

8. Budget and Precept 2010/11 and Medium Term Financial Strategy

Purpose of report

1. To determine Revenue and Capital Budgets for 2010/11 and the consequential Council Tax Precept.
2. To approve the Prudential Indicators and to set a Minimum Revenue Provision (MRP) policy for 2010/11.
3. To identify potential future resources and their consequential impact on future year budgets.
4. To designate the Budget Committee to be responsible to have oversight of Treasury Management activity.

Recommendations

The Authority is asked to:

- ***Approve the Capital Budget and Programme as set out at Appendix 5;***
- ***Approve the Revenue Budget, Net Budget Requirement and consequential precept as set out in Appendix 6;***
- ***Approve the Medium Term Financial Strategy set out in Appendix 7;***
- ***Approve the Statement of Prudential Code Indicators set out in Appendix 8;***
- ***Approve the Minimum Revenue Provision (MRP) policy for 2010-11 as set out in Appendix 9; and***
- ***Designate the Budget Committee to have oversight of Treasury Management activity (paragraph 32).***

Background

5. In December 2009 the FRA considered the 2010/11 budget in conjunction with the IRMP and the Budget Committee considered further progress at its meeting in January 2010. In addition, a workshop was held for all Members in January. The budget and council tax strategy outlined in this report are based on the recommendation from the Budget Committee meeting in January.
6. The provisional grant settlement for 2010/11 was confirmed as £10.668m, a 1.3% increase on 2009/10.
7. Over the three years of the current Comprehensive Spending Review period (CSR) the compounded increase for HWFRA is 3.0% compared with a CFA average of 7.63%, with some individual CFAs well into double figures.
8. The Authority's grant settlement continues to be the lowest per head for CFAs at 73% for 2010/11.

9. For planning purposes the Management Team had been working on a resource base of £31.123m, arising from an assumption that the tax-base would remain static in 2010/11. The final tax-base figures are more buoyant showing a 0.9% increase and a significant net surplus on collection funds was declared. This was reported to the Budget Committee on 28 January.
10. In view of the future resource projections the Committee determined that the additional resource created should be taken to strengthen balances to provide potential assistance to deal with future budget gaps.
11. The recommended 2010/11 Net Budget Requirement is £31.394m, but allowing for the transfer to balances the core budget requirement is £31.123m, representing an increase of 2.2% over the previous year and requires a precept increase of 2.9%. Details are set out in Appendices 1 to 4.
12. In summary the year-on-year changes are as follows:

2009/10 Pay Awards Effect	-0.9%
Non Pay Inflation	+0.5%
Pension Changes	+0.1%
Asset Management Plan	+1.0%
Strategy	
Pay Contingency	+0.6%
	<u>+1.3%</u>
Net Other Changes	+0.9%
Total	<u>+2.2%</u>
13. The constrained budget means that the FRA must continue its stated policy of not progressing national projects beyond government funding provided.

Efficiency Gains

14. The current efficiency regime runs to the end of 2010/11 and requires the Service nationally to deliver cashable savings averaging 1.5% per year.
15. CLG has again indicated that it believes some FRAs have more scope for delivering efficiencies than others, but has subsequently appeared to take a broad brush approach.
16. In setting a target the FRA used the Audit Commission Report 'Rising to the Challenge' to estimate that £0.600m to £0.700m of the £160-200m national savings identified by the Commission, in the three year period, could be applicable to H&WFRA. The resultant target was £0.700m. Throughout 2008/09 attention was focused on preparing to achieve cashable efficiencies, which, because of their potential IRMP implications were actually realised in 2009/10. The 2009/10 budget included £0.631m of savings.
17. During 2009/10 full year savings of £0.036m in respect of civilianising posts were identified, and a further £0.047m of savings relating to senior middle management were identified. These savings have been used to support the approved implementation of the retained review and bring the total of cashable savings to £0.714m.

18. Additionally, the revised sickness management policy introduced in 2009/10 has seen average WT shifts lost fall from 8.8 in 2008/09 to a projected 6.93 in 2009/10; this represents a non-cashable saving of £0.133m pa.
19. Future budget pressures and the budget gap identified will mean that there is a requirement for significant efficiencies or savings in the future, well in excess of the sums achieved to date.
20. Although, as stated above, the national FRA efficiency target is not intended to be proportional, the information that is required to be included in Council Tax leaflets is.
21. This means that H&WFRA performance on efficiencies will be measured against an average for all CFAs which does not take account of the actual level of efficiency, nor the level of efficiency achieved in the previous round, where H&WFRA achieved 8% against a national target of 5%
22. Members are advised that the comparative data will show H&WFRA performance as below average, even though the FRA has achieved its own informed target figure.

Capital Programme

23. The Capital Programme is based on the approved Vehicle Strategy and Asset Management Plan with the usual annual provision of £0.600m for minor buildings and IT schemes etc. The vehicle costs represent the revised chassis prices under the FireBuy agreement, reflecting the current £/Euro exchange rates. The revenue consequences are included in the revenue budget proposal.
24. In the light of changes approved by the Budget Committee in respect of capital budget monitoring, the Capital Strategy provides for the proposed IRMP Buildings in an illustrative and flexible way, but expenditure will only be incurred when a specific Business Case is approved.
25. In accordance with the FRA requirements a similar limitation applies to the non-routine vehicle replacements and a specific business case will be produced for the replacement Command Unit in 2013/14.
26. For these schemes a business case for each proposal will be taken to the Budget Committee on a case by case basis before any capital expenditure is incurred.
27. A capital programme using prudent financing assumptions and based on the agreed Asset Management Plan and Fleet Strategy is included as Appendix 5 and the revenue consequences of the schemes, including financing costs, are included in the revenue budget projections in Appendices 1, 2 and 4, and the review of Prudential Indicators in Appendix 9.

Investment of Surplus Funds

28. In accordance with the FRA Treasury Management Strategy, surplus funds are invested by, and with Worcestershire County Council.

29. Given the current situation in financial markets the Treasurer has advised that investment should primarily focussed on security. As a consequence all surplus funds are invested with the Bank of England, and the corresponding (low) return has been factored into the budget.
30. Since October 2008 the FRA has adopted a policy of avoiding new long term borrowing, where working capital balances permit. It is likely that during 2010/11 this source will be effectively exhausted and long term borrowing will again be required.
31. The FRA will only extend long term borrowing when cash-flow requirements dictate that it is necessary.
32. Revised statutory guidance from CLG requires an Authority to specifically designate a body to be responsible for the oversight of Treasury Management activity. It is suggested that this role sits within the remit of the Budget Committee.

Budget Risks

33. Setting a core budget requirement at **£31.123m** as referred to in paragraph 11 still presents risks, for example:
 - Pay Award – as a precaution a contingency has been made in the event of the employer side making an offer to uniformed staff. It is however, reported that the employer side will not be making an offer to support staff.
 - General Inflation – it is not clear whether general inflation is on a downward or upward trajectory nor if FRA specific inflation will follow the general inflation trend.
 - Firefighter Pensions – in advance of the General Election CLG will not advise FRAs of the size (if any) of the proposed changes to the notional employers' contribution rate, nor the costs to compensate RDS personnel for their non-admission to the scheme between 2000 and 2006. Although it is suggested that these costs would not be introduced before 2011/12, CLG are not in a position to confirm this.
 - Whilst there is more clarity about service charges to the Region, there is still no firm agreement on a regional FireLink cost-sharing basis. Charges used for the budget are based on the cost-sharing basis that is likely to be agreed.

These risks highlight the need to maintain prudent levels of balances for purposes in addition to the operational impact.

Council Tax Capping

34. On 26 November in a written statement to the House of Commons the Parliamentary Under-Secretary stated that she was:

“..... pleased that the average Band D council tax increase this year was 3% - the government expects to see it fall further next year while authorities protect and improve front-line services.

We expect the average Band D council tax increase in England to fall to a 16

year low in 2010/11. We remain prepared to take capping action against excessive increases set by individual authorities and requiring them to re-bill for a lower council tax if necessary.'

This implies an average increase of below 3%.

35. In confirming the 2010/11 grant allocations on 20 January 2010 the Parliamentary Under-Secretary made a further statement:

"I am also putting all authorities on notice that the Government will not hesitate to cap any excessive council tax increases set by individual authorities in 2010/11 and that it would be a mistake for any authority to presume they will not be capped if they stay within the capping principles which applied in 2009/10."

36. Specific criteria for judging excessive increases are unlikely to be announced until after all Council Taxes have been set. An announcement would, in usual circumstances, be made towards the end of next March; however, planning to limit the Council Tax increase below 3% seems to be in accordance with government expectations.

Business Consultation

37. In accordance with established practice, statutory consultation with business rate-payers has been initiated by correspondence with appropriate representatives of business. (The Chamber of Commerce, the local branches of the Confederation of Small Businesses and the National Farmers' Union). To date no responses have been received.

Precept Implications

38. Having regard to the government's grant allocation and the council tax base figures supplied by the billing authorities, the budget requirement results in a Band D council tax of £73.64, compared to £71.57 for 2009/10. This is an increase of £2.07 per year or 2.9% on 2009/10. This equates roughly to an extra £0.04 per week.

39. The detailed calculation of precepts is shown in Appendix 6 and is summarised as follows:

	£
Core Budget	31,123,000
Transfer to General Balances	271,675
Net Budget Requirement	31,394,675
less: Share of National Non-Domestic Rates (Business Rates)	9,315,461
less: Revenue Support Grant	1,352,691
	10,668,152
Gross Precept Requirement	20,726,523
Collection Fund Surpluses	-82,675
Net Precept Requirement	20,643,848
Tax-base - Band D Equivalent	280,316.92
Precept - Band D Equivalent	£73.64

- 40.

The position has been helped by the buoyancy (or increase) in the tax-base (number of properties) by 0.92% between 2009/10 and 2010/11. This means the 2010/11 Council tax would now generate £0.189m more precept in 2010/11

41.

In accordance with the recommendation of the Budget Committee this gain, along with the Collection Fund surpluses is used to strengthen general balances.

Medium Term Financial Strategy (MTFS)

42. As previously indicated to the Budget Committee in January, a prediction of resources beyond 2010/11 is very speculative. In the absence of any further information the projection continues to be based on those assumptions noted by the FRA in December 2009. Thus Appendix 7 is a revised strategy reflecting:

- 2010/11 Council Tax Increase at 2.9%;
- 2011/12 and 2012/13 no Council Tax Increase;
- 2010/11 Formula Grant as per 3-year settlement (i.e. 1.25%);
- 2011/12 Formula Grant cut by 5%;
- 2012/13 Formula Grant frozen at 2011/12 cash level;
- 2011/12 a new grant 'Council Tax Freeze Incentive Grant' (CTFIG) equal to 2.5% precept increase (conditional on precept increase being constrained to 0%);
- 2012/13 CTFIG frozen at 2011/12 cash level; and
- No increase in the tax-base above 2009/10 level.

43. This effectively gives a resource figure of £31.293m across the three years from 2011/12 to 2013/14.

44. Appendix 7 shows the projection of the future budget requirement and is based on the assumptions above, previously debated by Budget Committee, including an assumption on both pay and price inflation at 1% per annum.

45. The figure shown as a contingency relates to potential revised contribution rates for Firefighters' Pensions. This is subject to much discussion and CLG advise that Ministers are not prepared to consider the topic before the General Election (see budget risks above).

46. The Actuaries' report has not indicated a significant change in the rates but there is an issue about the funding resulting from ill-health retirements. As FRAs reduce the number of such retirements the income declines and CLG policy appears to be to recover this lost income from FRAs. This is disingenuous as ill-health funding was specifically removed from formula grant when financial arrangements for pensions were changed and FRAs were encouraged to manage ill-health retirement to achieve efficiencies by not making ill-health contributions to the Pension Scheme.

47. Based on these assumptions it is clear that there are significant budget gaps over the 3 years from 2011/12, totalling £2.5m. The FRA has already agreed an initial strategy in developing ideas to close these gaps but currently has until April 2011 to identify and fully implement the first stage of any proposals.

Revenue Balances Strategy

48. Beyond the addition contained in the 20010/11 budget proposal, the MTFs provides for no growth in, or usage of, general balances which means that their size in relation to the core budget will remain constant as shown in the table below.

49.			<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	Core Requirement	£m	31.123	31.293	31.293	31.293
	Forecast Balances at Year end	£m	1.542	1.542	1.542	1.542
	% of Projected Budget Requirement	%	5.0	4.9	4.9	4.9

50. Whilst this level of balances is desirable (see also paragraph 33 above), there is an opportunity cost of holding balances. They could be used to finance expenditure or reduce the council tax precept. The risk is, however, that any unforeseen expenditure could not be met.

Prudential Code Indicators

51. Since 1 April 2004, the Local Authority capital finance system has been one of self-regulation based on a Prudential Code drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA).
52. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of Local Authorities are affordable, prudent and sustainable or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the Local Authority concerned can take timely remedial action.
53. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code also has the objectives of being consistent with, and supporting, local strategic planning, local asset management planning and proper option appraisal.
54. To demonstrate that Authorities have fulfilled these objectives, the Prudential Code sets out indicators that must be used and the factors that must be taken into account. The Code does not include suggested indicative limits or ratios. These are for a Local Authority to set itself, subject only to any controls under section 4 of the Local Government Act 2003 (Government reserve powers).
55. The prudential indicators required by the Code are designed to support and record local decision making. They are not designed to be comparative performance indicators and use of them in this way would be likely to be misleading and counter productive. In particular, Local Authorities had widely differing debt positions at the start of the Prudential system and the differences are likely to increase over time as a result of the exercise of local choices. The system is specifically designed to support such local decision making in a manner that is publicly accountable.
56. In setting or revising the prudential indicators, the FRA is required to have regard

to the following matters:

- Affordability, e.g. implications for Council Tax;
- Prudence and sustainability, e.g. implications for external borrowing;
- Value for money, e.g. options appraisal;
- Stewardship of assets, e.g. asset management planning;
- Service Objectives, e.g. strategic planning for the Authority; and
- Practicality e.g. achievability of the forward plan.

57. The Treasurer has prepared the prudential indicators having considered the matters above and these are set out at Appendix 8.

Minimum Revenue Provision (MRP)

58. Minimum Revenue Provision is the amount set aside in the revenue budget to meet the future repayment of borrowing incurred to pay for capital investment.

59. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 now require that an Authority sets its own prudent level of MRP, rather than being a specific calculation, by adopting an MRP policy in advance of the year to which it relates.

60. Appendix 9 sets out the proposed position.

Budget Calculations: Personal Assurance Statement by Treasurer

61. Section 25 of the Local Government Act 2003 requires the Treasurer to report to the Authority when it is setting the budget and precept (council tax). The Authority is required to take this report into account when making its budget and precept (council tax) decision. The report of the Treasurer must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

62. The Treasurer states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:

- the Fire and Rescue Authority budget policy;
- the need to protect the Fire and Rescue Authority's financial standing and to manage risk;
- this year's financial performance;
- the financial policies of the Government;
- the Fire and Rescue Authority's Medium Term Financial Strategy and Planning framework;
- capital programme obligations;
- Treasury Management best practice;
- the strengths of the Fire and Rescue Authority's financial control procedures including audit consideration;
- the extent of the Fire and Rescue Authority's balances and reserves; and
- the prevailing economic climate and future prospects.

Appendices

- Appendix 1: Revenue Budget 2010/11
- Appendix 2: Explanation of variations in Appendix 1
- Appendix 3: Personnel Budget
- Appendix 4: Revenue Budget 2010/11
- Appendix 5: Capital Programme
- Appendix 6: Precept Calculation
- Appendix 7: Medium Term Financial Forecasts
- Appendix 8: Statement of Prudential Code Indicators
- Appendix 9: Minimum Revenue Provision policy 2010/11

Background papers

- Report: Financial Prospects & Future Planning – Fire and Rescue Authority –
18 December 2009
- Report: Budget Preparation 2009/10 – FRA Budget Committee –
28 January 2010

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Hereford & Worcester Fire and Rescue Authority

Budget 2010/11 : Revenue Budget

	£m	%
2009/10 Net Budget Requirement	30.451	
<u>Price Base changes</u>		
Impact of 2009/10 Pay Awards	(0.267)	
LGPS Increased Contribution Rate	0.018	
Non-Pay Inflation	0.138	
Unfunded Pensions	0.025	
	(0.086)	-0.3%
Sub-total	30.365	
<u>Other Changes</u>		
Impact of Asset Management Plan & Fleet Strategy	0.300	1.0%
Pay Contingency	0.170	0.6%
IRMP Water Rescue Phase 2	0.035	
RMB Costs	(0.022)	
PPP Savings	(0.009)	
IT Software Maintenance	0.038	
Property Maintenance	0.100	
IT 24 hour Cover arrangements	0.023	
Community Safety Education	0.031	
Other Pay Variations	0.029	
Community Safety Strategy	0.048	
Net Other	0.015	
	0.758	2.5%
Core Budget Requirement	31.123	2.2%
Strengthening of Balances	0.271	
	0.271	0.9%
RECOMMENDED NET BUDGET REQUIREMENT	31.394	3.1%

Hereford & Worcester Fire and Rescue Authority Budget 2010/11: Explanation of Variations in Appendix 1

Impact of 2009/10 Pay Awards

2009/10 pay awards were budgeted at 2.5%, but they were agreed at 1.25% for uniformed staff and 1% for support staff. This has a consequential saving in 2010/11 budgets.

LGPS - Increased Contribution Rate

The latest valuation of the Worcestershire Pension Fund requires an increase in employer contributions.

Non-pay inflation

Has been allocated to specific items - but averages 1% overall.

Unfunded Pensions

The element of the Fire-fighters' pension scheme not covered by the new funding arrangements.

Capital Financing

The changes reflect the overall additional capital financing charges arising from the capital programme. The impact shown includes interest, provision for repayment and vehicle lease rentals. It is net of the current Treasury Management position in relation to risk and consequent interest receivable.

Pay Contingency

A provision for costs totalling 1% of the pay budget has been made. It is not clear if the present Local Government Employers offer to support staff (0%) will be reflected in the negotiations for uniformed staff, whose normal award date is after the General Election.

IRMP Water Rescue

As approved by the FRA in the IRMP, the additional costs of providing Phase 2 First Responders has been met largely from RIB cost savings, savings within PPP Dept and small net other savings.

IT software maintenance

Licence and support costs of new software investment including the HRIS and the centrally mandated Incident Reporting System.

Property Maintenance

Provision for additional maintenance costs as investment in major refurbishment is over a longer timescale than was previously expected,

IT 24 hour cover arrangements

As investment is made in IT it forms an even more critical part of the Service and it is necessary to ensure that there is a 24-hour support service.

Strengthening of Balances

As the final tax-base figures from Billing Authorities were significantly better than forecast, and there was a considerable net surplus on the collection fund, the additional resource made available has been taken into reserves to potentially assist with implementation of necessary future efficiencies.

Hereford & Worcester Fire and Rescue Authority
Budget 2010/11: Personnel Budget.

	Wholetime Firefighters FTE	Retained Firefighters H/C	Control Room Staff FTE	Non- Uniformed Support FTE	TOTAL
Core Budget 2009/10	318.0	369.0	25.0	124.7	836.7
Civilianisation of Fire Safety Trainer	(1.0)			1.0	0.0
Civilianisation of Technical Fire Safety Posts	(2.0)			2.0	0.0
Civilianisation of Driving Instructor Post	(1.0)			1.0	0.0
De-civilianisation of Logistics Manager Post	1.0			(1.0)	0.0
<u>RDS Review Outcomes</u>					
Deletion of Area Manager Post	(1.0)				(1.0)
Creation of Technical Fire Safety Post (W)				1.0	1.0
Creation of RDS Technicians				2.0	2.0
Included in Budget 2010-11	314.0	369.0	25.0	130.7	838.7

Hereford & Worcester Fire and Rescue Authority
Budget 2010/11 : Revenue Budget

	2009/10 Revised Budget £m	change	2010/11 FRA Feb 2010 £m
Wholetime Pay	14.391	(0.360)	14.031
Retained Duty Staff Pay	3.127	(0.089)	3.038
Control Pay	0.775	(0.064)	0.711
Support Pay	3.651	0.267	3.918
Pay Contingency	0.000	0.170	0.170
	21.944	(0.076)	21.868
Other Employee Costs	0.036	0.000	0.036
FF Pensions - Non Funded Costs	0.713	0.025	0.738
SUB-TOTAL : Employee Costs	22.693	(0.051)	22.642
Urban Search & Rescue (USAR) - total cost	0.871	0.009	0.880
SUB-TOTAL : USAR	0.871	0.009	0.880
Performance Management	0.082	0.050	0.132
Organisational Development	0.249	(0.009)	0.240
FRA Costs	0.129	(0.003)	0.126
	0.460	0.038	0.498
Community Safety - Prevention	0.299	0.044	0.343
Community Safety - Technical Fire Safety	0.000	0.031	0.031
Community Safety - Intervention Policy	0.054	0.014	0.068
	0.353	0.089	0.442
Personnel	0.259	0.045	0.304
Approved Centre	0.008	0.001	0.009
Training	0.592	0.035	0.627
	0.859	0.081	0.940
Equipment Support	0.949	0.000	0.949
Fleet	0.527	0.000	0.527
IT	0.489	0.074	0.563
Comms	0.379	(0.011)	0.368
Insurances	0.312	0.000	0.312
Legal Services	0.061	0.000	0.061
Facilities Management	1.263	0.100	1.363
	3.980	0.163	4.143
Finance	0.329	(0.028)	0.301
Capital Financing	1.905	0.300	2.205
RCC Project	0.115	0.123	0.238
PMM Cost Centre	0.000	0.020	0.020
	2.349	0.415	2.764
SUB-TOTAL : Other Running Costs	8.001	0.786	8.787
Special Grants	(1.114)	(0.072)	(1.186)
	(1.114)	(0.072)	(1.186)
CORE-BUDGET	30.451	0.672	31.123
Strengthening of Balances	0.000	0.271	0.271
NET BUDGET REQUIREMENT	30.451	0.943	31.394

Hereford & Worcester Fire and Rescue Authority
Budget 2010/11 : Capital Programme

	BUDGET	PROGRAMME			TOTAL £m
	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	
Vehicle Programme					
Routine Replacements (Pumps)	0.615	0.820	0.615	0.615	2.665
Routine Replacements (4WD)	0.150		0.150		0.300
Routine Replacements (Off-Road)	0.015			0.020	0.035
Command Unit				0.350	0.350
	0.780	0.820	0.765	0.985	3.350
IRMP Schemes					
Pebworth	0.100				0.100
Provision for future Business Cases	2.500	3.000	2.500	3.500	11.500
	2.600	3.000	2.500	3.500	11.600
Other Schemes					
Property, Information Technology, Communications etc.	0.600	0.600	0.600	0.600	2.400
	0.600	0.600	0.600	0.600	2.400
Annual Total	3.980	4.420	3.865	5.085	17.350

Excludes impact of any slippage from 2009/10

Hereford & Worcester Fire and Rescue Authority
Budget 2010/11 : Precept Calculation

Tax-base : Band D Equivalent	
Bromsgrove	36,416.56
Herefordshire	70,750.06
Malvern Hills	30,340.51
Redditch	27,470.42
Worcester	32,938.00
Wychavon	47,456.37
Wyre Forest	34,945.00
	280,316.92
	£
Core Budget	31,123,000.00
Transfer to General Balances	271,675.00
Net Budget Requirement	31,394,675.00
Share of National Non-Domestic Rates (Business Rates)	9,315,461.00
Revenue Support Grant	1,352,691.00
Total Financing Grants	10,668,152.00
Gross Precept Requirement	20,726,523.00
Collection Fund Surpluses	(82,675.00)
Net Precept Requirement	20,643,848.00
Tax-base - Band D Equivalent	280,316.92
Precept - Band D Equivalent	£ 73.6447
	£ 73.64
Total Precept on Billing Authorities	£
Bromsgrove	2,681,885.65
Herefordshire	5,210,365.06
Malvern Hills	2,234,416.95
Redditch	2,023,050.11
Worcester	2,425,708.25
Wychavon	3,494,908.87
Wyre Forest	2,573,513.11
	20,643,848.00

Equivalent to Tax at Band	Ratio to Band D	£
A	6/9	£ 49.10
B	7/9	£ 57.28
C	8/9	£ 65.46
D	9/9	£ 73.64
E	11/9	£ 90.01
F	13/9	£ 106.38
G	15/9	£ 122.74
H	18/9	£ 147.28

2009/10 Tax	change
£ 47.71	2.91%
£ 55.67	2.89%
£ 63.62	2.89%
£ 71.57	2.89%
£ 87.48	2.89%
£ 103.38	2.90%
£ 119.29	2.89%
£ 143.14	2.89%

Hereford & Worcester Fire and Rescue Authority

Medium Term Financial Forecasts

		2011/12 Forecast £m	2012/13 Forecast £m	2013/14 Forecast £m
Prior Year Net Budget Requirement		31.394	31.293	31.293
Less one-off strengthening of balances		(0.271)		
		31.123	31.293	31.293
<u>Cost Pressures</u>				
Contingency for Pay Awards at 1%		0.233	0.226	0.225
General Inflation Contingency		0.139	0.151	0.145
LGPS - Increased Contribution Rate		0.018	0.018	0.018
NI Increases		0.178		
Contingency - FFPS etc		0.200	0.090	
Net Other		0.015		
		0.783	0.485	0.388
<u>Capital Programme</u>				
Impact of Asset Management Plan & Fleet Strategy		0.201	0.229	0.250
		0.201	0.229	0.250
<u>Consequences of National Projects</u>				
Firelink - estimated net new cost		0.046		
FireControl - estimated net new cost			0.500	(0.200)
		0.046	0.500	(0.200)
		32.153	32.507	31.731
<u>Cash Releasing Efficiencies</u>				
To be identified		(0.860)	(1.214)	(0.438)
		(0.860)	(1.214)	(0.438)
PROJECTED NET BUDGET REQUIREMENT		31.293	31.293	31.293
	2010/11 Budget	2011/12 Forecast	2012/13 Forecast	2011/12 Forecast
Band D Increase		0.00%	0.00%	0.00%
Tax-base Increase		0.00%	0.00%	0.00%
Grant Increase		-5.00%	0.00%	0.00%
Band D Tax	£ 73.64	£ 73.64	£ 73.64	£ 73.64
Tax-base	280,316.92	280,316.92	280,316.92	280,316.92
	£m	£m	£m	£m
Council Tax Yield	(20.643)	(20.643)	(20.643)	(20.643)
Formula Grant	(10.668)	(10.135)	(10.135)	(10.135)
Council Tax Freeze Incentive Grant	0.000	(0.516)	(0.516)	(0.516)
Collection Fund Surpluses	(0.083)	0.000	0.000	0.000
Gross Resources	(31.394)	(31.293)	(31.293)	(31.293)