

**Hereford & Worcester Fire and Rescue Authority**  
**Medium Term Financial Forecast Review**

*As approved FRA - Feb 2011*

|                                                  |  | 2012/13<br>Forecast<br>£m | 2013/14<br>Forecast<br>£m   | 2014/15<br>Forecast<br>£m   |                             |
|--------------------------------------------------|--|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>2011/12 Net Budget Requirement</b>            |  | <b>31.195</b>             | <b>31.195</b>               | <b>31.195</b>               |                             |
| Less one-off 2011/12 Public Holiday              |  | (0.020)                   | (0.020)                     | (0.020)                     |                             |
|                                                  |  | <b>31.175</b>             | <b>31.175</b>               | <b>31.175</b>               |                             |
| <b><u>Cost Pressures</u></b>                     |  |                           |                             |                             |                             |
| Contingency for Pay Awards (average 2%)          |  | 0.356                     | 0.808                       | 1.264                       |                             |
| General Inflation Contingency (average 3%)       |  | 0.300                     | 0.600                       | 0.900                       |                             |
| LGPS - Increased Contribution Rate               |  | 0.020                     | 0.040                       | 0.060                       |                             |
|                                                  |  | <b>0.676</b>              | <b>1.448</b>                | <b>2.224</b>                |                             |
| <b><u>Capital Programme</u></b>                  |  |                           |                             |                             |                             |
| Impact of Asset Management Plan & Fleet Strategy |  | 0.229                     | 0.479                       | 0.729                       |                             |
|                                                  |  | <b>0.229</b>              | <b>0.479</b>                | <b>0.729</b>                |                             |
| <b><u>Consequences of National Projects</u></b>  |  |                           |                             |                             |                             |
| Firelink - Net Cost                              |  |                           |                             | 0.007                       |                             |
| Firelink - ending of Special Grant               |  |                           | 0.289                       | 0.289                       |                             |
| FiReControl - Legacy issues                      |  | 0.565                     | 0.365                       | 0.365                       |                             |
|                                                  |  | <b>0.565</b>              | <b>0.654</b>                | <b>0.661</b>                |                             |
| <b>PROJECTED NET BUDGET REQUIREMENT NEED</b>     |  | <b>32.645</b>             | <b>33.756</b>               | <b>34.789</b>               |                             |
|                                                  |  |                           |                             |                             |                             |
|                                                  |  | <b>2011/12<br/>Budget</b> | <b>2012/13<br/>Forecast</b> | <b>2013/14<br/>Forecast</b> | <b>2014/15<br/>Forecast</b> |
| <b>Band D Increase</b>                           |  |                           | 3.45%                       | 3.45%                       | 3.45%                       |
| <b>Tax-base Increase</b>                         |  |                           | 0.0%                        | 0.0%                        | 0.0%                        |
| <b>Grant Change</b>                              |  |                           | 1.7%                        | -6.2%                       | -6.2%                       |
| <b>Band D Tax</b>                                |  |                           |                             |                             |                             |
| <b>Tax-base</b>                                  |  | £ 73.64                   | £ 76.18                     | £ 78.81                     | £ 81.53                     |
|                                                  |  | £m 281,860.94             | £m 281,860.94               | £m 281,860.94               | £m 281,860.94               |
| <b>Council Tax Yield</b>                         |  | (20.757)                  | (21.471)                    | (22.212)                    | (22.978)                    |
| <b>Formula Grant</b>                             |  | (10.407)                  | (10.584)                    | (9.932)                     | (9.320)                     |
| <b>Collection Fund Surpluses</b>                 |  | (0.031)                   | 0.000                       | 0.000                       | 0.000                       |
| <b>Gross Resources</b>                           |  | <b>(31.195)</b>           | <b>(32.055)</b>             | <b>(32.144)</b>             | <b>(32.298)</b>             |
| <b>BUDGET GAP</b>                                |  |                           | <b>0.590</b>                | <b>1.612</b>                | <b>2.491</b>                |

**Hereford & Worcester Fire and Rescue Authority****Medium Term Financial Forecast Review****Known Changes to Projections**

|                                                  |                           | 2012/13<br>Forecast<br>£m   | 2013/14<br>Forecast<br>£m   | 2014/15<br>Forecast<br>£m   |
|--------------------------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>2011/12 Net Budget Requirement</b>            |                           | <b>31.195</b>               | <b>31.195</b>               | <b>31.195</b>               |
| Less one-off 2011/12 Public Holiday              |                           | (0.020)                     | (0.020)                     | (0.020)                     |
|                                                  |                           | <b>31.175</b>               | <b>31.175</b>               | <b>31.175</b>               |
| <b>Cost Pressures</b>                            |                           |                             |                             |                             |
| Contingency for Pay Awards (average 2%)          |                           | 0.356                       | 0.808                       | 1.264                       |
| General Inflation Contingency (average 3%)       |                           | 0.300                       | 0.600                       | 0.900                       |
| LGPS - Increased Contribution Rate               |                           | 0.020                       | 0.040                       | 0.060                       |
|                                                  |                           | <b>0.676</b>                | <b>1.448</b>                | <b>2.224</b>                |
| <b>Capital Programme</b>                         |                           |                             |                             |                             |
| Impact of Asset Management Plan & Fleet Strategy |                           | 0.229                       | 0.479                       | 0.729                       |
|                                                  |                           | <b>0.229</b>                | <b>0.479</b>                | <b>0.729</b>                |
| <b>Consequences of National Projects</b>         |                           |                             |                             |                             |
| Firelink - Net Cost                              |                           |                             |                             | 0.007                       |
| Firelink - ending of Special Grant               |                           |                             | 0.289                       | 0.289                       |
| FiReControl - Legacy issues                      |                           | 0.565                       | 0.365                       | 0.365                       |
|                                                  |                           | <b>0.565</b>                | <b>0.654</b>                | <b>0.661</b>                |
| <b>EXISTING PROJECTION</b>                       |                           | <b>32.645</b>               | <b>33.756</b>               | <b>34.789</b>               |
| <b>CHANGES TO PROJECTION</b>                     |                           |                             |                             |                             |
| Diamond Jubilee Public Holiday                   |                           | 0.020                       |                             |                             |
| RDS - Settlement of Part-time working issues     |                           | 0.050                       | 0.050                       | 0.050                       |
| less : FiReControl - Legacy issues               |                           | (0.565)                     | (0.365)                     | (0.365)                     |
| plus : Control Resilience Project                |                           | 0.088                       | 0.113                       | 0.128                       |
| Firelink Grant to continue to end of CSR period  |                           |                             | (0.289)                     | (0.289)                     |
| <b>REVISED PROJECTION</b>                        |                           | <b>32.238</b>               | <b>33.265</b>               | <b>34.313</b>               |
|                                                  |                           |                             |                             |                             |
|                                                  | <b>2011/12<br/>Budget</b> | <b>2012/13<br/>Forecast</b> | <b>2013/14<br/>Forecast</b> | <b>2014/15<br/>Forecast</b> |
| <b>Band D Increase</b>                           |                           | 3.45%                       | 3.45%                       | 3.45%                       |
| <b>Tax-base Increase</b>                         |                           | 0.0%                        | 0.0%                        | 0.0%                        |
| <b>Grant Change</b>                              |                           | 1.7%                        | -8.5%                       | -5.0%                       |
| <b>Band D Tax</b>                                | £ 73.64                   | £ 76.18                     | £ 78.81                     | £ 81.53                     |
| <b>Tax-base</b>                                  | 281,860.94                | 281,860.94                  | 281,860.94                  | 281,860.94                  |
| <b>Council Tax Yield</b>                         | £m (20.757)               | (21.471)                    | (22.212)                    | (22.978)                    |
| <b>Formula Grant</b>                             | £m (10.407)               | (10.584)                    | (9.684)                     | (9.200)                     |
| <b>Collection Fund Surpluses</b>                 | £m (0.031)                | 0.000                       | 0.000                       | 0.000                       |
| <b>Gross Resources</b>                           | £m <b>(31.195)</b>        | <b>(32.055)</b>             | <b>(31.896)</b>             | <b>(32.178)</b>             |
| <b>REVISED BUDGET GAP</b>                        |                           | <b>0.183</b>                | <b>1.369</b>                | <b>2.135</b>                |
| Change from current MTFP                         |                           | (0.407)                     | (0.243)                     | (0.356)                     |
| Reason for change                                |                           |                             |                             |                             |
| reduced net expenditure requirement              |                           | (0.407)                     | (0.491)                     | (0.476)                     |
| reduced resource projection                      |                           | 0.000                       | 0.248                       | 0.120                       |
|                                                  |                           | <b>(0.407)</b>              | <b>(0.243)</b>              | <b>(0.356)</b>              |

**Hereford & Worcester Fire and Rescue Authority**  
**Medium Term Financial Forecast Review**  
**Impact of 2012/13 Council Tax Freeze Grant**

Option 1 - take the grant and maintain existing MTFP precept increase assumptions for 2013/14 and 2014/16

|                                  | 2012/13<br>Forecast<br>£m | 2013/14<br>Forecast<br>£m | 2014/15<br>Forecast<br>£m |
|----------------------------------|---------------------------|---------------------------|---------------------------|
| <b>REVISED PROJECTION</b>        | <b>32.238</b>             | <b>33.265</b>             | <b>34.313</b>             |
| Band D Increase                  | 0.00%                     | 3.45%                     | 3.45%                     |
| Tax-base Increase                | 0.0%                      | 0.0%                      | 0.0%                      |
| Grant Change                     | 1.7%                      | -8.5%                     | -5.0%                     |
| Band D Tax                       | £ 73.64                   | £ 76.18                   | £ 78.81                   |
| Tax-base                         | 281,860.94                | 281,860.94                | 281,860.94                |
| Council Tax Yield                | £m (20.757)               | (21.471)                  | (22.212)                  |
| 2012/13 Council Tax Freeze Grant | £m (0.627)                |                           |                           |
| Formula Grant                    | £m (10.584)               | (9.684)                   | (9.200)                   |
| Collection Fund Surpluses        | £m 0.000                  | 0.000                     | 0.000                     |
| Gross Resources                  | £m (31.968)               | (31.155)                  | (31.412)                  |
| <b>REVISED BUDGET GAP</b>        | <b>0.270</b>              | <b>2.110</b>              | <b>2.901</b>              |
| Impact on the Gap                | 0.087                     | 0.741                     | 0.766                     |

**Hereford & Worcester Fire and Rescue Authority**  
**Medium Term Financial Forecast Review**  
**Impact of 2012/13 Council Tax Freeze Grant**

Appendix 4

Option 2 - take the grant and adjust 2013/14 precept increase to compensate

|                                  |    | 2012/13<br>Forecast<br>£m | 2013/14<br>Forecast<br>£m | 2014/15<br>Forecast<br>£m |
|----------------------------------|----|---------------------------|---------------------------|---------------------------|
| <b>REVISED PROJECTION</b>        |    | <b>32.238</b>             | <b>33.265</b>             | <b>34.313</b>             |
| Band D Increase                  |    | 0.00%                     | 7.01%                     | 3.45%                     |
| Tax-base Increase                |    | 0.0%                      | 0.0%                      | 0.0%                      |
| Grant Change                     |    | 1.7%                      | -8.5%                     | -5.0%                     |
| Band D Tax                       |    | £ 73.64                   | £ 78.80                   | £ 81.52                   |
| Tax-base                         |    | 281,860.94                | 281,860.94                | 281,860.94                |
| Council Tax Yield                | £m | (20.757)                  | (22.212)                  | (22.978)                  |
| 2012/13 Council Tax Freeze Grant | £m | (0.627)                   |                           |                           |
| Formula Grant                    | £m | (10.584)                  | (9.684)                   | (9.200)                   |
| Collection Fund Surpluses        | £m | 0.000                     | 0.000                     | 0.000                     |
| Gross Resources                  | £m | <b>(31.968)</b>           | <b>(31.896)</b>           | <b>(32.178)</b>           |
| <b>REVISED BUDGET GAP</b>        |    | <b>0.270</b>              | <b>1.369</b>              | <b>2.135</b>              |
| Impact on the Gap                |    | 0.087                     | 0.000                     | 0.000                     |