

## WILTSHIRE & SWINDON FIRE AUTHORITY

<b>REPORT REFERENCE NO.</b>	9
<b>MEETING</b>	Wiltshire and Swindon Fire Authority
<b>MEETING DATE</b>	13 February 2014
<b>SUBJECT OF REPORT</b>	Medium Term Financial Strategy 2014-19
<b>LEAD OFFICER</b>	Phil Chow, Brigade Manager (& Treasurer)
<b>RECOMMENDATIONS</b>	Members are asked to approve the Medium Term Financial Strategy 2014-19 (Appendix A).
<b>EXECUTIVE SUMMARY</b>	This report provides members with an updated Medium Term Financial Strategy taking into account current assumptions and significant issues arising, impacting on the finances of the authority and also highlights any significant future issues which may have an impact on future service provision, funding and/or reserves and balances.
<b>APPENDICES</b>	Appendix A - Medium Term Financial Strategy 2014-19

### Introduction

- 1 The Medium Term Financial Strategy (MTFS) 2014-19 aims to provide a financial assessment of the pressures and constraints that the Fire Authority will have to manage from this current year over the following four year period, in order to deliver its services to the people of Wiltshire and Swindon.
- 2 This report provides Members with an update of the Strategy taking into account current assumptions and significant issues arising since the last update, and highlights significant future issues that Members should be aware of.
- 3 The Strategy continues to build on and develops the significant work undertaken so far, in addressing the significant financial difficulties facing the Authority. The Service has been proactive in that respect, and much has already been achieved and planned in preparation for what is still to come.

## Medium Term Financial Strategy

- 4 The fundamental objectives of the MTFS are:-
  - to ensure the Authority has sufficient resources to deliver against its priorities;
  - to enable spending plans (revenue and capital) to be aligned to the core priorities within the Strategic Plan;
  - deliver value for money, efficiency and improvement;
  - 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.
- 5 Appendix A: the Medium Term Financial Strategy 2014-19 aims to quantify the expected financial constraints and pressures beyond 2014/15 over the following four years based on key assumptions having been made regarding inflation, changes in funding, and also taking into account the financial implication of what we know about now.
- 6 The key elements of the Strategy identifies:-
  - Expenditure forecasts: Financial Planning Assumptions - Inflationary increases for staffing and other costs, including capital, in line with expectations, especially for key areas where price increases have been significant in the last year, e.g. Salary and non salary costs.
  - Income: Funding Changes – Precept income from local communities and grant income anticipated from Government in respect of the new funding arrangements, including the Business Rates Retention Scheme.
  - Gap Analysis - As a result of the assumptions and changes above, what is the potential impact on our revenue and capital spending proposals.
  - Reserves and Balances - Balancing the budget and the anticipated position of reserves and balances ensuring the Authority maintains sufficient levels in line with its risk strategy.
- 7 The Strategy identifies potential gaps and acknowledges that actions will need to be taken to address. It also acknowledges that there is significant uncertainty around funding levels and how they will change in respect Government policy on the economy, referenda thresholds and restrictions and opportunities for bidding for additional revenue and capital grants. Once our assumptions are clarified, financial planning will improve and estimates can be redefined. If the assumptions are materially 'off the mark' either further or less savings may be required to be found.

## Policy Implications

- 8 There are no direct policy implications.

## **Risks**

- 9 There are risks associated with every plan and strategy, and in establishing the MTFs, the assumptions are key. There are risks associated with the assumptions made, in that should they not come to fruition, an adverse difference will require further cost savings and budget reductions to be found.

## **HR, Equality and Diversity Implications**

- 10 There are no direct human resource, equality and diversity implications, except as a result of reducing budgets to bridge the gap. These will be defined as and when solutions are formulated.

## **Environmental Implications**

- 11 There are no direct environmental implications, except as a result of reducing budgets to bridge the gap. These will be defined as and when solutions are formulated.

## **Financial and Legal Implications**

- 12 There are no direct financial or legal implications except those indicated above or identified in the Strategy.

## **Combination Implications**

- 13 The Strategy encompasses the work and direction undertaken in working towards the combination and therefore the implications are embodied within it. If combination is approved in the Autumn, both strategies from Dorset FRS and Wiltshire FRS will become one under the new arrangements. The life of this Strategy, being five years, will need revising subject to that decision.

## **Recommendations**

- 14 Members are asked to note the uncertainties around the assumptions used and approve the Medium Term Financial Strategy 2014-19 (Appendix A).

Phil Chow  
**Brigade Manager (& Treasurer)**

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### **Unpublished documents used in the preparation of this report:**

None

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