



Wiltshire Fire & Rescue Service

Wiltshire and Swindon Fire Authority

HIRE SERVICE
FIRE & RESCUE

Medium Term Financial Strategy 2009/10 to 2011/12



Your Safety: Our Priority

1. **Introduction**

The Medium Term Financial Strategy (MTFS) 2009/10 – 2011/12 aims to provide an assessment of how the Fire Authority will manage its finances over the next three year period, in order to deliver its services to the people of Wiltshire and Swindon.

This is an annual iterative process and this document updates the previous medium term financial plan (2008/09 – 2010/11), in light of current and emerging issues and considerations affecting the Fire Authority for 2009/10 and onwards.

The fundamental objectives of the MTFS are:-

- to ensure the Authority has sufficient resources to deliver against its priorities;
- align spending plans (revenue and capital) to the core priorities within the Business Plan;
- deliver value for money and efficiency targets;
- provide a longer term financial plan to provide stability for future budget proposals;
- maintain an adequate level of reserves and balances in line with our risk strategy; and
- improve financial management.

2. **Executive Summary**

Against the backdrop of reducing financial resources, increased costs, the clear remit of providing good quality services economically, efficiently and effectively, the Authority continues to face significant financial issues and pressures which are emerging over the horizon.

This plan identifies these known key financial issues and pressures, namely:-

- an estimated budgetary shortfall in 2010/11 of £0.350m and a further £0.285m, in addition to the £0.350m for 2010/11, for 2011/12, should the authority wish to set a council tax levy increase of 3%, say
- reducing government funding, making it imperative that service reviews are successful in delivering efficiencies, leading to savings;

and in doing so, provides a strategy for addressing these issues.

There are also several key issues which at present can not be quantified within the plan. This is a reflection of the ever-changing demands on the service.

The Regional Control Centre (RCC) project continues and the revised cutover date (at the time of writing) for the Wiltshire Fire & Rescue service is Autumn 2011. In modernising the fire service, additional staffing reviews will be required and like the RCC project the financial impact of such reviews will need to be determined. In addition the Governments' white paper, 'Stronger and Prosperous Communities' and the regulatory inspection process of Comprehensive Area Assessment (CAA), have and will change the way we work, and in particular how we work in partnership with others and within the Local Area Agreements.

This plan, having regard to the unknowns, brings together the financial impact of the business plan improvement priorities, sets the stage for the management actions and decisions required, and details the framework around which future budgets will be developed, and as such will enable the Authority to deliver its objectives, as stated in its Business Plan.

3. **Background**

In June 2006 the Fire Authority introduced its draft Business Plan (The Blue Book – Bringing It All Together.....An Agenda for Change) for the period 2006 – 2010. The Plan was the subject of considerable debate within the Fire Authority and with its external partners. This is the last year of the Business Plan, and much work has and will continue to be undertaken in 2009/10 in developing the next Business Plan 2010-15, which will include the Integrated Risk Management Plan (IRMP)

On 13th February 2009 the Combined Fire Authority approved the 2009/10 Revenue Budget. Details of the approved revenue budget, which amounts to £24,468,700, an increase of 4% over the 2008/09 budget, can be found in the summary in Appendix A.

4. **Priorities and Service Pressures**

The Business Plan 2006-2010 set out the Fire Authority's aims, objectives and core values encapsulated in its twenty-one work priorities.

The priorities for the first 12 months concentrated on putting in place mechanisms, systems and processes for achieving future improvements to the service.

In producing the annual plan for 2008/09 the 21 priorities were subsumed into the 5 strategic aims, with clear linkages.

In setting the Budget for 2008/09 and 2009/10, the Fire Authority made provision for additional staffing and equipment to meet the immediate and mid-term needs outlined in the Business Plan.

As we are the end of the current 4 year plan much work has been established in developing the next Business Plan 2010-15. The next MTFP will include the service priorities in delivering the services over the next 5 year cycle.

5. **Inflationary Increases - Spending Plans**

In establishing predicted 2010/11 and 2011/12 budget requirements the following broad assumptions for inflationary increases have been applied:

Salary based budgets	2.5%
Non- salary budgets e.g. Supplies and Services,	1.5%

Traditionally the Retail Price Index (RPI) has been assumed, however the Consumer Price Index (CPI) is preferred to reflect inflation, which matches more closely to the goods and services consumed by the fire service.

Members will be requested to endorse the inflationary increases adopted for establishing the medium term financial plan.

It is anticipated that given the estimated inflationary increases, the Authority will endeavour to keep budget provision for inflation, especially for non-staffing costs, to a minimum as part of the efficiency agenda.

The rationale for keeping increases to a minimum for the 2009/10 and thereafter, especially for non-salary items is to:-

- keep Council Tax increases to a minimum, given the additional pressures facing the Authority;
- be more efficient, effective and economic (value for money); and,
- focus the attention on identifying required savings.

6. **Inflationary Increases - Income (how net expenditure on service delivery is funded)**

The Fire Authority's income (or funding) comes from the following three main sources:-

- **Government Funding** in the form of the Revenue Support Grant(RSG) and the redistribution of the National Non-Domestic Rate (NNDR);
- **Council Taxes** levied on properties in Wiltshire and Swindon; and
- Other Income from the surplus on the Billing Authorities' Collection Accounts, investment income and charging for discretionary services.

Government Funding

In setting its Budget the Fire Authority had to consider the overall funding constraints set out by the Government. In the Comprehensive Spending Review 2007, the Government set out its intention to introduce three-year finance settlements with grant allocations being announced for three years, for 2008/09, 2009/10 and 2010/11.

Government support for 2009/10 amounted to £9,448,803. For Wiltshire FRS this represented an increase of 1.3% or £120,520 on the previous year's allocation.

Government support for 2010/11 established in the three year settlement CSR07 was predicted at £9,586,760. For Wiltshire FRS this represented an increase of 1.5% or £137,957 on the 2009/10 total of £9,448,803. It is debatable now whether this will materialise given the government's promises to reduce public spending and the prevailing global economic conditions.

The table below shows how government funding has or was due to change over the Comprehensive Spending Review period CSR07.

Year	% Increase	Amount (£)	Government Funding (£)
2007/08			9,151,824
2008/09	1.9%	176,460	9,328,284
2009/10	1.3%	120,519	9,448,803
2010/11	1.5%	137,957	9,586,760

Due to global financial and economic conditions experienced since the second half of 2008, the government have continuously announced that public spending must be brought under control and that greater efficiencies and reductions in spend would have to be forthcoming. It is difficult to know how this will affect the fire service, but it inevitably will and it is expected that very little additional funding will be available going forward. It may therefore be prudent to assume a 0.5% increase in government support in setting the budget for 2010/11 as well as 2011/12, which is the floor, i.e. it is the minimum grant increase, provided the base on which the 0.5% does not change, or the government changes its mind on the process of allocating funds and the use of 'floors' for establishing a minimum guaranteed increase.

It is therefore increasingly important, as government funding is reducing, that efficiencies are required to be able to sustain a balanced budget, in order to keep Council Tax rises to a minimum.

Council Tax

For 2008/09 the Fire Authority set a Band D Council Tax at £57.74. In 2009/10 the Council Tax increased by 4.9% to £60.57.

All properties in Wiltshire and Swindon are placed in one of eight Council Tax bands based on the value of the property on 1st April 1991. The 'taxbase' represents the number of chargeable properties for Council Tax purposes and is expressed in the form of so many Band D equivalents.

Wiltshire and Swindon has seen a considerable increase in its population over more than 30 years. This has been reflected in a year-on-year increase in the number of Band D equivalents (taxbase), however due to the severe financial downturn in the economy experienced in 2008/09, this upward trend is likely not to continue.

For 2009/10 the taxbase was 247,139 Band D equivalents. Collaborative work between the Police, Fire & Rescue Service, Swindon Borough Council and the new Wiltshire Council is planned to monitor the effects of and changes to the taxbase throughout the year. This will be crucial in establishing a balanced budget for 2010/11. It is too early in the year to judge the effects however, due to the significant economic and financial downturn in the economy, it is expected that this will have a significant impact in both the taxbase and any surplus or deficit on the Collection Fund.

Experience has shown that the Fire Authority would have reasonably expected its taxbase to achieve a year-on-year increase of at least 1%. However, due to this significant financial downturn in the economy it would be prudent not to assume this level of increase for the next few years. After discussions with our partners, i.e. the Police and Wiltshire Council and Swindon Borough Council, no increase has been assumed, therefore any increase in the cost of services, will have to be met from an increase in the Council Tax (precept income) or from government support. This means that if income is not forthcoming, reductions in budget will be required either by reducing costs and making efficiencies or reducing budgets and cutting services.

The Government has draconian powers available to restrict the level of any Council Tax increase, and the government expectation is that the average increase in Council Tax will be expected to be substantially below 5% in each year, as has been promoted in the last few years.

Such measures clearly restrict the Fire Authority's ability to raise taxes to pay for the Fire and Rescue Service. The tables below show a range of Band D Council Tax increases and the potential precept income that would be derived, given the impact of no increase in taxbase, i.e. taxbase would remain at 247,139.

Council Tax - Band D			
Increase	2009/10	2010/11	2011/12
%			
5%	£60.57	£63.60	£66.78
4%	£60.57	£62.99	£65.51
3%	£60.57	£62.39	£64.26
2%	£60.57	£61.78	£63.02
1%	£60.57	£61.18	£61.79

Precept generated based on Taxbase of 247,139			
Increase	2009/10	2010/11	2011/12
%	£m	£m	£m
5%	14.969	15.717	16.503
4%	14.969	15.568	16.191
3%	14.969	15.418	15.881
2%	14.969	15.268	15.574
1%	14.969	15.119	15.270

For example purposes, a 3% increase in Council Tax (from £60.57 to £62.39) equates to £0.449m (£15.418m less £14.969m) additional income in 2010/11, and £0.463m in 2011/12 (Band D increase from £62.39 to £64.26). If the taxbase increases from 147,139 band D properties, additional income would be generated. Conversely if the taxbase reduces or shrinks less income would be generated.

7. Spending Plans (Capital & Revenue)

Capital

In terms of capital expenditure there are three areas of expenditure which are of a capital nature, i.e. they provide benefit for more than one year, namely buildings, vehicles, IT and other equipment.

The Medium Term Financial Strategy provides a three year plan of the Authority's proposed capital spending for the period 2009/10 to 2011/12.

The Capital Strategy and ongoing capital programmes are designed to ensure that the authority's capital investment:-

- assists in delivering its corporate objectives, in line with its core priorities;

- supports those priorities identified in the property review and ICT strategy;
- ensures statutory requirements are met e.g. Health and Safety issues; and,
- supports the MTFS by ensuring that all capital investments take into account the full impact on revenue budget for the current and future years.

The Capital Strategy balances affordability of the capital programme with the investment needed to deliver the programme in line with the Authority's priorities and objectives, hence the need to align available resources and spending requirements over more than one year.

Appendix B shows the three year capital expenditure plan. Following the Emergency Cover Review it is anticipated that there may be further capital expenditure requirements, and also opportunities to generate capital receipts to fund the programme, with the intention of reducing the burden on unsupported borrowing. At this time the financial effect of additional capital requirements, and the possibility of capital receipts, can not be accurately assessed.

Given the current capital spending plans as per Appendix B, the impact on the revenue account, for repayment of debt and financing that debt, would mean an additional £0.073m in 2010/11 and each year thereafter to support the programme without other forms of capital financing being generated i.e. through capital receipts or capital grants.

Revenue

Given the inflationary assumptions on spending and funding in sections 5 and 6 above, the following summary position (for further details see Appendix A) shows the impact on spending plans for 2010/11 and 2011/12.

	Budget 2009/10 £m	Estimated Budget 2010/11 £m	Estimated Budget 2011/12 £m
Net Revenue Expenditure	24.469	25.214	26.009
Funding:			
Government Grant (RSG/NNDR)	-9.449	-9.496	-9.543
Council Tax Surplus(-)/Deficit(+)	-0.051	0.050	0.050
Precept Requirement (A)	14.969	15.768	16.516
Taxbase	247,139	247,139	247,139
Band D	£60.57	£63.80	£66.83

Increase in Council Tax	4.90%	5.34%	4.74%

Current indications, given the spending plans in 2010/11 and 2011/12, are, that in order to balance the budgets in those years a Council Tax rise of 5.34% and then 4.74% would be required in 2010/11 and 2011/12 respectively.

For example, clearly in order to keep the increase in Council Tax to a level likely to be acceptable to the public, say for example 3%, and assuming increases in RSG and NNDR as per the minimum and a nil increase in the Taxbase, it is estimated that:-

- savings are required in 2010/11 of around £0.350m, **recurring**
- and further savings are required in 2011/12 of around £0.285m (£0.635m - £0.350m).

Taxbase	247,139	247,139	247,139
Band D (a) (@3% Rise)	£60.57	£62.39	£64.26
Precept Income (B)	£14.696m	£15.418m	£15.881m
Precept Requirement (A)	£14.969m	£15.768m	£16.516m
Estimated Savings Required		£0.350m	£0.635m

Generally speaking a one percent increase/reduction in the Council Tax increase will either generate additional/reduced precept income by approximately £0.150m.

8. **Balancing the Budget**

The above outlines examples of the Authority's revenue and capital position over the three year period 2009/10 to 2011/12. The Plan clearly shows that the Authority has to address a potential shortfall in its finances in 2010/11 onwards.

The officers have considered the MTFs and have adopted the following Action Plan and Efficiency Strategy.

Action Plan

The Management Board will lead the process of balancing the budget and will meet on a regular basis to review the level of spending in the current financial year and to identify areas where potential savings can be made in advance of the preparation of the 2010/11 Budget.

The Management Board will provide the Combined Fire Authority, and/or the Finance Review Committee with regular progress reports, and details of the actions required to be taken to balance the budget.

The Delivery Management Team (formerly BMT) has responsibility for the management of the day to day matters, and are charged with the task of

reviewing departmental budgets and bringing forward to the Management Board details of potential savings and operational efficiencies.

The Finance Department will continue working with the two management teams and the budget holders providing them with regular budget monitoring reports and guidance and advice in the management of the Authority's budgets.

The Authority is also committed to finding savings as a part of the annual efficiency review process (see below). Management Board will embrace this process and use it as a catalyst for balancing the budget. This will be achieved by continuing to clearly identifying areas where savings are possible, reviewing current arrangements and putting in place mechanisms designed to ensure that savings are delivered for the benefit of the community.

As in any year, it is increasingly difficult to predict the impact of external influences over the Fire and Rescue Service as a whole. This MTFS brings together the quantifiable costs and impact but also recognises the potential impact of future developments and national and local initiatives, which currently are financially unquantifiable.

The more significant unknown quantities, which are likely to have a significant financial impact for the services are:-

- Regional Control Centre (RCC) – although it is anticipated that most additional costs will be met from government funding under 'New Burdens', it is also expected that the service will have some costs which it will have to meet. As the RCC becomes imminent the costs and financial implications will become clearer. The latest date for cutover (at the time of writing) is August 2011;
- Changing terms and conditions, leave and sickness entitlement, working practices and equality initiatives - a review of staffing cover may be necessary which may result in additional staffing costs in future years;
- Partnership arrangements - arising from the Government's White Paper on 'Strong and Prosperous Communities', which will change the way we operate, and have significant financial implications for determining our costs and the funding of such costs;
- Working Time Directive – this will have an impact on the Service in respect of the retained duty system operated and the flexible duty system for officers. Notwithstanding the recent decision announced by the European Parliament, it is possible that this may be resurrected following the European elections in June 2009. If this were to occur, significant additional staff would be required as a direct result, as current staff will not be able to work their existing shifts and rotas.
- Pension Contributions - Directly as a result of the falling financial markets, the values of holdings in stocks and shares and assets have significantly decreased, with no short-term recovery expected.

The results of this have affected pension funds to the extent that future pension liabilities will no longer be covered by the fund unless further significant contributions are made in the future years. Longevity of staff and pensioners are also factors, as people in general are living longer, thereby payments out of the fund are increasing each year. The pension funds are due full actuarial valuations in 2010, when it is anticipated that the employer contributions will rise significantly from 2011/12.

- The vision for the Swindon area of the Authority to 2026, requires significant investment in new stations, vehicles and additional staffing in order to meet the additional risks arising as and when Swindon expands. The changing risk profile over the period, clearly driven by the development plans, will be incorporated within the Integrated Risk Management Plan, and have significant consequences for costs and funding, over the medium to long term plans of the authority.
- The Integrated Risk Management Planning process is already alive to the proposed military super garrison and the effect over the next few years. Wiltshire Council has a joint Military Civilian Integration Committee which considers all these aspects and which will help to inform the IRMP process. Until the IRMP process is completed the financial impact of the proposed military super garrison can not be assessed.

Efficiency Strategy

This Efficiency Strategy sets out the corporate efficiency aims and objectives of the Wiltshire and Swindon Fire Authority. These have been set to ensure progress is made to achieve efficiency targets. The Wiltshire FRS is committed to managing its resources efficiently and effectively.

The Strategy is designed to put in place mechanisms to identify, research, and produce efficiency savings going forward.

An Action Plan showing the key dates for the implementation of the Strategy and for the submission of both the 'Forward Looking' Annual Efficiency Statement (AES) and the 'Backward Looking' Annual Efficiency Statement (AES) will be developed, and progress reported to the Finance Review Committee.

The National Picture - The Department for Communities and Local Government has clarified the government's efficiency agenda for Fire & Rescue Authorities. It stated that the one efficiency target for all English Fire & Rescue Authorities is to achieve £110m gross cashable saving over the period 2008/09 to 2010/11. The baseline year for the target is the net cost of services in the CSR07.

Again as with the previous efficiency period, Wiltshire FRS does not have a separate target, but contributes towards the overall target, which is 4.9% of the net cost of services. The government expects each FRA to set its own targets, akin to the national target, although it is recognised that some Fire & Rescue Authorities are capable of achieving significantly more, and therefore conversely others will obtain less.

The efficiency target must be 'cashable' which the government has defined as changes that maintain the same or a better level of service provision whilst reducing the resources needed to deliver that same service. They are those where there is a direct auditable financial saving or benefit, which releases money to the FRA to spend elsewhere or recycle within the service.

Efficiency gains and savings made up to 2010/11 by Fire & Rescue Authorities will be retained locally for re-investment in front-line services. The outcome should be to improve the quality and the breadth of local fire and rescue services, while minimising the need for increases in local taxation.

Efficiency is an integral component of the wider FRS modernisation agenda and the new arrangements formalise the process. Essentially, Fire & Rescue Authorities complete a forward and a backward look Annual Efficiency Statement (AES) and until recently a mid year statement. The forward look gives an outline of the strategy for securing efficiency gains, the key actions to be taken and the expected gains that are expected to result from them. The backward look sets out the efficiency gains achieved in the past period; these are audited as part of the Use of Resources and Value for Money judgements.

Wiltshire Fire & Rescue Service is not sufficiently large or diverse to generate cashable efficiency savings of 4.9% (1.6% each year), therefore will strive to reduce costs, make savings and implement cashable efficiencies of 0.96% for each year for 2008/09 to 2010/11.

The targets for cashable efficiencies and savings/cost reductions for the period 2008/09 to 2010/11 are as therefore established as follows:-

	Cashable Efficiencies	Other Reductions/ Savings	Total
2008/09	£0.230m (0.96%)	£0.170m	£0.400m
2009/10	£0.230m (0.96%)	£0.160m	£0.390m
2010/11	£0.230m (0.96%)	£0.150m	£0.380m
Total	£0.690m (2.88%)	£0.480m (2.02%)	£1.170m (4.9%)

The Local Picture - Wiltshire and Swindon Fire Authority has long practised the development and implementation of prudent revenue and capital spending strategies that minimised the financial impact on the local taxpayer, but at the same time working towards achieving the CLG modernisation targets, and a high level of service delivery in implementing the Authority's Prevention, Protection and Response plans.

The Authority is committed to the continuous examination and review of its working practices striving towards providing value for money together with, at all times, meeting its stated objectives as detailed in its Business Plan. Efficiency gains have consistently been identified in a bid to realise the aims of the CLG's Modernisation Agenda.

Regional partnership working within the six Fire & Rescue Services in the South West will continue to focus on improved outcomes through the regional workstreams, and much work has and will continue to be undertaken to identify and deliver greater efficiencies in procurement and practices.

Corporate Efficiency Aims - The Fire Authority's strategic aim, in line with CLG guidance, for securing efficiency gains is to achieve greater outputs or improved service quality from the same (or less) resources. In support of this, the targets for the Fire Authority are to:

- Strive towards delivering efficiency gains for the Fire Service contributing to the national target of 4.9% in line with best practice;
- Adapt corporate and departmental business and financial plans to include the drive towards efficiency identification and achievement, at all times ensuring satisfactory levels of performance and service delivery to the people of Wiltshire, and where permissible service development;
- Embed the robust procurement strategy;

- Ensure effective use of resources is integrated into the organisation.

Corporate Efficiency Objectives - The principal objectives of this Strategy are to:

- To ensure project management methodology gives transparency to the successful management, delivery and implementation of agreed business efficiency initiatives;
- To continue to explore opportunities for collaboration with partners for all new services, for contracts as they fall due for renewal and for service delivery opportunities;
- To seek efficiencies through organisational changes, where appropriate, applicable and necessary, with due regard to sustainability and the environment;
- To carry out best value and other service and structure/staffing reviews with a view to increasing economy and efficiency without undue impairment of effectiveness;
- To identify key processes where economies of scale can be achieved through joint procurement or service delivery both internally and with external partners;
- To secure value for money through economic procurement of goods and services and to work to ensure effective management of assets, efficient use of resources whilst maintaining operational assurance;
- To provide effective, efficient and effective use of resources that delivers high operational standards and value for money

Specific Responsibilities - To achieve the objectives of the Authority all Members and staff will have individual and group responsibilities for ensuring that efficiency initiatives are in line with legislation and existing strategies.

The Management Board working closely with the Delivery Management Team will have responsibility for embedding the Strategy.

Members will play an active role in the search for efficiency gains through their involvement in the various workstreams, the role of the Finance Review Committee and the Programme & Scrutiny Board which undertakes a “scrutiny” function in accordance with its Terms of Reference.

Elected Members

- The role of Members is to review, amend and implement the Efficiency Strategy;

- Actively encouraging and supporting the Efficiency Strategy, through a member 'champion';
- Ensuring the efficiency agenda is embedded as an integral part of the Authority's management framework.

Management Board (Principal Officers and Directors)

- Monitoring the Efficiency Strategy and any Action Plans arising;
- Actively promoting and supporting an efficiency driven culture within the Fire Authority;
- Supporting the development of innovative methods to identify and achieve efficiency gains;
- Promoting collaborative working through existing and new partnership arrangements;

Delivery Management Team (Senior Managers)

- Ensuring that all staff are personally engaged in the Efficiency Strategy and act upon it;
- Ensuring that Functional Business Plans make provision for achieving efficiencies;
- Gathering information for the Forward, Backward Looking and, if required, Mid Year Annual Efficiency Statements;
- Ensuring that details of efficiency gains are reported in a timely fashion;
- Overseeing the work of any Efficiency Project Teams;
- Ensuring that progress is made against Action Plans.

Uniformed and Support Staff

- Being aware of the efficiency agenda and taking into account of it within their normal roles;
- Identifying opportunities to provide efficiency gains for the benefit of the Council Taxpayer and improving the Fire and Rescue Service.

9. Reserves and Balances

Reserves and balances are held in line with guidance issues by the Chartered Institute of Public Finance and Accounting (CIPFA) in 2003. Available reserves can be of help for three main purposes:-

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general reserves;

- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

As such the useable revenue reserves available to Wiltshire FRS are estimated at 31 March 2009 to be £0.664m, subject to the final outturn position for 2008/09.

	Useable Revenue Reserves/Provisions		
	General Reserves £m	Earmarked Reserves/ Provisions £m	TOTAL Revenue Reserves £m
Balance 1 April 2008	0.723	1.746	2.469
08/09 Budgeted Use	-0.161	-0.270	-0.431
08/09 Other Approved Use	0.000	0.113	0.113
08/09 Provisional U/S	0.103	0.000	0.103
Est. Balance 31 Mar 2009	0.664	1.588	2.252
09/10 Estimated Use	-0.041	-0.278	-0.319
Est. Balance 31 Mar 2010	0.623	1.310	1.933

In addition to the revenue reserves detailed above there is a small useable Capital Receipts Reserve holding £0.030m which will be used to support the 2009/10 Capital Programme. As referred to above in section 7, in reviewing the asset base, the Authority will seek to maximise capital receipts where possible in order to reduce the amount of unsupported borrowing.

Looking at 2009/10 and beyond the level of revenue general reserves is expected to be maintained at around £0.6m or above, representing 2.4% to 2.5% of net revenue expenditure. The level of reserves will be reviewed annually and be monitored by Members periodically, taking into account the Authority's risk strategy and the financial pressures it faces.

10. Financial Management

The service has effective financial management arrangements. However the service is always looking to improve its financial management.

It has changed its coding structure for 2009/10 to be cost centre based. This will assist in linking financial performance into performance management.

It has also started work on the system upgrade at the latter part of the year, which will deliver system and procedural improvements and efficiencies.

The Finance Department is also planning to:-

- provide further financial training for finance and non finance managers and Members;

- review and develop the budget management framework and systems around it;
- continue to undertake further budget reviews, especially in light of the need to be more efficient and find cashable savings

Plans are underway to undertake some of this work during 2009/10 by improving present working practices and developing such new arrangements as necessary, for example, examining and developing the coding structure further within the Financial Information System for improved devolvement and dissemination of budget responsibility.

11. Risk Management

The proposals contained in this Strategy are underpinned by a comprehensive appraisal of strategic and operational risks. The Strategic Risk Register and Departmental Risk Registers are maintained and regularly updated. In this way risk management is treated as an integral part of the planning, budgeting and management process, rather than a separate annual event.

An assessment of the financial risks associated with the budget is as follows. These will be used as guides to consider the implications for the service and precept planning in the 2010/11 budget planning and setting process.

In order to carry out a financial risk assessment, a series of assumptions will be made, either pessimistic or optimistic about the extent of resources becoming available both from government but also as a result of taxbase changes.

The assumptions underlying the analysis are summarised below.

Uncertainty/at Risk		Pessimistic Assumption (Worst Case Scenario)	Optimistic Assumption (Best Case Scenario)
1	Financial Settlement e.g. RSG/NNDR Grant	Cash Freeze (nil increase, or reduction), Reduced Floor	Floor maintained at 0.5%, annual increase.
2	Capping	Reduced Capping level 3%	Retained Capping level at 5%
3	Taxbase	0% Growth to reflect economic downturn currently experienced	1.0% Growth to reflect the average growth in taxbase
4	Collection Fund	Deficit £50,000 to reflect new Wiltshire Unitary and harmonisation issues	Surplus £50,000 to reflect the last two years

These assumptions have been converted to potential precept scenarios. The results can then be shown as potential shortfall(-) 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 increase in precept.

Resources Shortfall (-) or Headroom (+)

Assumptions	2010/11	2011/12
Pessimistic	-£0.397m	-£0.729m
Optimistic	£0.207m	£0.420m

Appendix A shows a scenario in between the worst case and the best case position based on the assumptions above.

APPENDIX A

Wiltshire Fire & Rescue Service Revenue Summary & Funding 2009/10 to 2011/12

Spending	2008/09 £m	2009/10 £m	Inflation £m	Development/ Growth £m	2010/11 £m	Inflation £m	Development/ Growth £m	2011/12 £m
Employees	18.054	18.812	0.464	-0.036	19.240	0.475	0.013	19.728
Premises	1.010	1.192	0.018	0.000	1.210	0.018	0.000	1.228
Transport	0.655	0.720	0.011	-0.005	0.726	0.011	0.000	0.736
Supplies & Services/Other	4.549	4.256	0.064	0.238	4.558	0.068	0.188	4.814
Gross expenditure	24.268	24.980	0.557	0.197	25.734	0.572	0.200	26.506
Income	-0.307	-0.511	-0.008	-0.001	-0.520	-0.007	0.030	-0.497
Contributions to(+)/from(-) Reserves	-0.443	-0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Expenditure	23.518	24.469	0.549	0.196	25.214	0.565	0.230	26.009
Increase in spending(%)		4.0%			3.0%			3.1%
Less Income								
Central Funding (RSG/NNDR Grant)	-9.328	-9.449	0.5%		-9.496	0.5%		-9.543
Collection Fund Surplus(-)/Deficit(+)	-0.049	-0.051			0.050			0.050
Council Tax Requirement	14.141	14.969			15.768			16.516
Taxbase	244,895	247,139	0.0%		247,139	0.0%		247,139
Band D Property Council Tax	£57.74	£60.57			£63.80			£66.83
Monetary Increase in Council Tax		£2.83			£3.23			£3.03
Percentage Increase in Council Tax		4.90%			5.34%			4.74%
Council Tax Increase @3%(EXAMPLE)		£60.57	3.0%		£62.39	3.0%		£64.26
Council Tax as above (£)					£63.80			£66.83
Difference in Council Tax (£)					£1.41			£2.57
Estimated Taxbase					247,139			247,139
Estimated Savings Required (millions)					£0.350 m			£0.635 M

WILTSHIRE AND SWINDON FIRE AUTHORITY

THREE YEAR EXPENDITURE PLAN 2009/10-2011/12

Capital Programmes

	2009/10 £	2010/11 £	2011/12 £
Department: Resources – Logistics			
Minor Capital Works	547,500	808,000	729,500
Major Projects			
- Service HQ Roof	0	110,000	0
- Service HQ Museum	0	70,000	0
Equipment			
- Vehicle Workshops	350,000	0	0
- Personal Protective Equipment	596,000	0	0
Department: Resources – ICT			
Hardware			
- Active Directory Reporting Tool	18,000	0	0
- Community Safety Smartboards (Salisbury/TDC)	0	8,000	0
- Home & Remote Working	0	15,000	0
- PC Replacement Programme	19,000	31,000	25,000
- Server Replacement Programme	20,000	20,000	20,000
- Track-IT Service Desk	0	6,000	0
- Video Conferencing	0	10,000	0
- Agresso Server Replacement	15,000	0	0
- DCLG Firelink Project	110,000	0	0
Software			
- Asset management (Miquest)	0	40,000	0
- Agresso Upgrade (Version 5.5)	30,000	0	0
- Gartan (Retained Availability & Payroll) System	30,000	0	0
Communications			
- IP Telephony	25,000	25,000	0
- Remsdaq UPS Batteries	26,000	0	0
- Remsdaq Servers	30,000	30,000	0
- Tri-Service Project Board			
Steria Storm C&C System	104,000	0	0
APD Cortex ICCS system	158,000	0	0
Plant/Equipment Refresh	38,000	0	0
Department: People – Human Resources			
Cycle to Work Scheme	51,000	10,000	10,000
- Funded 100% through employee contributions	-51,000	-10,000	-10,000
Total Capital Programme	2,116,500	1,173,000	774,500
Funding Sources			
Capital Grants	-643,300	-768,500	0
Capital Receipts	-30,450	0	0
Supported Borrowing	-680,000	-404,500	-700,000
Unsupported Borrowing	-762,750	0	-74,500