



**DORSET & WILTSHIRE  
FIRE AND RESCUE**

Item 17/15

MEETING	Policy & Resources Committee
DATE OF MEETING	19 October 2017
SUBJECT OF THE REPORT	Finance Principles and Medium Term Financial Plan 2018-19 to 2020-21
STATUS OF REPORT	For publication
PURPOSE OF REPORT	For approval
EXECUTIVE SUMMARY	<p>In preparation for the budget 2018-19, and making decisions on the Fire Precept there are a number of finance strands interlinked which will need consideration. These include funding, budget requirement proposals, capital investments and the decisions around how capital is funded, our reserves position, with particular consideration around the financial assumptions and principles applied, and resulting strategies and plans formulated as a result. This paper and its appendix, details the significant areas of finance on which important decisions are taken, explains the key finance issues for the Authority, clarifies the assumptions made, and provides an update on plans and strategies for medium term financial planning.</p> <p>Based on the principles and assumptions the budget for 2018-19 can be balanced without the need for significant use of balances. We have the opportunity for service development, and the ability to address some issues and concerns that could alleviate pressures on future revenue budgets, especially developing and delivering savings through the Communities Programme, i.e. looking at options for crewing reviews.</p>

RISK ASSESSMENT	Financial sustainability remains a key focus as a strategic risk, and as such the establishment of a robust financial outlook and financial position is critically important for financial planning and decision making for the Authority.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None other than discussion will assist in the decision making process in setting the budget and fire precept level for 2018-19
RECOMMENDATIONS	Members are asked to: <ol style="list-style-type: none"> <li>1. note the report, with particular regard to the financial planning assumptions and principles applied within the Medium Term Financial Plan (as re-iterated in para 2.4 below)</li> <li>2. approve the Medium Term Financial Plan 2018-19 to 2020-21</li> </ol>
BACKGROUND PAPERS	None for the purposes of this report
APPENDICIES	Appendix A – Medium Term Financial Plan 2018-19 to 2020-21
REPORT ORIGINATORS	Phil Chow, Finance Director & Treasurer Email: phil.chow@dwfire.org.uk Tel: 01722 691071

## 1. Introduction

- 1.1 Finance is critically important and can be extremely complex and technical, however, it provides the bedrock and foundation on which decisions within the Service and the Authority are made.
- 1.2 The attached appendix A – the Medium Term Financial Plan (MTFP) 2018-19 to 2020-21 details the significant areas of finance on which important decisions are taken, explains the key finance issues for the Authority, clarifies the assumptions made, and finance principles to be agreed, and provides an update on plans and strategies in preparation for 2018-19 budget and beyond.
- 1.3 The MTFP brings all the various finance strands together, which are interlinked, and considers the following:
  - Section 2: National Context
  - Section 3: Service Context
  - Section 4: Efficiency and Value for Money
  - Section 5: Budget 2018-19 and future years forecasting
  - Section 6: Capital expenditure and Financing
  - Section 7: Reserves and Balances

## 2. Considerations

- 2.1 Section 2 considers the national context, ie. how Government funding has changed in recent years and the impact for Dorset & Wiltshire Fire and Rescue Authority.
- 2.2 Section 3 considers the Service context, ie. through our strategic risks, we have carried out a resourcing review to ensure we remained focussed on delivering the Authority's vision and priorities through the Key Lines of Enquiry (KLOE) and associated departmental plans.
- 2.3 Section 4 demonstrates our commitment to efficiency and value for money, through the publication and delivery of efficiencies.
- 2.4 Section 5 considers the principles on which the budget for 2018-19 and the financial position in future years is based. They must be fit for purpose and reflective of both our operating environment and our agreed strategic risks. They are:
  - (a) Government funding reductions of 5.8% and 2.3% in 2018-19 and 2019-20 respectively, as indicated in the 2017-18 finance settlement.
  - (b) Further central Government funding reductions assumed at 5% per annum (reflective of average reductions during the previous settlement period).

- (c) Taxbase increases of 1.0% per annum.
  - (d) Fire precept Band D council tax increases of 1.99% per annum.
  - (e) Referendum principles will continue at the 2% level for all Fire and Rescue Authorities.
  - (f) Surpluses on collection fund balances of £250k per annum.
  - (g) Pay awards are assumed at 2% per annum (unless otherwise agreed), and non-pay inflation at 1% each year.
  - (h) Any residual revenue budget gap will require funding from the use of balances.
  - (i) Use excess general balances of approximately £5m-£6m to fund part of the capital programme, thereby reducing the need to borrow.
- 2.5 Section 6 outlines indicative capital programmes over the next few years, based on current requirements as identified through the property reviews undertaken in 2016-17 and 2017-18, vehicle replacement programme and ICT roadmap.
- 2.6 Section 7 shows the impact of all of the above on our General Balances and other reserves.
3. **Summary and Key Points**
- 3.1 In summary, the budget for 2018-19 can be balanced without the need for significant use of balances (based on our planning assumptions). Balancing the budget for 2018-19 provides opportunities for service development, and the ability to address some issues and concerns that could alleviate pressures on future revenue budgets, especially developing and delivering savings through the Communities Programme, ie. looking at options for crewing reviews.