, Protection and Response
 - Chapter 2 - Resilience
 - Chapter 3 - Diversity and Workforce
 - Chapter 4 - Governance and Improvement

2.33 Following consultation, the latest version of the National Framework was published towards the end of May 2008. Finance is included within Chapter 4 of the new Framework and the main points covered are as follows:

Efficiency

Fire and Rescue Authorities should continue to report efficiencies on an individual authority basis; but Communities and Local Government will also provide a facility and guidance for authorities to report collectively on efficiency savings delivered through the Regional Management Board.

Pay

The government made clear that it expects the public sector to control pay increases. Whilst it is for the Fire and Rescue Authorities as the employers to negotiate pay and determine the affordability of any settlement, in doing so Fire and Rescue Authorities should have regard to the government's public sector pay policy and equal pay legislation.

Council Tax

The government expects all Fire and Rescue Authorities to ensure that they do not set excessive council tax increases in 2008-09 and 2009-10. The government continues to be clear that it would not hesitate to use its capping powers to protect council tax payers from excessive rises in local taxation.

Asset Management

In order to ensure efficient use of resources and to effectively manage their estates all Fire and Rescue Authorities should have an Asset Management Plan in place which reflects asset management guidance issued by the Royal Institute of Chartered Surveyors and Communities and Local Government.

National Procurement Strategy for the Fire and Rescue Service and Firebuy

Firebuy was established in March 2006 to drive forward the National Procurement Strategy for the Fire and Rescue Service. Its aim is to secure efficiencies in procurement, to advance interoperability and to improve standards of equipment. It will also assist in removing traditional barriers to recruitment and reducing environmental impacts.

A previous review on Fire and Rescue Service procurement indicated that there was potential for efficiencies from the reduction of overheads through to savings from joint purchasing. The work that Firebuy Ltd is undertaking is also part of the overall agenda on Transforming Government Procurement.

Fire and Rescue Authorities must submit a business case to Communities and Local Government to gain approval to extend existing contracts outside the National Framework Agreements arranged through FireBuy Ltd.

Latest Position

As a live document it is important that we continually review our financial plans. With the current ambiguity and turmoil in the finance system this is even more important.

The Department for Communities and Local Government (CLG) confirmed in April 09 that the rises in funding for this Authority would remain at 2.3% (2009) and 2.4% (2010). Although this stability is welcomed officers will still begin planning for other financial scenarios to prepare the Authority for changes to our funding position.

The Audit Commission's report into fire & rescue service's expenditure entitled 'Rising to the Challenge: Improving Fire Service Efficiency' (published in December 2008) identified a possible saving across the country of around £200 million. At their meeting in February 2009 Fire Authority Members agreed to an in depth analysis of this document which has since been conducted and has identified a number of areas for further study where local efficiencies could be possible. Full details of the analysis are available on the Services web site at: www.shropshirefire.gov.uk by following the link for the Fire Authority meeting of 29 April 2009, Paper 16.

The key points in both the Commissions report and our analysis are:

- There are a number of areas where further benchmarking against other services may identify efficiencies or service improvements.
- Many of the efficiencies identified in the report are more applicable to larger and mainly wholetime staffed FRS.
- There are a number of areas where we demonstrate good practice and these should be shared with other FRS across the country.

Summary

2.34 With regard to national funding of the fire and rescue service and the impacts upon SWFA, the main points of note can be summarised as follows:

- There has been a clear recognition by the Government that funding of the Service needs to change so as to be more focussed upon the actual reduction of risk;
- The Government has introduced changes to funding to recognise that need;
- The changes to date still do not appear to take account of the impacts of sparsity;
- The changes to date are, however, generally beneficial to SWFA;
- The effects of 'flooring' and 'previous years' adjustments' have had a huge and disproportionate affect upon the funding of SWFA;
- As a result, SWFA continues to receive one of the lowest levels of central government funding per head of population of any FRA;
- Consequently, the precept levels set by SWFA will remain amongst the highest of all FRAs;
- Despite the above, SWFA can clearly demonstrate that it provides an efficient and effective service to the public of Shropshire and that it is committed to reducing the burden on local taxpayers; and,
- The Comprehensive Spending Review 2007 has provided clarity for SWFA with regard to the support available from Government for the next three years and, as such, has enhanced the Authority's ability to plan financially for the medium and longer term.

Section 3

Overview of Revenue 2008-11

DRAFT

Introduction

3.1 This section of the MTFP considers the impact of CSR07 on the finances of SWFA for the next three to four years. It firstly details the contingency plans made by SWFA in preparation for what could have been a very difficult three year grant settlement, and then describes how the actual (more positive) outcomes of the settlement have influenced the spending plans of the Fire Authority for the next three years and beyond. Finally, the way in which the revenue budget is controlled and monitored is explained and the level of reserves utilised to control risks to the Authority are detailed.

Grant Settlement 2008/09 to 2010/11

3.2 As described in Section 2 of this Plan, the Government's changes to the Fire Formula Spending Share and the outcomes of CSR07 have provided for funds to be allocated more on the basis of the actual needs of FRAs than in previous years. The three-year settlement provided the following increases for SWFA:

Grant 2008/09	£7,670,000	+6.6 %
Grant 2009/10	£7,975,000	+4.0%
Grant 2010/11	£8,268,000	+3.7%

The fact that the above information was not available to SWFA until December 2007 entailed that a good deal of contingency planning had been required in order to be prepared for all eventualities. This work provided extremely useful and enlightening and is described in more detail below:

Contingency 'what if' Planning

3.3 During the summer and autumn of 2007, in view of the wide ranging uncertainties surrounding the outcomes of CSR07, SWFA carried out extensive contingency planning in preparation for setting its budgets for the coming three years. The planning needed to be based upon best and worst case assumptions for the outcomes of CSR07 and needed to take account of such factors as an anticipated squeeze on funding by central government and the fact that no indication of the levels at which floor damping would be set was available. This gave a range of best and worst case scenarios for the three years as shown in the following table:

Best and worst case assumptions for SWFA for the outcomes of CSR07

Year	2008/09	2009/10	2010/11
Worst Case Scenario	£379,000 shortfall	£536,000 shortfall	£585,000 shortfall
Best Case Scenario	£68,000 headroom	£194,000 headroom	£446,000 headroom

Identified Possible Budget Reductions

- 3.4** As shown in the table, it then became necessary for SWFA to carry out further work to identify the measures it would need to take should the outcome of CSR07 be a shortfall of almost £600,000 by the third year of the settlement.
- 3.5** In view of the sums involved (over 3% of expenditure), and of the work that had already been undertaken over many years in forcing out efficiencies, it was clear that if the worst case scenario became a reality, the Authority would be forced to make cuts to meet its budgets. The following table lists a range of options that were considered. It should be noted that in each case a risk assessment was carried out upon the possible cut to determine the impact it would have upon the ability of SWFA to continue to meet its objectives; the impact it would have upon the reputation of the Authority; and, the impact it would have upon staff relationships. The overall threat of each possible cut (on a range of 1 to 15) is shown in the following table:

Possible budget reductions considered as part of 'worst case' planning

		Financial Implications			Threat With Controls
		2008/09	2009/10	2010/11	
1	Budget for Vacancies	-£100,000	-£100,000	-£100,000	3
2	Reduce FSC Courses	-£40,000	-£20,000		4
3	Removal of Messing	-£40,000	-£40,000	-£40,000	5
4	Reduce Hydrant Maintenance	-£50,000			5
5	Reduce Building Maintenance	-£50,000	-£25,000		5
6	Extend Appliance Life		-£20,000	-£35,000	5
7	Cease funding of RMB	-£35,000	-£35,000	-£35,000	5
8	Reduce Senior Management		-£60,000	-£60,000	6
9	Reduce Support Staff	-£25,000	-£50,000	-£75,000	6
10	Reduce Operational Equipment	-£10,000	-£10,000	-£10,000	7
11	Reduce WT Overtime	-£40,000	-£40,000	-£40,000	7
12	Budget for Vacancies	-£100,000	-£100,000	-£100,000	7
13	Reduce Riders at SY		-£140,000	-£140,000	8
14	RTC Reduction	-£42,000	-£42,000	-£42,000	8
15	Retained CFS	-£100,000	-£100,000	-£100,000	9
16	RSO Reduction	-£150,000	-£150,000	-£150,000	9
17	Combined ARPs (SY and TC)			-£280,000	9
18	RSO Reduction		-£150,000	-£150,000	10
19	Close Retained Station (1)			-£125,000	12
20	Close Retained Station (2)			-£125,000	12
21	Close Retained Station (3)			-£125,000	12
22	Close Retained Station (4)			-£125,000	12
23	Close Retained Station (5)			-£125,000	13
24	Close Retained Station (6)			-£125,000	14
25	Remove W/T Appliance SY			-£800,000	15
26	Remove W/T Appliance TC			-£800,000	15
	TOTAL	-£782,000	-£1,082,000	-£3,707,000	

- 3.6** The figures shaded in each of the columns then represent the cuts that would have been required to meet the predicted worst case scenario in each year. For example, in 2008/09 it would have been necessary to implement items 1 to 11 in the table in order to reduce budgets by £390,000 and thus meet the worst case scenario predicted shortfall of £379,000.

- 3.7** The Authority will again in 2009 review the possible financial future and together with officers will review how cuts could be made in a way that minimizes their impact on front line service delivery. Clearly with around 80% of our budget relating to salaries and 70% of our salary budget on front line firefighting resources any significant reductions in grant or precept will put pressure on the delivery of our emergency service.

Identified Possible Growth Areas

- 3.8** In a very similar manner, SWFA also identified and prioritised a number of budget ‘growth areas’ where the Authority would wish to invest in the Service in order to improve performance. The table below lists the growth areas identified for the three year period from 2009/10. It should be noted that some items such as data replication and graphics officer are one off issues to be funded only in 2009/10, while others such as the IRMP improvements are ongoing increases in the base budget.

Budget Growth Areas

Service Developments	2009/10 £000	2010/11 £000	2011/12 £000
Data Replication	12	0	0
Graphics Officer and Library	16	0	0
Vulnerable Persons Officer	22	22	22
General Duties Assistant - Training	12	12	12
Increased software Licensing	12	12	12
IRMP – Retained Development	107	107	107
Future developments including IRMP		220	420
	181	373	573

Integrated Risk Management Planning – Shrewsbury Fire Station

- 3.9** In addition to the impact of CSR07 SWFA, through their IRMP process, also made decisions which impact considerably upon the budgets of the Authority in the medium to long term. Following detailed research and extensive consultation with staff, stakeholders and the public during 2007, the Authority accepted the recommendations of their IRMP Members’ Working Group who determined that both wholetime fire appliances in Shrewsbury should remain based at their existing St. Michaels Street base in order to provide the best levels of service to the public.
- 3.10** In doing so SWFA also recognised that extensive refurbishment work would be required at that site in order for it to remain viable. The work would also need to tie in with the departure of the Service’s own Fire Control from the site towards the end of 2010 and, as such, the following phased approach and costings were approved by the Fire Authority for budgetary purposes:

Proposed Capital Expenditure at Shrewsbury Fire Station and HQ site

Financial Year	Phased Work	Cost
2008/09	Detailed Project Planning	Nil
2009/10	Design, cost and procurement, review of operational training needs at Shrewsbury, temporary relocation of fire station and some office based staff, commence refurbishment of fire station and new HQ office accommodation	£900,000
2010/11	Continue with refurbishment of fire station, refurbishment/extension of HQ building and demolition of old HQ building.	£3,090,000
Total Capital Outlay		£3,990,000

- 3.11** Clearly, there are significant implications flowing from these decisions with regard to SWFA's 10 year capital programme and the associated revenue implications. Full details of the Authority's Capital programme are included in Section 5 of this plan; the following table, however, provides an overview of the main changes to the 10 year plan.

The Impact of Refurbishment at Shrewsbury on the 10 Year Capital Plan

	C/f Schemes £'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	2017/18 £'000
Buildings	65	265	115	65	65	65	65	65	65	65
Shrewsbury		900	3,090							
Vehicles	133	670	185	675	510	340	950	850	870	
Equipment & PPE	0	250	500	0				150		
Training Facilities	86	50	50	50	50	50	50	50	50	50
ITC	29	125	0	50	50	50	50	50	50	50
Unallocated Approval	145									
Total	458	<u>2,260</u>	<u>3,940</u>	840	675	505	1,115	1,165	1,035	165

- 3.12** In a capital programme which usually runs at approximately £1million per year, expenditure of over £2million for 2009/10 and £4million for 2010/11 will have a major impact upon future revenue consequences. These have been calculated as in the region of £169,000 from 2009/10, £418,000 from 2010/11 and £555,000 at full impact from 2011/12. It is for this reason that this MTFP considers its revenue budgets beyond the three year settlement provided by CSR07.

Revenue Budget Strategy for 2008/09 to 2011/12

3.13 In setting its budgets for 2008/09 through to 2011/12 for consultation with the public and stakeholders, SWFA clearly had a number of important factors to take into account as follows:

- A better than expected grant settlement for the 3 year period;
- A large impact upon its Capital Programme to facilitate IRMP improvements;
- An identified growth programme to facilitate Service improvements;
- A continuing need to force out efficiencies year on year;
- A programme of prioritised reductions should additional funding be required to fund growth;
- A need to confirm its position on reserves, provisions and funds; and
- A need to set a policy on precept levels over the next three years.

3.14 After full consideration of all of the above, the position adopted by SWFA for a three year budget strategy consistent with service aspirations could be best summarised as follows:

- Precept increases to be limited, (subject to major unknown changes in circumstances) to 3.75% per year for the next three years;
- An objective to be set to reduce the rate of increase, if possible;
- Service developments and, in particular, the St. Michaels' Street project to be monitored closely in the next three years, and precept policy reviewed, if necessary;
- The capital reserve to be maximised, where possible, and used to reduce prudential borrowing;
- Efficiency targets of £150,000 per year (0.75% of expenditure) to be maximised in the context of both the Authority's policy of achieving best value in service provision, and the national target for the Fire and Rescue Service of 1.6% per year; and
- Contingency plans ('what if' analysis) should be developed for 2011/12 to ensure that service levels can be maintained and challenges met, whatever the next settlement produces.

This strategy then formed the basis for consultation with stakeholders and the public the outcomes of which are described below:

Consultation on Budget Strategy and Precept

- 3.15** The Fire Authority places the highest significance on the need to consult with the public and stakeholders. The Audit Commission's national report on CPA in the FRS highlights examples of effective community engagement. It states that most fire and rescue authorities are developing their approaches, with SWFA cited as an example of good practice regarding the use of Scrutiny Panels, focus groups, public meetings and internet communication being used to inform improvement priorities
- 3.16** With regard to its budget setting process SWFA consults through:
- Publishing its budget meetings, decisions and reports on its website;
 - Commissioning public meetings and meetings with non-domestic rate payers through Opinion Research Services Ltd; and
 - Meetings with the Shropshire Association of Local Councils and other public bodies, as requested.
- 3.17** These consultations have shaped the budget process throughout, and the primary source of feedback for the Fire Authority comes from two Scrutiny Panels (with the public and stakeholders) as follows:

Scrutiny Panels

- 3.18** During January 2009 two forums were held with members of the public in Shrewsbury and Ludlow – the make up of which can be seen in the table below. Participants were broadly representative of their local communities and, encouragingly, represented a wide spectrum of ages and social-economic status:

Panel	Attendees	Composition
Shrewsbury	12	6 women, 6 men
Ludlow	9	4 women, 5 men

- 3.19** Of the 21 attendees across the two panels, 5 have been attending similar forums for the past five years, four were new recruits in 2006, seven in 2007 and five in 2008/09. This was the first occasion on which the scrutiny panels were consulted on both the IRMP and the budgets of the Service on the same day during two consecutive half day sessions.
- 3.20** The meetings offered an effective opportunity for the participants to understand, question and debate the issues fully. In order to make the meetings as informed as possible for the participants, SFRS prepared and delivered a detailed PowerPoint presentation on the various aspects of the Budget Strategy, covering:
- Budget 2009/10
 - Capital Expenditure
 - Future Budgets

3.21 The groups were then given the opportunity to ask questions and seek points of clarification, before dividing into small groups and considering the Strategy in some detail. Finally, there was a plenary session where the groups' findings were fed-back to attendees.

3.22 The meetings began with a detailed and very informative presentation by SFRS to provide respondents with a substantial context of information within which they could understand and consider the Fire Authority's proposals. This approach was used for two main reasons:

- Members of the public are typically poorly informed about how the Fire and Rescue Service operates and is managed. Although established panel members have, over the years, gained such background knowledge, this section was especially relevant for the new participants at each public panel;
- The challenge was not to ask people's general impressions of the Fire and Rescue Service but to debate very particular issues – so the meetings needed to focus on them and the reasons for them.

3.23 Hence, a considerable amount of information was needed before participants could debate the main specific areas of discussion in turn.

3.24 For these reasons, the consultation process should be considered as 'testing' the acceptability of SWFA's Budget Strategy 2009/10 to 2013/14 – by presenting its various components clearly for discussion. The key question the researchers were asking was:

If people are made fully aware of the background to and arguments for the proposals, how convincing do they find them?

Summary of Feedback

3.25 Budget 2009/10 Increases in Council Tax

All the groups at both Shrewsbury and Ludlow agreed that the 3.9% rise in Council Tax to fund the SWFA is justified; participants were impressed by what they saw as the Authority's fiscal prudence, as well as its strive for efficiency and improvement. They were also satisfied that the proposed precept represents *good value for money and allows for extra investment in case of future 'hard times'*.

Comparatively high precept

Participants expressed some concern that FRS funding has led to SWFA's comparatively high precept. However, the reasons for the precept cost were accepted and understood by the vast majority of participants. Indeed comments were predicated on the basis that Shropshire has never fared well in such settlements, despite the efficiency of the Fire Authority. As such, and given the constraints within which it has to work, the vast majority thought it reasonable that SWFA charges what it does in order to provide a necessary service.

It was recognised (particularly by participants at Shrewsbury) that the Government is beginning to redress the balance of funding between authorities.

Government grant increase

The majority at Shrewsbury thought that the percentage grant increase received by SWFA from Government is fair in the current financial climate. The Ludlow groups, however, were far more critical of the 4% grant increase than their Shrewsbury counterparts. They argued for a larger settlement and were angry that SWFA is penalised financially for its efficiency.

Value for money

It is encouraging to report that all groups described the Fire Authority as representing value for money. Participants were certainly of the view that they receive an excellent and improving service for the amount they pay through their Council Tax.

SWFA was also highly praised for its exercise of financial control within existing budgetary constraints.

3.26 Capital Expenditure

Expenditure on Shrewsbury's St. Michael's Street site

All participants endorsed the refurbishment of Shrewsbury's St. Michael's Street site; the building was described as unfit for purpose and badly in need of improvement for the sake of staff morale and performance.

As well as recognising the need for improvement on the site, participants also accepted the financial outlay involved in doing so – including the annual repayment costs of approximately £135,000.

Reduction in borrowing costs

The groups were generally pleased with the way in which the Fire Authority has so far managed to reduce its borrowing costs.

Annual repayment costs

The need to borrow money (and the charges associated with it) was generally seen as a somewhat unfortunate fact of life. There was certainly a sense that the end result of the borrowing would be worth its cost in terms of interest repayments.

As regards concerns at this stage, most centred on participants' general worries about the current state of the economy. Other sources of unease were *borrowing costs and inflation* and the *need to balance the budget in future whilst maintaining a good fire service for the community*.

3.27 Future Budgets

All groups were satisfied with the scale of future budget increases, especially in the light of the current uncertain economic situation.

Using the surplus

Participants were generally satisfied with the use of the proposed surplus in 2009/10 to reduce the need to borrow for the Shrewsbury refurbishment. However, whilst participants' endorsement at Ludlow was unanimous, this was not the case at Shrewsbury. Some felt that the surplus should be retained for other uses (such as RDS pensions, reducing Council Tax and reducing leasing charges for pumps) and not spent on this particular project.

Further efficiencies

Participants agreed that Shropshire Fire and Rescue Service's officers should be required to identify further efficiencies, providing they are relevant and that public and firefighter safety is not compromised in any way.

Service developments for 2009/10

The overwhelming majority of participants agreed with the proposed Service Developments for 2009/10 – particularly the £107,000 kick start of the Retained Development Project.

Investment levels

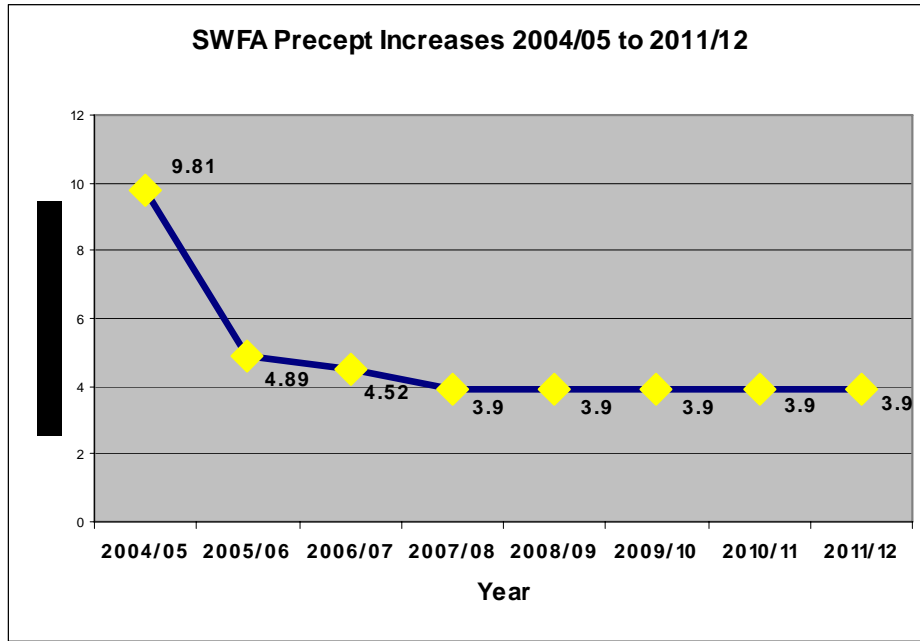
Participants at both forums agreed that the proposed investment levels are satisfactory to maintain an effective service – especially given the current economic climate and the potential for future grant reductions.

Budgets and Precept 2008/09 to 2010/11

- 3.28 After taking into account the outcomes of the budget consultation described above, SWFA determined their budgets (and funding sources) for 2009/10 to 2011/12 as follows:

Service Area	2009/10 £000	2010/11 £000	2011/12 £000
Executive (excl. Capital Reserve*)	3,266	3,886	4,520
Service Delivery	12,025	12,195	12,235
Strategy and Performance	1,672	1,672	1,672
Human Resources and Delivery	1,583	1,583	1,583
Resources	2,300	2,305	2,305
Total Budget	19,846	21,641	22,315
Funding Source			
Funded from Grant	7,975	8,268	8,372
Funded from Council Tax (+3.9% per annum)	12,807 (£81.45	13,323 (£84.62	13,893 (£87.92
Collection Fund Surplus	64	50	50
*Surplus/(Deficit) (Surplus to be added to capital reserve (in Executive) in the first year; next years deficits to be managed by officers.	0	(182)	(421)

- 3.29 The fundamental principle adopted by SWFA in agreeing their budgets for the next three years was to take advantage of a reasonable grant settlement to continue their long term policy of reducing the burden on local taxpayers. The following chart shows the ongoing and planned success of this policy:



3.30 SWFA also believes that a 3.9% per annum increase in precept over the next three years forms the basis of a comprehensive approach to service and financial planning, and in particular:

- Sets a potential upper limit on increases, whilst giving scope for reducing the rate of increase;
- Provides scope for coping with realistic levels of service pressures likely to arise;
- Sets an achievable annual target for efficiencies, whilst encouraging the drive for further efficiencies as the potential shortfalls from 2010/11 are addressed. The objective being to match the national target for the service as a whole; and,
- Deals with the problems identified at the St. Michael's Street site, and the implications for committed financing costs. Notably one-off receipts, efficiencies and other savings can be channeled to the capital reserve to reduce prudential borrowing.

3.31 Importantly, the budget also allows for continual improvement in Service as is demonstrated in the table below, which provides examples of increased funding provided to facilitate 'improvement priorities' identified within the Corporate Plan.

Service Developments	Funding £000	Corporate Plan 2009/10 Improvement Priorities
IRMP Retained Development	107	To explore options to support retained firefighter development
Vulnerable Persons Officer	22	To establish the current temporary post of VPO on a permanent basis
General Duties Assistant - Training	12	To improve the level of service provided by the training section as training requirements increase
Graphics Officer and Library	16	To establish a part time graphics post to manage/act as a point of contact for the corporate identity and develop image library
Data Replication	12	To establish an alternative location (Telford) for data storage and Availability for business continuity purposes
Increased software licensing	12	To consolidate existing IT development plans
Total	181	

Budget Management by Departments

3.32 As described in Section 1 of the MTFP the longstanding aims and objectives of SWFA are as follows:

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/wellbeing for all staff and Authority Members

Strategic Aim 4

Provide a sustainable service that demonstrates quality and best value in service provision

Strategic Aim 5

Provide a service committed to the highest levels of equality and diversity

3.33 In order to deliver against these service priorities and their associated corporate objectives, management of the Service is divided into five managerial areas, each with its own distinct service priorities and its own clear budget areas. The business plans and budgets of each of the departments are linked to the overall Corporate Plan of SWFA and each is summarised on the following pages.

3.34 Executive

Lead Officers: Chief Fire Officer/Treasurer

The Executive Department provides the link between Shropshire and Wrekin Fire Authority and Shropshire Fire and Rescue Service. The Executive Department exists to ensure that the Fire Authority is able to fulfil its responsibilities for overall corporate governance of the Service, including the setting of strategic direction, financing the Service, setting aims, objectives and targets for the Service and monitoring the achievement of targets. In order to meet the needs of the Fire Authority, the Executive Department is also responsible for the planning and co-ordination of the work of all other departments.

Budgets

	Staff Budgets 2009/10	Other Budgets 2009/10	Total Budget 2009/10	Total Budget 2010/11	Total Budget 2011/12
	£000	£000	£000	£000	£000
Executive	626	2,640	3,266	3,886	4,520
Executive	311	94	405	405	405
Corporate Support	173	471	644	644	644
Finance	142	1,387	1,529	1,505	1,620
Pay & Price Contingency	0	688	688	1,332	1,851

3.35 Community Safety

Lead Officer: Deputy Chief Fire Officer

The Community Safety team is the service delivery branch of the Service. Through this team the Service delivers a broad range of community safety services, including community fire safety, business fire safety, emergency vehicle mobilising and operational delivery.

Budgets

	Staff Budgets 2009/10	Other Budgets 2009/10	Total Budget 2009/10	Total Budget 2010/11	Total Budget 2011/12
	£000	£000	£000	£000	£000
Community Safety	11,899	126	12,025	12,195	12,235
Operational Response	352	0	352	352	352
Fire Prevention	1,063	126	1,189	1,189	1,189
District Performance	9,855	0	9,855	10,025	10,065
Fire Control Convergence	629	0	629	629	629

3.36 Human Resources and Development

Lead Officer: Assistant Chief Officer

People are the organisation's most important resource and the role of the Human Resources and Development Department is to ensure that the Service has the right people in the right place at the right time with the right skills and competence properly to meet the needs of the organisation and that individuals gain the maximum satisfaction from their jobs.

Budgets

	Staff Budgets 2009/10	Other Budgets 2009/10	Total Budget 2009/10	Total Budget 2010/11	Total Budget 2011/12
	£000	£000	£000	£000	£000
Human Resources and Development	1,090	493	1,583	1,583	1,583
Human Resources	313	156	469	469	469
Training & Development	777	309	1,086	1,086	1,086
Equality and Diversity	0	28	28	28	28

3.37 Strategy and Performance

Lead Officer: Assistant Chief Fire Officer

The Performance Improvement Department comprises of three distinct teams that collectively provide a core support function to Shropshire Fire and Rescue Service. The Department is primarily responsible for the provision and maintenance of a modern and resilient communications and information infrastructure, and the management of risk and performance. In addition to supporting Brigade wide issues, the Department also acts as the organisation's primary point of contact and support to the West Midlands Regional Management Board.

Budgets

	Staff Budgets 2009/10	Other Budgets 2009/10	Total Budget 2009/10	Total Budget 2010/11	Total Budget 2011/12
	£000	£000	£000	£000	£000
Strategy & Performance	819	853	1,672	1,672	1,672
Management of Risk	310	78	388	388	388
Programme Office & RMB	295	49	344	344	344
ICT	214	726	940	940	940

3.38 Resources

Lead Officer: Head of Resources

The Resources Department is responsible for ensuring that employees have the resources (including buildings, vehicles and equipment) and supplier support they need to provide an effective, safe and efficient service. The Technical Services Team has the specialist skills to manage the wide range of resources and suppliers used by the Service. The team also provides procurement and environmental management for the whole Service. The Service's workshops provide an in-house maintenance service for vehicles and specialist equipment.

Budgets

	Staff Budgets 2009/10	Other Budgets 2009/10	Total Budget 2009/10	Total Budget 2010/11	Total Budget 2011/12
	£000	£000	£000	£000	£000
Resources	440	1,860	2,300	2,305	2,305
Technical Services	284	1,746	2,030	1,035	2,035
Workshops	156	114	270	270	270

3.39 Overall Revenue and Capital Budget Allocation and Monitoring

As can be seen from the table below, the complete revenue and capital budgets of SWFA are clearly delegated to departmental heads. Further delegation of budgets is then the responsibility of those departmental heads, with budget monitoring information provided to individuals on a monthly basis and discussed at the Service's Policy Group on the same timescale. The Fire Authority also, of course, regularly monitors its budgets through its full meetings and through its Strategy and Resources Committee, whilst the Audit and Performance Management Committee of the Fire Authority additionally provides a robust forum for challenge on all budget matters.

3.40 Overall Budgets

Revenue Budgets 2009/10 to 2011/12

	2009/10 Budget	2010/11 Forecast	2011/12 Forecast
Department	£000	£000	£000
Executive	3,266	3,866	4,520
Service Delivery	12,025	12,195	12,235
Strategy & Performance	1,672	1,672	1,672
Human Resources & Development	1,583	1,583	1,583
Resources	2,300	2,305	2,305
	20,846	21,641	22,315

Capital Programme 2009/10 to 2011/12

	2009/10 Budget	2010/11 Forecast	2011/12 Forecast
Spend Area	£000	£000	£000
Land and Buildings	1,215	3,255	115
Fire Appliances	670	185	675
Other Vehicles and Equipment	375	500	50
	2,260	3,940	840

3.40 Partnership Budgets

The Authority has a well established Partnership Group to monitor and control governance issues relating to all the partnerships that the Authority has entered into to develop its services through joint working. Partnerships are assessed in terms of the resources that are used or gained as a result of entering into a particular working arrangement. These resources can either be in the form of finances, staff, premises or equipment. Those partnerships that require a specific monetary contribution are currently funded from existing budget plans. Indeed many require officer time rather than earmarked specific budgets and the issue of staff capacity is dealt with by each department when preparing their business plans. The Partnership Group also assesses the partnerships for their risk to finances, resources, liability and reputation and is included as a corporate risk within the Corporate Risk Register. The three major partnerships i.e. the Regional Management Board, the Shropshire Partnership LSP and the Safer and Stronger Communities Partnership all have deliverable budget plans in place.

Schedule of Partnerships

Partnership Name	Summary of Partnership	Finance (expenditure)	Finance (Income)
Age Concern	Age Concern help at home volunteers carry out home fire risk assessments and fit smoke alarms	none over and above normal business	
Bogus Callers Task Force	Provide support and equipment to help older people feel safe in their own homes	none over and above normal business	
Bridgnorth Community Safety Partnership (CDRP)	To reduce antisocial behaviour, substance misuse, crimes against the person, property crime and perception of crime in the BN area through a partnership approach	none over and above normal business	Income - £1,000 for Be Cool, Be Safe Booklet
Environment Agency	By working as one of the EA's partners using their equipment, SFRS mitigate and reduce the impact of fires and other incidents we attend	none over and above normal business	
Exchange Project	An exchange project with Falck of Denmark and placements in four other European public safety organisations facilitated by funding from ECOTECH through the Leonardo da Vinci programme	Staff time costs to administer the scheme absorbed by the Brigade.	Grant awarded from Ecotec for €51,240
Local Resilience Forum	The forum is required under the civil contingencies Act and is a legal duty through the Regional Management Board	none over and above normal business	
North Shropshire Community Safety Partnership (CDRP)	This is a crime and disorder partnership set up under legislation	none over and above normal business	
Oswestry Community Safety Partnership (includes CDRP)	This is a crime and disorder partnership set up under legislation	none over and above normal business	£1,350 income for Be Cool, Be Safe Booklet

Partnership Name	Summary of Partnership	Finance (expenditure)	Finance (Income)
Race Equality: Diversity Group	A partnership which works with others across Telford and Wrekin to eliminate discrimination and harassment; inform policy making and ensure equality of opportunity for all	£5,000 pa	
Rural Fire Safety	Working jointly with National Farmers Union to reduce incidents generally in the rural communities and particularly on farms	none over and above normal business	
Safer and Stronger Communities Partnership	To deliver a range of 'Safer Communities' objectives across the Borough, many in line with ours	none over and above normal business	Income - £350 for Be Cool, Be Safe website upkeep
Shrewsbury and Atcham Borough Council Community Safety Partnership (CDRP)	To reduce antisocial behaviour, substance misuse, crimes against the person, property crime and perception of crime in the Shrewsbury area through a partnership approach	none over and above normal business.	Income - £1,000 for Be Cool, Be Safe Booklet
Shrewsbury and Atcham Local Strategic Partnership	As set out in the community safety strategy for SABC	none over and above normal business	
Shropshire Access Partnership	To work in partnership to develop, co-ordinate and deliver sustainable solutions to evidenced accessibility challenges in Shropshire; ensuring that successful projects have an ongoing method of funding.	none over and above normal business	
Shropshire Equalities Forum	To represent the views of Shropshire's BME and other diversity and equality communities and to implement Shropshire Partnership's policy statement on equality and diversity	£5,000 pa	
Shropshire Partnership LSP	To Coordinate community safety and cohesion issues across the whole of Shropshire (excluding BTW)	£10,000 pa	Income may become available during 08/09 through bids for various funding streams
Smoke Free Shropshire Alliance	Multi agency partnership engaged in smoking cessation and associated health and fire risks	none over and above normal business	

Partnership Name	Summary of Partnership	Finance (expenditure)	Finance (Income)
South Shropshire CDRP Partnership	To reduce antisocial behaviour, substance misuse, crimes against the person, property crime and perception of crime in the South Shropshire area through a partnership approach	none over and above normal business	
South Shropshire Partnership (LSP)	Deliver community strategies to improve economic, social and environmental well being in South Shropshire	none over and above normal business	
Switch On Shropshire	To allow SOS to use Much Wenlock Station for a Broadplace (Internet 'Café')	Less than £100 pa	
T&W Housing (Safety in the home)	To create safer homes in Telford and Wrekin and reduce accidents and fires in the home. Staff training and provision of smoke alarms	none over and above normal business	
Urban Search and Rescue Training Facility	A joint collaboration with Hereford & Worcester Fire Service and Ennstone Concrete Products which involves both Brigades using the surplus concrete blocks to train crews in Urban Search and Rescue techniques.	none over and above normal business	Though no income is received from the partnership working arrangement, there are considerable savings as a result. The costs of the working arrangements fair favourably with those costs for an equivalent course run through the Fire Service College.
West Midlands Regional Management Board	Achieve regional control centre and improve effectiveness and efficiency of the region as a whole as well the resilience.	£35,000 pa	Amount received for Percentage of Regional Programme Office
Youth Intervention Partnership with YOS	In partnership with YOS to educate clients in the judicial system charged with Arson and Hoax Calls	none over and above normal business.	£500 from the 'Crimestoppers' budget from WMC

Risks and Reserves

3.41 The Fire Authority has carefully reviewed its need for a general reserve and particularly the assumptions on which the need has been assessed. It has also established a number of reserves and provisions, which have helped quantify and clarify the need for a general reserve, and will also help reduce the financial pressure on services in future years. Its policy can be summarised as follows:-

- keep the level of reserves balances and provisions to a minimum as they represent cash taken from taxpayers and not immediately put to use;
- establish a general reserve linked to identified risks and based on likelihood of events taking place;
- establish reserves and provisions to meet quantifiable issues that are certain to happen, will help smooth out annual variations or will provide resources for specific future objectives; and
- use of any surplus cash to build up a capital reserve to meet the known extraordinary demands on capital funding and future revenue accounts caused by the planned major project at the Service Headquarters in Shrewsbury.

3.42 The statement of reserves and provisions is set out below and Members have approved this as a basis for budgeting in 2008/09 and beyond. The approach to establishing reserves and provisions, together with the assumptions about pay and prices, has ensured that robust budgets can be set for the medium term.

3.43 The General Reserve represents approximately 2.5% of the overall revenue budget and is, therefore about half the level of the Audit Commission recommendations regarding levels of reserves. However there have been compensating increases in earmarked reserves that have lead the Authority to consider that the overall level of reserves remains prudent

The table below sets out the reserves and balances agreed by the Authority for the period of the plan as amended to take account of the Statement of Accounts.

Provision or Reserve	Balance 31 March 2009 £000	Balance 31 March 2010 £000	Balance 31 March 2011 £000	Balance 31 March 2012 £000
Provisions				
Equipment Replacement	71	61	51	41
Reserves				
Retained Review Project	102			
Efficiency	60			
Capital - earmarked	404	118	11	126
- unearmarked	1,065	767		
Extreme Weather	295	295	295	295
Pensions and Other Staff Matters	761	761	761	761
General Reserve (assuming no calls on funds)	510	520	530	540

Summary

3.44 In setting its budgets for 2008/09 to 2010/11, SWFA has taken account of a number of factors as summarised below:

- The outcome of CSR07 have been generally favourable to SWFA despite the fact that flooring mechanisms mean that the Authority still does not receive all of its funding entitlement;
- The improvement in grant settlements offered SWFA the opportunity to set a nil increase in precept for 2008/09 and possibly beyond;
- The need to take into account efficiencies and service improvements made through their IRMP however, has led SWFA to establish a policy of precept increases for the next 3 years of 3.9% or less. This approach maintains SWFA's long term commitment to reducing the burden on the taxpayers of Shropshire;
- Consultation with the public and stakeholders provided widespread support for such increases;
- Budget increases allow for the funding of a number of important 'improvement priorities' identified through the Authority's strategic planning process and contained within the Corporate Plan. At the same time provision is made for future growth pressures whilst anticipating that they will be significantly funded by year on year efficiencies.
- In continuing to drive its longstanding strategic aims for the Service, SWFA manages its budgets through five separate departments each with its own delegated budget responsibility; and,
- SWFA has established a number of reserves and provisions, which have helped quantify and clarify the need for a general reserve. This will help reduce the financial pressure on services in future years, whilst minimising the impact that the need to have these reserves will place on the public and stakeholders.

Section 4

Value for Money Strategy

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Defining Value for Money

- 4.1** The Authority is required to deliver Best Value in providing its services i.e. to be continually improving the Economy, Efficiency and Effectiveness of the way we operate. This means we must demonstrate that our services
- i meet the needs of local people
 - ii are being provided to the level and quality required by the public
 - iii are at a price that is acceptable
 - iv are capable of being improved continuously.
- 4.2** The Authority tests whether it is providing Value for Money through
- i its costs
 - ii services are appropriate for and consistent with achieving our planned targets
 - iii comparative information from other brigades and suppliers
 - iv consultation with the public and stakeholders
- 4.3** The Authority is therefore clear that “Value for Money” means
- i services are of the right quality being both fit for purpose and meeting local need
 - ii services are delivered economically, i.e. competitively, whether by ourselves or by an external provider
 - iii services are provided efficiently by ourselves or working with partners
 - iv services are effective in meeting the needs of the public and at the right time
 - v diverting resources constantly from areas which are no longer a priority to fund improvements in areas that are.

Objectives of the Value for Money Strategy

- 4.4** The Authority's objectives in achieving value for money are:-
- i to target resources towards meeting local need
 - ii to deliver its corporate priorities, including improvement priorities
 - iii to integrate best value principles within existing management, planning and review processes
 - iv to provide services that meet local needs most economically, efficiently and effectively
 - v to benchmark where possible and adopt good practice
 - vi to ensure it develops a culture of continuous improvement
 - vii to ensure its managers are trained and developed to achieve value for money as is required of them

Delivering Value for Money - Methodologies

- 4.5** The Fire Authority has a number of methodologies and structures for promoting and delivering value for money. These are summarised below.

Management Review

- 4.6** The key methodology is the Integrated Risk Management Planning (IRMP) process, led by a Working Group of key Members of the Fire Authority. This is at the heart of delivering wide-ranging innovation to the way the Service is managed and delivered. It looks at fundamental issues and, as such, is likely to deliver the largest shifts in use of resources through examining staff deployment, use of property and the vehicle and appliance fleet.
- 4.7** The results of the IRMP Working Group's reviews are fed into the budget process each year following appropriate consultation with stakeholders and the public.

Fire Authority Policy

- 4.8** The Fire Authority regards the objective of providing value for money as a key part of its culture and two of its policies reflect this:
- The ambition that service developments should take into account the impact of funding available from efficiencies
 - An open approach to delivery of the Government target for efficiencies for the Fire Service as a whole
- 4.9** Although the target is acknowledged as a national average, and not all authorities will be able to achieve it, this Authority takes the view that it should aim to deliver its average share and, if higher efficiencies are deliverable, to deliver these as well. The current situation is set out below.

On-going efficiencies	2005/08 £000	2008/09 £000	2009/10 £000
2004/05 Final	167		
2005/06 Final	203		
2006/07 Final	318		
2007/08 Final	252		
2008/09 Final		290	
2009/10 Forward Look			149
	<hr/>	<hr/>	<hr/>
	940	290	149
	<hr/>	<hr/>	<hr/>
National Target Disaggregation	930	275	275

- 4.10** The Authority has achieved its disaggregated share of the national target for the period to 2008. From 2008/09 new targets have been set for the service of 1.6% each year until 2010/11. This equates to £275,000. The Authority has expressed how difficult it will be to find ongoing savings of this magnitude other than through the work of its Integrated Risk Management Working Group and has set annual targets of £150,000 for future years and asked for regular monitoring reports on achieving efficiencies. Notwithstanding, the overriding policy remains one of maximising efficiencies therefore they would not be limited by the national target, and equally, if efficiencies fell short after exhaustive work, then this would not be regarded as a failure in itself. The picture for the first year of the new targets (2008/09) shows that the disaggregated total has been achieved, and it is hoped that continuing efforts will mean that 2009/10 national average targets might also be within reach.

Comparisons and Benchmarking

- 4.11** The main thrust is through using best practice as demonstrated in the examples emerging from the Fire Authority's annual efficiency statements. Apart from those generated directly by the Fire Authority, partnership working through the West Midlands Regional Management Board alerts us to local opportunities and experience. This year there is a detailed follow-up of the Audit Commission's paper "Rising to the Challenge" with particular interest in work done on shift patterns.
- 4.12** The Fire Authority examines annually each example of good practice highlighted nationally and checks whether these are practical for this Authority to adopt and whether work has already been done or is in progress.
- 4.13** Finally, the Fire Authority examines each year the variations in costs as shown in the CIPFA Fire Service Statistics. Members have expected to be able to understand whether any of the variations reveal opportunities to make efficiencies and request officers to follow them up with authorities that show apparent good practice. Recent experience has however indicated that the weaknesses in the national statistics previously identified, persist. The Fire Authority has therefore asked officers to examine the CIPFA/KPMG national benchmarking initiative both to clarify areas of costs, and to decide which benchmarks are of use to this Authority. This will lead to formal benchmarking either through the national scheme or on a local or selective basis appropriate to our category of local authority.

Growth and Savings during the Budget Process

- 4.14** As a result of the policy of using efficiencies to help fund growth, the Fire Authority will continue the current practice of examining the scope for efficiencies within the national target. Officers will also bring forward potential cost reductions, together with any service implications for Members to consider as part of the budget process, and, if necessary, formally consult with the public.

Base Budget Reviews and Statement of Accounts

- 4.15** Since 1999, the Fire Authority 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 progress 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 reducing budgets in a formal way. This could be either as a result of realism, i.e. events outside the Fire Authority's control, or as a result of work by officers to obtain efficiencies, i.e. savings with no reduction in service. The Authority 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.

Effective Use of Information Technology (IT)

- 4.16** The Fire Authority has a policy of using IT to increase efficiency. Current examples are the introduction of linked IT 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 the Authority's bank and a move from cheques to direct credit transfer. Although not confined to IT initiatives, the Fire Authority has agreed to invest up to £100,000 in achieving efficiencies through the Shrewsbury Accommodation Project. This could

include remote working, further electronic data storage or any other solution that might deliver acceptable returns for capital outlay.

Effective Corporate Procurement Mechanisms

- 4.17** The Fire Authority'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. Examples include contracts with Images at Work, which have replaced the need to hold stock and provided incentives to drive down costs or limit price increases.

Achieving Economies through Joint Working

- 4.18** The Fire Authority has a history of attempting to deliver services with partners to reduce costs. In particular, regional working is delivering cost savings on recruitment, procurement, and community safety. Local Area Agreements are also producing savings by using staff more flexibly across partners' individual services. Agreements have been made to share the use of property. A number of contracts have been placed jointly with similar organisations.

Customer Feedback

- 4.19** The Fire Authority has been highlighted as having an effective annual consultation process with the public on IRMP changes and on the budget. In particular, "scrutiny panels" organised through external consultants have produced a number of results that have led to a review of resource allocation to areas considered to be of highest priority, and have also informed the Authority on the price that the public are prepared to pay for their fire and rescue service.

Scrutiny

- 4.20** The Fire Authority has been using scrutiny to drive the search for efficiencies. Members have become even more directly accountable with the establishment of the Audit and Performance Management Committee in 2005, with the separate remit to consider performance, and whether resources are being used as effectively as possible. This involves benchmarking, comparing with best performing providers, and scrutinising audit reports. Separating these functions from the Strategy and Resources Committee, where they were previously performed, has given much more focus to value for money.

Audit

- 4.21** The Fire Authority uses internal audit to evaluate its internal control systems, including those 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.
- 4.22** Internal audit also questions current practices, and suggests improvements. This is helped by the employment of internal audit services from Shropshire County Council, who can bring examples of good practice particularly in the operation of common systems, e.g. creditors and payroll.

Performance Management

- 4.23** The Corporate Plan sets out aims and corporate objectives leading to agreed improvement priorities and core business. This sets the ground work for the key performance indicators, which are then monitored by officers and the Audit and Performance Management Committee and the Fire Authority.
- 4.24** The improvement priorities and core business are also embedded in the Business Department structure and set out in their Business Plans. This enables the Fire Authority to focus its efforts and resources on achieving its targets, measured by the key performance indicators, as well as meeting agreed priorities.

Organisational Structure

- 4.25** The Fire Authority is a well managed organisation characterised by:
- Effective and understood political structures
 - A focused corporate centre contained within its own Business Department, with extensive outsourcing of support services
 - Clearly defined and accountable Business Departments
 - Clear standards and efficient corporate governance mechanisms
 - Strong systems of financial management and control and
 - Well developed training and development programmes for all staff

The Authority believes that this infrastructure is necessary in order to secure value for money across all activities.

Key Projects

- 4.26** The key projects for the coming years are reflected in the IRMP Working Party programme and include
- i planning for the development of the Shrewsbury site
 - ii improving officer cover resilience
 - iii implementing findings from the cultural audit
 - iv aerial vehicle provision
 - v water rescue provision
 - vi property needs at Telford and Wellington

Section 5

Overview of Capital Investment Plan

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Capital Investment Plan

- 5.1** SWFA's Medium Term Financial Plan is led by the work of Integrated Risk Management and the desire to use capital investment to achieve best value services within that context. The key to this is to identify where fire appliances would best be located, taking into account both current and future risks.
- 5.2** Within that overarching objective is firstly the need to deal with the issue of Brigade Headquarters and the associated services housed on the same site, together with the location of appliances within Telford to ensure they are most effective. The second important matter is the maintenance of the existing asset stock and particularly the replacement and/or reconfiguration of the vehicle fleet. Finally, the Fire Authority needs to deal with technological change and innovation, ensuring that best value is maintained – whether that be in management systems or new equipment to deal with incidents.

Proposed Capital Investment Plan

- 5.3** Summarised below by type is the proposed investment plan. Details of the projects and schemes can be found in the Budget Book.

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
Land and Buildings	1,215	3,205	115	115
Vehicles and Equipment	<u>1,045</u>	<u>735</u>	<u>725</u>	<u>605</u>
	<u>2,260</u>	<u>3,940</u>	<u>840</u>	<u>720</u>

- 5.4** The most significant elements of SWFA's investment plans are as follows:
- Maintaining existing facilities at retained stations, whilst undertaking the major refurbishment of the Shrewsbury site at St. Michael's Street
 - renewing appliances, as required by the fleet replacement policies derived from best value studies
 - Maintaining training facilities consistently throughout the period
 - Fire kit replacement linked to the national Integrated Clothing Project

Government Support

- 5.5** Historically Government support for capital has been low. Prior to introduction of the Prudential System in 2004/05, borrowing was limited to about £300,000 a year. This was in the context of one replacement appliance costing about £170,000. The consequence was a reliance on leasing, particularly operational leasing to obtain vehicles and equipment.
- 5.6** The Fire Authority, therefore, inherited a large leasing cost from the former Shropshire County Council in 1998/99, when it was created, although, in common with other combined fire authorities, no debt, which remained with the County Council.

- 5.7** The Government supports Fire Authority capital investment by providing capital grants, but until recently mainly through making an increase in revenue grant, which can then be used to underpin increased borrowing costs arising where capital expenditure is financed from loan. Although such grant aid is slightly above levels of borrowing approved under the previous capital regime, i.e. equivalent to about £400,000 of capital expenditure, this is insufficient to meet current and predicted future investment needs. In 2009 however the government also issued capital grant which, unlike revenue grant support is not linked to population. This has gone a long way to addressing the inequity of issuing very small grant aid to the sparsely populated brigades, whereas much capital investment, (such as an appliance) cost the same for all brigades. We will receive £602,000 in 2009/10 and £691,000 in 2011/12
- 5.8** SWFA will, however, still be making use of prudential borrowing, including leasing, whilst being alert to the opportunity to use capital receipts, direct revenue/capital resources, or potentially private finance or other collaborative funding. In the case of the latter, this is likely to be in partnership within the region.
- 5.9** With the potentially significant requirement to use prudential borrowing to fund the St. Michaels Street, although now offset by the capital grant, the Authority has adopted a policy of enhancing the Capital Reserve from cash that might come available during the next three years. This will reduce the committed growth in debt charges which would otherwise fall in years when public spending is likely to be under extreme pressure.

SWFA's Investment Approach and Strategy for Resource Allocation

- 5.10** The Authority's Asset Management and Procurement Strategy sets out how asset needs will be identified in support of its corporate aims and objectives. Asset Management Plans are developed in support of this strategy and clearly link asset needs and investment to activities which support the achievement of our aims. The asset management process is also used to plan and monitor the costs of providing and retaining assets. This information is used to both develop budgets and to assess the value of assets, particularly through the FSEC cost model used in IRMP.
- 5.11** All projects are subject to an investment appraisal, which tests whether the schemes are really required to deliver service priorities and strategies economically and efficiently. Only when robust testing of the project appraisal and business case for each scheme has been completed is it included in the Fire Authority's budget and service plans and allocated to a management department for delivery. Following the review of use of resources the Fire Authority will examine completed schemes to test whether the process and service expectations set out in project appraisals were in fact delivered and whether capital planning can be improved in the light of experience.
- 5.12** Information on existing assets is used to determine budget allocations for capital maintenance in order to sustain and modernise existing service levels effectively. This is particularly relevant to fleet management and the maintenance and upgrading of retained stations.

5.13 New investment will always be led to a large extent by the Integrated Risk Management process, including public consultation. Key to this is the strategy towards redeploying effectively the services provided from Brigade Headquarters. Currently, attention is being paid to effective upgrading and maintenance of standards but without risking unnecessary expenditure, which might prove redundant now that the Authority has adopted its chosen Accommodation Scheme and in view of future developments, such as control room regionalisation.

Capital Resources

5.14 IRMP and its implication particularly for Shrewsbury, the need to renew and replace existing assets plus other investment needed to deliver the Fire Authority's programmes will mean that capital investment will exceed the likely amounts supported by the Government, or provided from disposing of assets. SWFA is, therefore, proposing to make additional use of prudential borrowing in its 2008/11 plan. It is clearly welcome that the new prudential regime gives the Fire Authority freedom to integrate fully its revenue and capital planning. The Fire Authority is, however, also very conscious of the impact this may have in building up revenue consequences in future years when capping is a real risk.

5.15 The five-year revenue and capital plan adopted by the Authority does appear feasible in terms of the prudential indicators, known other commitments, including inflation, and the three year Government grant settlement. The Fire Authority has, however, taken what it considers to be a prudent step in maximising its capital reserve, which it hopes will make its capital investment more likely to be achievable without impacting on other services.

Its investment plan resourcing can be summarised as follows:

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
Borrowing				
- Support by Government	483	497	497	497
- Prudential Balance	392	1,503	243	123
	875	2,000	740	620
Capital Reserve	783	1,249	100	100
Capital Receipts		-	-	-
Revenue		-	-	-
Grants and other external funds	602	691	-	-
	<u>2,260</u>	<u>3,940</u>	<u>840</u>	<u>720</u>

Loan

5.16 Affordable borrowing is estimated to peak at £2.0m in 2010/11. The plans for borrowing across the five-year plans are currently considered affordable. The Fire Authority is conscious of the opportunity to undertake leasing, either operational or finance leasing, and expects the whole-life costing of alternatives between borrowing and leasing to be undertaken for all major fleet renewal or replacement. In previous years cost differences have been marginally in favour of borrowing, which, together with the operational benefits of outright ownership, have resulted in a move towards borrowing or revenue funding and away from leasing.

- 5.17** Section 6 of the Plan sets out the Treasury Strategy that supports the estimated borrowing and Appendix A to the Plan details the prudential indicators, (as approved by the Authority in February 2009), for capital expenditure and treasury management.

Capital Receipts

- 5.18** Services can be improved or replaced by using capital receipts arising from associated property or land to fund a new or updated facility. Although no such receipts are currently shown, the Fire Authority is mindful of the opportunity costs of owning underutilised assets and is constantly re-evaluating its asset base. In particular, the Fire Authority took advice as to the potential value of its Headquarters site, before deciding it would not generate sufficient receipts to warrant a sale on whole or part. The Wellington site may also have development potential but due to funding difficulties for potential partners this is currently a matter for future capital plans.

Grants and External Funding

- 5.19** The Fire Authority very much welcome the £1.2m capital grant over the next two financial years. Monies for New Dimensions work has been forthcoming at relatively short notice in previous years. The Fire Authority is also conscious of the opportunity to obtain external revenue support from sharing its facilities. Although initiatives with other emergency services have been limited to date, there are current sharing arrangements with the Ambulance Service. Close regional working may offer more opportunities in future or, indeed, enable capital receipts to become available.

Capital Reserve and Revenue

- 5.20** In 2005/06 the Authority established a capital reserve largely through windfall gains from firefighter pension provisions, which became redundant with the changes to funding the new arrangements. The reserve is being supplemented by further windfalls and efficiencies specifically to fund the Shrewsbury accommodation scheme. An earmarked element of the reserve has been identified and is funded by replacement contributions for assets funded from the reserve.
- 5.21** The key objective of the two capital reserves will be to minimise committed debt charges arising from the Shrewsbury site scheme (unearmarked), and funding small, one-off investments, where borrowing may not be appropriate, such as IT and other systems innovation (earmarked).
- 5.22** Set out overleaf is the ten-year plan for capital. This is reviewed each year as part of the budget process. It helps to assess future, potential financial pressures that investment brings to the revenue account and enables an evaluation of how the programme might best be funded, including the use of the capital reserve.

Shropshire and Wrekin Fire Authority
Capital Programme 2009/10 to 2017/18

	Cfwd Schemes £'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	2017/18 £'000
BUILDINGS										
1	Building Improvements (Retained Stations)		165 (CM)	65	65	65	65	65	65	65
2	WL Improvements		100	50						
3	Fire Alarm Installations (Wholetime stations)	25								
4	Shrewsbury IRMP		900	3090						
5	Telford Central Improvements	40	0							
6										
7	Shrewsbury Improvements									
8	Accommodation for Pumping Unit									
VEHICLES										
9	Fire Appliances	93	370	185	555	510	340	850	850	
10	Replacement for L4Ps (Small Fires Units)	20								
11	Light Pumping Unit (replace Heavy Pumping Unit)		300							
12	Water Carriers				120					120
13	Replace 5 Ford Rangers						100			
14	Heavy Rescue Tender Wellington									300
15	Aerial Ladder Platform Telford Central									450
16	Boat and Vehicle	20								
EQUIPMENT AND PPE										
17	RTC equipment for Ford Rangers									
18	Firekit Replacement (Integrated Clothing Project)		250	250						
19										
20	Breathing Apparatus Set Replacement/Upgrade			250					150	
TRAINING										
21	Training Facilities	86	50	50	50	50	50	50	50	50
TECHNOLOGY AND COMMUNICATIONS										
22	Information Technology and Communications	25	125		50	50	50	50	50	50
23	Regional Fire Control Link									
24	Station End Equipment									
25	ITC Equipment Room relocation									
26	Asset Tracking System									
27	Digitisation of Files									
28	Performance Management System	4								
29	Unallocated approval	145								
	CAPITAL PROGRAMME TOTALS	458	2,260	3,940	840	675	505	1,115	1,165	1,035

Section 6

Treasury Strategy 2009 to 2014

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Treasury Strategy

- 6.1** The Fire Authority recognises the importance of Treasury Management to the economy and efficiency of its finances. It also recognises that delivering quality services in this area requires expertise and skills that cannot be delivered cost effectively in house.
- 6.2** SWFA, therefore, employs Shropshire Council to manage its treasury functions, who have in turn appointed external advisors to support them. The Fire Authority has also linked its appointment of bankers to that of Shropshire Council in order to benefit from efficiencies in tendering, cash flow management and investment.

Long Term Borrowing

- 6.3** At 31 March 2009, long-term borrowing to fund capital expenditure was £5.810m. This reflects the fact that outstanding debt incurred before 1 April 1998 was retained by the predecessor authority, Shropshire County Council. Initially debt grew to reflect a policy of maximising the use of capital approvals based upon the revenue costs being met from revenue support grant and, therefore, being broadly affordable within the overall grant settlement. In addition, extensive use of operational leasing was used to replace fire appliances and other parts of the fleet, which continued the policy of the former Authority. This was largely dictated by the low level of borrowing approvals and the lack of alternative sources of funding, such as capital receipts. Any windfall revenue has, however, been used to replace leasing, where this has come available.
- 6.4** With the new Prudential Code, the Fire Authority has been able to use prudential borrowing instead of leasing, when this was either financially neutral or beneficial and also delivered service advantages, such as flexibility or reduced administrative costs. The Fire Authority will continue with this policy, borrowing if possible from the Public Works Local Board (PWLB).

Short Term Investments

- 6.5** Since April 2004/05 the Fire Authority has been able to retain surpluses and create reserves and provisions. This has meant that its daily surplus cash balance has risen.
- 6.6** The main concern in investing surplus funds is security especially after recent banking turmoil, and the Fire Authority will only lend to those institutions whose credit ratings are acceptable both to Shropshire Council and itself. Key secondary concerns are liquidity and yield or return. Use had, therefore, been made of money market funds, which allow relatively small daily balances to be pooled and invested at significantly higher rates than could be achieved directly. Although triple A rated it has been considered prudent for this Authority to withdraw from such funds for the present. Amounts invested with any single counterparty are limited to £2.0m. The Prudential Guidelines allow £1.0m to be invested for periods of greater than 12 months. This has proved possible as reserves and provisions have added to normal cash flow availability. This has meant greater importance in monitoring cash flow forecasts but will allow the Fire Authority to take advantage of higher interest rates as they arise, without endangering liquidity. However at present loans have been restricted to no longer than three months.

- 6.7** The Treasurer maintains a list of agreed counterparties to ensure that borrowers are acceptable, which comprise banks, building societies, and local authorities. This has been the subject of careful scrutiny during the present credit market difficulties and the credit rating floor for counter parties, below which lending would not be made has been raised significantly. Shropshire Council's Treasury Management Practices are also monitored and the Fire Authority's own practices reviewed regularly.

Prudential Indicators

- 6.8** The Fire Authority recognises its legal obligation to comply with the Prudential Indicator regime and code, and that this gives it the essential information during the budget process as to whether its investment plans are affordable, prudent and offer value for money. The five-year capital investment plan is, and will in future be, checked for its sustainability.

Strategy Proposals

6.9 Long-Term Borrowing

- **Active Debt Management**
The Treasurer, with advice from Shropshire Council, will consistently review opportunities for debt rescheduling, if this will deliver annual savings. Current indications are that the relatively small amounts of available borrowing, given the Fire Authority's recent borrowing history, and changes to accounting rules make this of limited potential.
- **Timing of Borrowing**
Borrowing is currently at relatively low rates. However timing of borrowing will take into account projected rate movements as well as being matched to capital investment profiles and, therefore, advice about borrowing in advance or later during years will be evaluated. Maximum use of internal funding is being used to avoid exposure to money markets but also improve returns on current low rates of return.
- **Periods of Borrowing**
The current policy of borrowing for up to 50 years from the PWLB will be maintained, bearing in mind the maturity profile established through the Prudential Indicators.
- **Fixed or Variable Borrowing**
Under current circumstances, SWFA will borrow at fixed rates. If rate patterns change, then variable rate borrowing may prove advantageous and would be considered then.

6.10 Leasing

All funding of vehicles and fleet will be reviewed to ensure that leasing does not offer potential benefits. These will be evaluated against costs and disadvantages of leasing before a final decision is taken. Recent evidence following discussion with our Treasury Service Provider is that leasing is only likely to be financially comparable to borrowing if the leased asset is of a standard nature and is returned at the end of the primary period. This is not likely to apply to the Fire Authority's current spending plans.

6.11 Short Term Investment

SWFA may in future invest for more than 12 months on a limited scale, given the current level of balances, the need to ensure liquidity, and lack of certainty in financial markets. The situation will, be reviewed in order to secure any future increased yields from longer-term lending.

- 6.11** Given the paramount importance of security of investments, investment will be limited to those banks, building societies, and public authorities (including the government itself) that are acceptable to both Shropshire Council and the Treasurer of the Fire Authority.

Treasury Management Practice – Credit and Counterparty Risk Management

- 6.12** The Authority is aware of the need to invest prudently. The investment guidance issued by the Office of the Deputy Prime Minister and Communities and Local Government, including the need to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectional Guidance Notes will, therefore, be followed. Reports on the fall-out from the Icelandic Banking crisis have been taken to the Fire Authority and have resulted in the present cautious approach,

Governance Arrangements

- 6.13** The budgets for long-term borrowing and short-term investment are part of the Executive Business Department. The Treasurer is lead officer for treasury matters. Decisions are taken by the Fire Authority.
- 6.14** Shropshire Council, advised by Sector Treasury Services, provides Treasury Management Services and support. Its practices are monitored and the Fire Authority's own Treasury Management Practices updated regularly.

Performance Measurement

- 6.15** The CIPFA Code requires performance measures to be set. These are:
- Debt Average Rate - measures the average interest rate of the debt portfolio each year and
 - Investments - the interest rate achieved is compared with the average 7 day loan rate to ensure that returns are maintained, despite the relatively small amounts and the short-term nature of some available cash balances.

Section 7

Budget Risk Assessment

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Budget Risk Assessment

7.1 The Fire Authority has a well developed approach to risk management and carefully analyses the potential budget risks. These risks can be categorised as follows:

- Accounts based
- External - service demand/demography
 - funding
 - legislation
- Budget
- Operational

7.2 The table at the end of this section sets out the various risks identified, their likelihood of happening, the relative impact on the three-year budget, and finally the scope for managing the risk.

7.3 The key risk identified last year was the funding uncertainty brought about by the Government's three-year Comprehensive Spending Review (CSR), which established the level of government grant for the period April 2008 to March 2011.

7.4 The Fire Authority decided to initiate some analysis of the likely resource variations that might arise. This has meant making optimistic and pessimistic assumptions about the extent of resources coming available both from the Government but also as a result of tax base changes.

The assumptions underlying the analysis are summarised in the table below.

	Uncertainty	Pessimistic Assumption	Optimistic Assumption
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 Fire Authority in February 2007	Same as for the pessimistic assumption

- 7.5 These assumptions were converted to potential precept scenarios. These were compared with a ceiling of 4.9% growth in precept, i.e. the **maximum** before risking capping. The results can then be shown as potential **shortfalls** in resources, where expenditure is likely to exceed the capping level, or **headroom** where resources are available to allow further expenditure to be undertaken without exceeding the capping level or to allow lower increases in precept.

Resources shortfall or headroom

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

- 7.6 Officers used these figures as guides to consider the implication for service and precept planning in the 2008/09 budget planning process, culminating in the comprehensive spending review announcements and provisional grant settlement made last December. Although the settlement was in fact favourable the Authority found the exercise of examining service priorities extremely useful. Although it was more use in deciding service growth priorities, the work and the methodologies can be redeployed should problems emerge either on the expenditure side in the next three years or should the next grant settlement period be more difficult.

- 7.7 In the 2009/10 budget process the Fire Authority decided to look at optimistic and pessimistic scenarios and plan on an average situation i.e.

- i Grant increases about 1.25% a year growth
- ii Inflation increase of just over 2.0% from 2011/12;
- iii Tax base increase at 0.4% from 2011/12;
- iv The collection funds would deliver a surplus of £50,000.

Plus an assumption that the precept would increase by 3.9% a year.

- 7.8 Using these assumptions produced the following predicted budget shortfalls:-

2010/11	£182,000
2011/12	£421,000
2012/13	£445,000
2013/14	£437,000

In view of this the Fire Authority decided to:-

- i continue the policy of planning for precept increases of 3.9% a year whilst examining the scope for reducing the rate of increase;
- ii continue to provide for realistic levels of increase in service pressure, currently £200,000 a year;
- iii seek to maximise efficiencies each year and to set a realistic but challenging total of £150,000 a year-and also take account of the findings of the Audit Commission in their national report "Rising to the Challenge: Improving Fire Safety Efficiency";
- iv specifically address the forecast shortfall in income of £182,000 in 2010/11;

- v monitor closely the key external uncertainties that could affect service levels, especially pay and prices and pension increases, 2011/12 grant settlement; Band D equivalent tax base; and other changes arising from the current recession; and
- vi review the current schedule of “What –if” service reductions if needed in the next five years.

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Risk	Probability (High, Medium, Low)	Impact on 2008-11	Scope to Mitigate Risk
Accounts			
1. Items in the accounts are subject to subsequent change	L	L	Identify accruals, bad debt provisions as areas most at risk
External - Service Demand/Demography			
2. Growth in population	H	L	Part of IRMP analysis using FSEC. Built into medium-term plans
3. Extreme weather conditions and impact on the Retained Service – drought/flood	M	M	Create a budget based on annual averages and use a reserve to receive under-payments and meet over-payments
External - Funding Issues			
4. Unexpected variations in external resources, especially when Government spending plans are reviewed	H (20011/12)	L Some variation from data but not formula Major changes are likely from 2011/12 in both formula and national grant levels	Undertake variation analysis and examine potential impact on service and /or precept
5. Cash flow. Impacts of changes in grant funding, e.g. top-up grant for pensions	L	L	Maintain and monitor cash-flow forecasts
6. Uncertainty over specific grants, e.g. New Dimensions or joint arrangements, such as shared costs of Regional Management Board (RMB)	M	M	Constantly monitor the situation to update risk appraisals. Lobby for continuing or bettering the existing financing. Specific monitoring of Regional Fire Control and Firelink

Risk	Probability (High, Medium, Low)	Impact on 2008-11	Scope to Mitigate Risk
7. Firefighter pension costs. The new arrangements may present unexpected budget issues. Ill-health and injury awards will also fall unevenly	L	L	Closely monitor new budgets, establish specific reserves, manage down potential ill-health retirements and ensure health and safety processes are followed to minimise injury awards
8. Capping. A major issue directly affecting service plans, as well as leading to potential re-billing costs	L	H	Ensure precept increases are judged in the context of potential capping levels, currently 5% and build into "what-if" planning. Also pay attention to notional calculations and possible use of expenditure increases in tandem with precept rises
9. Loss of Investment	L	H	Current money market turmoil requires additional concern over security of loans. Good practice will be followed as recommended by the Audit Commission, the Government and CIPFA following the Icelandic Bank collapse.
External - New Legislation			
10. Outcome of current Employment Tribunal into Retained Firefighter pensions prior to April 2006	H	H	Keep in touch with Employer representatives. No date for resolution known. Joint working within the region, and lobbying government both for the impact on grant and the pension account. Maintain prudent reserve.

Risk	Probability (High, Medium, Low)	Impact on 2008-11	Scope to Mitigate Risk
Budget			
11. Adequacy of existing reserves and resources to meet unexpected incidences without impacting service delivery	M	M	Policy towards reserves and provisions has been built up and are considered adequate but not an unnecessary burden on Council Tax. This will be reviewed throughout the year.
12. Efficiencies. Ensure efficiencies are achieved, especially those through the IRMP process	L	L	Although only included in the budget if deemed deliverable, monitor to ensure no events change the situation. Incorporate into ongoing budget monitoring and report regularly to members.
13. Transport. Vehicle accidents are an unavoidable hazard	L - M	L - M	Ensure adequate insurance is in place both for vehicles and personnel. Also, provide a sufficient reserve for risks not insured, such as premature lease settlements
14. Financial Control Risks of unplanned overspend and fraud	L	L	Maintain and update financial control systems. Ensure a risk based audit plan is in place and its recommendations are followed. Annually review the Fraud and Corruption Policy

Risk	Probability (High, Medium, Low)	Impact on 2008-11	Scope to Mitigate Risk
<p>15. Capital Funding Failure to deliver capital receipts, grants, contributions. Ensure the affordability of borrowing at levels currently above those accepted for grant purposes</p>	M	L	<p>Only commit to expenditure when funding is properly secured, This could cause problems when funding the St Michael's Street project and there are now concerns about the property market Ensure proper planning of the project is integrated with budgets. Ensure financial regulations are complied with, especially regarding RMB projects. Ensure Prudential Guidelines are produced, agreed and monitored.</p>
<p>16. Inflation assumptions prove wrong</p>	M	M	<p>Ensure an adequate, realistic provision is made by the Fire Authority, when it establishes its provision for unknown changes to pay and prices. Involvement of Resources Department in negotiating locally or through regional or national purchasing organisations and Human Resources on staffing issues. Examine adequacy of the General Reserve</p>

Risk	Probability (High, Medium, Low)	Impact on 2008-11	Scope to Mitigate Risk
17. Pensions Contributions to both the Local Government Pension Scheme (LGPS) and now the Firefighters' Scheme may be volatile	M	L	Ensure actuarial advice and change is planned in consultation with the LGPS administrators and Government Actuary and built into the medium term plans. Links to Employment Tribunal issues (Risk 9)
Operational			
18. Operational Risks Especially technological or supply problems with IT, Telecoms equipment etc.	M	M	Ensure sufficient reserve, but develop and cost business continuity plans, including alternative sources of supply
19. Health and Safety Throughout all departments	M	M	Ensure investment is available to meet identifiable risks

Appendix A

Prudential Indicators

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Appendix A – Prudential Indicators

Affordability

1. Estimate of capital expenditure

Actual	2004/05	£1,188,000
Actual	2005/06	£828,000
Actual	2006/07	£1,340,000
Actual	2007/08	£1,198,000
Actual	2008/09	£1,421,000
Estimate	2009/10	£2,260,000
Estimate	2010/11	£3,940,000
Estimate	2011/12	£840,000

2. Estimate of capital financing requirements (underlying need to borrow for a capital purpose)

Capital financing requirement at 31 March

	2007/08 Actual £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
Capital Financing Requirement at 31 March	4,472	5,155	5,708	6,627	8,187
Annual increase in need to borrow	683	553	919	1,560	156
	5,155	5,708	6,627	8,187	8,343

In the light of current commitments and proposed plans reflected in the budget forecast, net borrowing by the Fire Authority is not expected to exceed the capital financing requirement.

3. Estimate of ratio of financing costs to net revenue stream

Actual	2008/09	2.68%
Estimate	2009/10	2.96%
	2010/11	3.70%
	2011/12	4.43%

4. Estimates of the incremental impact of capital investment decisions on the council tax (over and above capital investment decisions taken in previous years)

Impact on Band D

	2009/10	2010/11	2011/12
	£	£	£
	0.52p	1.68	2.87

5. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day-to-day cash management. This level of debt is monitored by the Treasurer and managed by Shropshire County Council on a daily basis. The boundary may be exceeded but the reasons must be identified and reported as soon as possible to Members and the Fire Authority.

2007/08	2008/09	2009/10	2010/11	2011/12
£000	£000	£000	£000	£000
6,005	6,356	6,529	8,089	8,245

6. Authorised Limit for External Debt

The authorised limit includes additional allowances, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set by the Fire Authority.

2007/08	2008/09	2009/10	2010/11	2011/12
£000	£000	£000	£000	£000
8,474	8,708	9,627	11,187	11,343

Prudence

7. Compliance with CIPFA Code of Practice for Treasury

The Treasurer ensures compliance through Treasury Management Principles and Practices of the Authority and that of the supplier of Treasury Management Services, i.e. the County Council.

8. Upper limits of fixed interest rate and variable rate exposure

Borrowing

	2008/09	2009/10	2010/11	2011/12
Fixed interest rate exposure	100%	100%	100%	100%
Variable rate exposure	20%	20%	20%	20%

Investment

Fixed interest rate exposure	100%	100%	100%	100%
Variable rate exposure	100%	100%	100%	100%

9. Upper limits for maturity structure of borrowings

	Upper Limit	Lower Limit
	%	%
Under 12 months	30	0
12 months to 24 months	30	0
24 months and within 5 years	30	0
5 years and within 10 years	30	0
10 years and above	100	70

10. Upper limit for principal sums invested for periods longer than 364 days

£1,000,000

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Appendix B

Glossary of Terms

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Appendix B – Glossary of Terms

Abbreviation	Definition
AC	Audit Commission
AES	Annual Efficiency Statement
BVPI	Best Value Performance Indicator
BVR	Best Value Review
CFA	Combined Fire Authority
CFOA	Chief Fire Officers' Association
CFS	Community Fire Safety
CIPFA	Chartered Institute of Public Finance and Accountancy
COMAH	Control of Major Accident Hazards
CPA	Comprehensive Performance Assessment
CSR07	Comprehensive Spending Review 2007
FRA	Fire and Rescue Authority
FRS	Fire and Rescue Service
FSEC	Fire Service Emergency Cover
FSS	Formula Spending Share
IRMP	Integrated Risk Management Plan/ning
IT	Information Technology
LGA	Local Government Association
LGPS	Local Government Pension Scheme
MTFP	Medium Term Financial Plan
ODPM	Office of the Deputy Prime Minister
PFI	Private Finance Initiative
PI	Performance Indicator
PWLB	Public Works Local Board
RMB	Regional Management Board
RSG	Revenue Support Grant
SFRS	Shropshire Fire and Rescue Service
SR02	Spending Review 2002
SR04	Spending Review 2004
SSA	Standard Spending Assessment
SWFA	Shropshire and Wrekin Fire Authority
SWG	Settlement Working Group
WMRMB	West Midlands Regional Management Board

**Equality Impact
Assessment
of
Shropshire and Wrekin
Fire Authority's
Medium Term Financial
Plan 2009/10 – 2013/14**



Shropshire Fire & Rescue Service EQIA number

Initial Equality Impact Assessment Form

Directorate	Executive	Department/ Section	CFO
Name of officers completing (minimum of 2 people to complete each assessment)	Alan Taylor Paul Raymond	Job title	Chief Fire Officer Chief Fire Officer designate
Name of Policy/Service/Activity to be assessed	Medium Term Financial Plan 2009/10 to 2013/14	Date of assessment	12 June 2009
New or existing policy	Annual update of main strategic financial document		

1) Briefly describe the aims, objectives and purpose of the policy/service/activity (referred to as policy in document). When answering this also list and consider the following:
 What are the key performance indicators?
 Who is intended to benefit or be affected by it? (Is this positive or negative)
 What outcomes do you want to achieve from this policy?

Purpose of the Medium Term Financial Plan (*MTFP Page 5, paras 1.1 and 1.2*)
 Shropshire and Wrekin Fire Authority's (SWFAs) latest update to its comprehensive Medium Term Financial Plan (MTFP) covers the financial years 2009-10 to 2013-14. The plan highlights the way in which the Fire Authority drives the setting of medium term strategic targets, which in turn shape medium term and annual financial plans. The Plan builds upon the work undertaken in previous years to ensure that financial planning links closely to Service planning and to the delivery of the Fire Authority's five strategic aims. It also embraces a number of wider policy initiatives developed during the year.

Links to Aims and Objectives of Fire Authority (*MTFP pages 10 and 11, para 1.17*)
 The MTFP is closely linked to SWFAs updated Corporate Plan for 2009-10, which describes more fully how the Authority will continue to deliver an improved service for the public of Shropshire and Telford and Wrekin. Both the MTFP and the Corporate Plan are reviewed and updated annually to take account of national, regional and local developments. The MTFP is therefore the way in which funding is linked to the following five strategic aims of SWFA:

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/wellbeing for all staff and Authority Members

Strategic Aim 4
 Provide a sustainable service that demonstrates quality and best value in service provision

Strategic Aim 5
 Provide a service committed to the highest levels of equality and diversity

Performance Indicators, (MTFP pages 10 to 17, paras 1.17 to 1.32)

In line with Strategic Aims 1, 2 and 4 described above, the main group intended to benefit from the MTFP are the public of Shropshire and Telford and Wrekin. The Plan provides the means of financing continuous improvement with regard to outcomes such as reductions in fires, deaths and injuries. The plan describes the very strong performance of SWFA with regard to actual achievements against the 10 key performance indicators selected as priorities by the Audit Commission.

Strategic Aim 3 is intended to benefit staff and Authority Members of SWFA by ensuring their safety and welfare/wellbeing.

Strategic Aim 5 and its associated corporate objectives ensures the promotion an equitable service to the communities of Shropshire and other stakeholders; provides for a just and dignified place of work environment for all employees, Members and visitors; and, ensures that SFRS works to recruit, promote and retain a workforce representative of the community that we serve.

Beneficiaries, (MTFP pages 18 and 19, para 1.33)

The main stakeholders in relation to the MTFP are the public who we exist to serve. The main priorities for continuing to improve the service provided to the public of Shropshire (in particular the most vulnerable in our communities) are clearly described within the Plan.

Outcomes, (MTFP pages 2 and 7, foreword and para 1.7)

The MTFP describes the degree to which SWFAs priorities have already driven Service improvements and reduced the risks of fire to the people of Shropshire. The medium and longer term financial implications of yet further improvements are also considered.

These include continuing budgetary requirements for improved Community Fire Safety (CFS) in rural areas; for maintaining and improving the Retained Service; for maintaining and building upon our commitment to equality and diversity; and, for improving our resilience to support large scale local, regional or national emergencies such as those presented by the floods of 2007. These are therefore the main outcomes expected from the MTFP.

1a) Who implements this policy

Implementation, (MTFP page 6, para 1,6)

The Plan is implemented by Members, officers and all employees of SFRS and it reflects a determination on their part to build on past successes, to focus on areas for improvement, to secure continued excellent value for money, and to take the lead on developing new and improved ways of delivering an even better fire and rescue service.

2) How does your current policy meet the needs around age, disability, race, religion/belief, gender, sexual orientation and caring responsibilities?

Are there any obvious barriers to accessing the service? Eg physical or other.

The actions and goals described within the MTFP are not expected to have a detrimental impact upon and of the recognized 'equality groups'. In fact, there are a number of areas within the Plan where funding plans of the Fire Authority demonstrate a clear positive impact upon 'equality groups' and the most vulnerable in our society. Some examples are as follows:

Continuing budgetary commitment to the Retained Service and to CFS in rural areas (linked to Shropshire's elderly population) and to commitment to equality and diversity, (page 7, para 1.7);

Clear links between MTFP and Aims and Objectives of SWFA. As described above, these focus upon protecting all off our communities and staff and also upon commitment to the highest levels of equality and diversity, (pages 10 and 11, para 1.17);

A commitment to further improvements in smoke alarm ownership, fire appliance availability and the matching of resources to risk, (pages 18

	<p><i>and 19, para 1.33);</i></p> <p>Links between all of the above investments and the Corporate Plan are also provided within the MTFP, (page 45, para 3.30)</p> <p>Refurbishment of Shrewsbury Fire Station and HQ which will enable the improvement of out of date facilities and allow for much improved access for those with disabilities (Capital expenditure of £3.99 million over the next 3 years), (<i>pages 37 and 38, paras 3.8 to 3.11</i>);</p> <p>Policy of reducing the burden upon local taxpayers (many of whom are elderly) by setting a ceiling of 3.9% on precept increase for the next 3 years if possible, (<i>page 44, para 3.28</i>);</p> <p>Continuing commitment to E&D budget established in 2007/08, (<i>page 47, para 3.35</i>); and</p> <p>Continuing commitment to E& D partnerships with both Shropshire County Council and the Borough of Telford and Wrekin, (<i>page 49, para 3.40</i>).</p>
2a) Where do you think improvements could be made?	By its very nature the MTFP is a lengthy and in places quite complicated document. In order to improve its accessibility to all our communities and stakeholders it would appear beneficial to provide a one or two page summary of the Plan in plain English for publication on our web site alongside the full document.
2b) Have issues of equality been identified in this area of service delivery by SFRS?	The MTFP is not a service delivery area.
3) Have we had any specific feedback or complaints on this area? Is there evidence that this has come from any of these specific groups: race, gender, disability, religion/belief, age, sexual orientation, caring responsibilities?	<p>The MTFP is updated annually. With a previous version of the Plan one enquiry/complaint was received through a local MP on behalf of one of his constituents that the cost of Shropshire Fire and Rescue Service falls disproportionately upon local taxpayers (particularly pensioners).</p> <p>The complainant was advised that SWFA have recognised that this is the case (as described within the Plan in detail at Chapter 3) and are taking all actions possible to influence Central Government to ensure greater fairness in their distribution mechanisms. The complainant was happy with the response and very complimentary about the Fire Authority and the Service.</p>
3a) Do we have any feedback from managers or frontline staff on this policy?	Each year as the Plan is updated it is presented to middle and senior managers through the Policy Group process and feedback is used to improve the Plan.
3b) Is there any feedback from voluntary/community organisations?	<p>Yes. With regard to its budget setting process SWFA consults through:</p> <ul style="list-style-type: none"> • Publishing its budget meetings, decisions and reports on its website; • Commissioning public meetings and meetings with non-domestic rate payers through Opinion Research Services Ltd; and • Meetings with the Shropshire Association of Local Councils and

	<p>other public bodies, as requested.</p> <p>The primary source of feedback comes from two Scrutiny Panels which are selected independently of SWFA and the Service, and are chosen to be broadly representative of their local communities. The panels represent a wide spectrum of ages and social-economic status and consist of 15 women and 14 men, (<i>pages 40 to 43, paras 3, 15 to 3.26</i>).</p>		
<p>3c) Is there any research / models of practice that may inform SFRS view?</p>	<p>In developing the MTFP officers were advised by the Audit Commission that the MTFP of Kent County Council represented 'best practice.' As such, SWFAs Plan has been developed and produced based upon this example.</p>		
<p>4.) Detail the Actions / Improvement areas you have identified, or the need for further research. (These must be put onto the Action and Improvements Form FB XX for consideration by Steering Group)</p> <p>If you have found considerable actions or research this will require you to proceed to a full assessment.</p>	<p>As described above in question 2a) it would appear beneficial to provide a one or two page summary of the Plan in plain English for publication on our web site alongside the full document.</p>		
<p>5.) Should the policy now proceed to a full impact assessment?</p>	Y	N	Not required

I am satisfied that this policy has been successfully impact assessed.

I understand the Impact Assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.

Line Manager	Alan Taylor	Date:	16 June 2009
Please note that this impact assessment will be scrutinised by the E&D Officer			