

**CAMBRIDGESHIRE AND PETERBOROUGH FIRE  
AUTHORITY BUDGET BOOK 2011/12**

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## Budget Overview

On the back of the global economic crisis, Local Government as a whole finds itself with an unprecedented set of financial challenges that it must resolve over the next 4 year period.

The Local Government Finance Settlement announced on Monday 13<sup>th</sup> December only provided provisional figures for the next two financial years. During this period, Government will be reviewing the formula used to allocate funding to individual authorities. This review will be set against the context of the localism bill and will not be concluded until late 2011 or early 2012.

Nationally, total Government expenditure is approximately, £661 billion per annum, with about 26% of this total spent in local government. As a general rule of thumb, central government is looking to cut local government grants by between 25% to 30%. In real cash terms this equates to 11% of budgets for Fire and Rescue Services, 14% for Police Services and 15% for Local Authorities.

Significant changes have been made to the way grant is allocated to Fire and Rescue services. The effect of these changes is to:

- Insulate the poorest and most vulnerable areas from the most significant formula grant reductions; and
- Limit the need for Authorities to 'front load' the cuts into the first year of the settlement.

For Cambridgeshire & Peterborough Fire Authority, our grant has reduced by 12.58% over the two years. This is broadly in line with projections, although a significant proportion of this reduction has been made in year 1. The reduction split is 9.5% in year 1 and 3.08% in year 2. The service has assumed that the remainder of the reductions in grant, to the published figure of 25%, will be spread evenly over the remaining two financial years.

A 'floor' damping has been set to ensure that no Fire Authority will lose more than 9.5% of its government grant. As a result of changes to the formula, this Authority is now at the floor in years 1 and 2. This has resulted in an adjustment to our allocation of £744k and £204k for years 2011/12 and 2012/13 respectively. If this floor hadn't been applied, the service would have had to find additional savings.

As part of the settlement, government has set-aside a specific grant for 2011/12 that can be used by Authorities to offset Council Tax increases of up to 2.5%. It is our interpretation that this grant will be available for the duration of this spending review period. However, it will drop away in 2015/16, presenting the Authority with the challenge of finding an additional £400k from either within budget or by raising council tax by a higher amount.

In summary, the service will receive grant of £13,071m for 2011/12 and £12,627m for 2012/13. A reduction of £ 1.82m over this 2 year period.

### What does this mean?

The service priorities of the Authority are laid out in the Service Improvement and Business Development Programmes, Asset Management Plan and Integrated Risk Management Plan. Whilst the Authority will seek to accommodate additional service requirements, these will now have to be considered against the backdrop of the Government cuts. These will only proceed if a tangible payback will result

The budget has been prepared for the medium term after making a number of assumptions, which are:

- The special Council Tax grant will be taken for 2011/12, freezing council tax levels;
- From 2012/13, an increase in Council Tax of 2.5% will be applied;

- There will be no pay awards for 2011/12 and 2012/13, thereafter any award will track projected inflation;
- Non pay inflation will track government inflation projections.

For the financial year 2011/12, the Authority's grant has reduced by £1.372m. The service put into place through its budget preparation process a strategy to reduce all non-pay budgets. This has resulted in the need to make savings of £1.070m. These savings, coupled with the special Council Tax grant will ensure the Authority can set a balanced budget for 2011/12.

An additional £440k is taken from the grant in 2012/13. If any Council Tax increase is restricted to 2.5% and inflation is only applied to non-pay expenditure, the Authority will need to save £220k.

The significant challenges for this Authority come in years 3 and 4. Estimates suggest that we will need to find £900k in year 3 and £1.580m in year 4. The Authority has bought itself some time to properly investigate where these savings can be made. The Service Redesign Programme will assess options and present recommendations to the Fire Authority for decision.

At this stage, it is anticipated that options will need to be presented to Fire Authority in the Autumn of 2011. This will ensure that appropriate time is given for consultation and negotiation with key stakeholders.

## **The Budget Build-up: Revenue Expenditure**

### **Inflation**

With the exception of employer pension contributions no inflation uplift has been made to 2011/12 budget. Budget holders will have to absorb any price increases within their unadjusted budget.

Employers' pension's contributions have been increased from 18.3% to 20.3% for support staff and control room staff.

There will be no pay awards for 2011/12.

### **Spending Pressures**

Additional short term costs of £119k resulting mainly from a contractual commitment for staff to move to the next incremental point on their designated pay scale have been included in the budget

Other spending pressures have been funded from savings within existing budgets.

### **Savings**

As highlighted above the service put into place through its budget preparation process a strategy to closely examine and reduce non-pay budgets. This has resulted in a savings of £1.070m with virtually all non pay budgets suffering a reduction.

Looking forward the service has established a Programme Board that will be led by the Deputy Chief Fire Officer. This programme will be focused on redesigning the service against the backdrop of a significantly reduced budget.

The programme will engage key stakeholders at every opportunity in establishing ideas on how the service can meet

the government cuts programme. Whilst focusing on cuts, the service remains committed to achieving its agreed vision and strategic aims.

### Summary of Revenue Expenditure

2010/11 Budget £000		2011/12 Budget £000
	<b>Expenditure</b>	
21,883	Employees	21,954
1,141	Premises	1,074
5,177	Supplies and Services	4,783
504	Transport	481
101	Agency Costs	101
1,961	Capital Financing	1,549
<b>30,767</b>	<b>Total Expenditure</b>	<b>29,942</b>
<b>-508</b>	<b>Income</b>	<b>-865</b>
<b>30,259</b>	<b>Net Expenditure</b>	<b>29,077</b>

Attached at Appendix 1 is a medium term revenue forecast detailing the anticipated budget requirements and the indicative Authority tax rates for 2011/12 to 2015/16.

### Financing the Budget

	£'000	%
<b>Adjusted Budget 2010/11</b>	<b>30,259</b>	
Inflation	169	0.6
Spending Pressures	119	0.4
Efficiency Savings	-1,070	-3.5
Special Council Tax Freeze Grant	-400	
<b>Budget Requirement 2011/12</b>	<b>29,077</b>	
Less:		
Formula Grant	-13,071	
<b>Recommended Precept 2011/12</b>	<b>16,006</b>	

## The Budget Build-up: Capital Expenditure

The Prudential Code, introduced as part of the Local Government Act 2003, requires authorities to ensure Capital expenditure is both prudent and affordable.

The Capital Budget for 2011/12 amounts to £3.467m, and is summarised below:

<b>Schemes</b>	<b>£'000</b>
Vehicles Including Fire Appliances	1,260
Property Schemes	1,262
Operational Equipment	65
IT and Communications	880
<b>Total Expenditure</b>	<b>3,467</b>

A schedule setting out the medium term capital programme for 2011/12 to 2013/14 is attached at Appendix 2.

The Capital Programme has been prepared after considering the Authority's Asset Management Plan.

The revenue budget accounts for the financing costs of the schemes in 2011/12 and future years.

A summary of how the Capital Programme will be financed is shown below:

	<b>£'000</b>
PWLB Loan	2,492
Capital Receipts	203
Revenue Contribution	522
Transfer from Reserves	175
Capital Grants	75
<b>Total Financing</b>	<b>3,467</b>

## Treasury Management Strategy Statement

The Local Government Act 2003 (The Act) and supporting regulations requires the Authority to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Department of Communities and Local Government (DCLG) has issued revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009.

CIPFA's Code of Practice on Treasury Management (revised November 2009) was adopted by this Authority on 11 February 2010. This strategy statement has been prepared in accordance with the revised Code.

The Scrutiny and Performance Committee has responsibility to ensure the effective scrutiny of the Treasury Management Policy (TMP) and strategies and will be provided with update reports during the year. As a minimum a mid year report will be presented.

The Local Government Act 2003 requires the Authority to have regard to the Prudential Code and to set Prudential and Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2011/12 in respect of the following aspects of the treasury management function is based upon the Treasury Officers' views on interest rates, supplemented with leading market forecasts provided by the Authority's treasury advisor. The strategy covers:

- The current treasury position;
- Prospects for interest rates;
- Treasury limits in force which will limit the treasury risk and activities of the Authority; including Prudential and Treasury Indicators;
- The borrowing strategy;
- The Minimum Revenue Provision;
- The investment strategy;
- The credit worthiness policy, and
- Policy on the use of external service providers.

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This therefore means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. The Authorised Limit represents the legislative limit specified in the act.

The Authority must have regard to the Prudential Code when setting the Authorised Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Authority Tax levels is ‘acceptable’.

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The authorised limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

The following Prudential and Treasury indicators are relevant for the purposes of setting an integrated treasury management strategy.

	2011/12 £m	2012/13 £m	2013/14 £m
Affordable Borrowing Limit			
Total Budget excl. capital	27.528	27.564	27.201
Total Budget incl. capital	29.077	29.377	29.313
Difference	1.549	1.813	2.112
Band D Impact	£5.60	£6.50	£7.46
Band D Authority Tax	£57.87	£59.30	£60.80
Band D Authority Tax Increase	£0	£1.43	£1.50

	2011/12 £m	2012/13 £m	2013/14 £m
Capital Financing Requirement	9.246	10.684	12.189
Operational Boundary	8.696	10.599	12.656
Authorised Limit	10.196	12.099	14.156
Upper limit for fixed rate interest exposure	100%	100%	100%
Upper limit for variable rate interest exposure	100%	100%	100%

	Upper Limit	Lower Limit
Maturity Structure of new Fixed Rate borrowing in 2011/12:		
Under 12 months	100%	0%
12 to 24 months	100%	0%
24 months to within 5 years	100%	0%
5 to 10 years	100%	0%
10 years and above	100%	0%

The Authority’s current portfolio position at 31/12/10 comprised:

	Source	Principal £m	Rate
Fixed Rate Funding	PWLB	1.700	4.25
Fixed Rate Funding	PWLB	1.500	4.55
Finance Leases	Various	0.739	
<b>Gross Debt</b>		<b>3,939</b>	
Total Investments		8,734	
<b>Net Investment</b>		<b>4.795</b>	

The anticipated borrowing requirements of the Authority are detailed below:

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
New Borrowing	2.492	2.087	2.241	1.784
Alternative Financing	-	-	-	-
Replacement Borrowing	-	-	-	-
<b>Total</b>	<b>2.492</b>	<b>2.087</b>	<b>2.241</b>	<b>1.784</b>

### Prospects for Interest Rates

The Authority has appointed Sector Treasury Services, as treasury adviser to the Authority and part of their service is to assist the Authority to formulate a view on interest rates. The following gives the Sector central view.

Sector Bank Rate Forecasts for financial year ends (March)

- 2010/ 2011 0.50%
- 2011/ 2012 1.00%
- 2012/ 2013 2.25%
- 2013/ 2014 3.25%

In the longer term PWLB 50 year rates are expected to rise marginally from 5.10% to 5.40% by September 2011 before rising gently until it reaches 5.70% in March 2014. The 25 year rate is expected to rise from 5.00% to 5.40% by March 2012 and rise further reaching 5.70% by March 2014, the end of the forecast period. The 10 year rates are expected to rise from 4.10% to 4.40% by March 2012 then to gradually rise to reach 5.40% at the end of the forecast period.

There is a downside to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

### Borrowing Strategy

Rates are expected to gradually increase during the year, so it should therefore be advantageous to time new long term borrowing for the start of the year. Variable rate borrowing is expected to be cheaper than long term fixed rate borrowing and will therefore be attractive throughout the financial year compared to simply taking long term fixed rate borrowing. Under 10 year PWLB rates are expected to be substantially lower than longer term PWLB rates offering a range of options for new borrowing which will spread debt maturities away from a concentration in long dated debt.

The cheapest option will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, short term savings by avoiding new long term external borrowing in 2011/12 will also be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be significantly higher.

This Authority's total investments exceed gross debt with net investments of £4.795m. The general aim of this treasury management strategy is to reduce this total over the next three years in order to reduce the credit risk incurred by holding investments. Another factor which will be carefully considered is the difference between borrowing rates and investment rates to ensure the Authority obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

Against this background caution will be adopted with the 2011/12 treasury operations - the aim will be to minimize debt interest costs. The Treasurer, in conjunction with the Authorities treasury advisor, will continually monitor the interest rate market and adopt a pragmatic approach.

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of such funds. Borrowing in advance of need will only be undertaken where there is a clear business case for doing so for the current capital programme or to finance future debt maturities.

### **Investment Policy**

The Authority will have regard to the DCLG's Guidance on Local Government Investments, ("The Guidance") and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes, ("the CIPFA TM Code"). The Authority's investment priorities are: -

- (a) the security of capital, and
- (b) the liquidity of its investments.

The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Authority is low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.

Investment instruments used in the financial year will be selected in accordance with the Treasury Management Policy and advice from the Authority's treasury advisors.

Counterparty limits will be as set through the Authority's Treasury Management Policy.

### **Creditworthiness policy**

This Authority uses the creditworthiness service provided by Sector Treasury Services. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -

- credit watches and credit outlooks from credit rating agencies
- credit default swap, (CDS), spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Authority to determine the duration for investments and are therefore referred to as durational bands. The Authority is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Authority would not be able to replicate using in house resources.

All credit ratings will be monitored monthly. The Authority is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum

criteria, its further use as a new investment will be withdrawn immediately.

- In addition to the use of Credit Ratings the Authority will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and information, information on government support for banks and the credit ratings of that government support.

The Authority will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings, (or equivalent from other agencies if Fitch does not provide).

### **Investments Strategy**

Bank Rate has been unchanged at 0.50% since March 2009.

Bank Rate is forecast to commence rising in quarter 3 of 2010 and then to rise steadily from thereon. Bank Rate forecasts for financial year ends (March) are as follows: -

- 2010/ 2011 0.50%
- 2011/ 2012 1.00%
- 2012/ 2013 2.25%
- 2013/ 2014 3.25%

There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

The Authority will avoid locking into longer term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly

high creditworthiness which make longer term deals worthwhile and within the risk parameters set by this Authority

For its cash flow generated balances, the Authority will seek to utilise its business reserve accounts and short-dated deposits, (over night to three months), in order to benefit from the compounding of interest.

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

### **Policy on the use of external service providers**

The Authority uses Sector Treasury Services as its external treasury management advisers.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### **Scheme of Delegation and Role of Section 151 Officer**

This Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Finance Committee and for the execution and administration of treasury management decisions to its Treasurer who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

This organisation nominates the Scrutiny and Performance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

### **Minimum Revenue Provision Policy Statement**

The Authority implemented the new Minimum Revenue Provision, (MRP), guidance in 2008/09 and will assess their MRP for 2010/11 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

A substantial proportion of the MRP for 2011/12 relates to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 2 of the guidance. Certain expenditure reflected within the debt liability at 31<sup>st</sup> March 2010 will under delegated powers be subject to MRP under option 3, which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Authority. However, the Authority reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature

of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

## **Chief Financial Officer's Statement**

### **Statutory Declarations**

## **Chief Financial Officer's Statement**

Section 25 of the Local Government Act 2003 requires that an authority's chief financial officer reports to the authority when it is considering its budget and Authority tax. The report must deal with the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals, so that Members will have authoritative advice available to them when they make their decisions.

Section 25 also requires members to have regard to the report in making their decisions.

### **Robustness of Estimates**

The budget process has involved members, the Senior Management Team and all budget holders within the service. The finance team has assisted all budget holders in a thorough scrutinisation and challenge of the budget recommended to the Authority.

The Budget Book details and explains all service pressures, as well as identifying areas for savings. These pressures and savings have been incorporated into the medium term financial plan.

In coming to a decision to include funding for unavoidable service pressures and savings in the budget, specific financial risks were identified. It is anticipated that these risks can be managed using contingencies and, if necessary, reserves. This is consistent with the Authority's medium term financial strategy.

The budget has been subject to extensive consultation. A press release was sent to all media outlets in Cambridgeshire. The news release was also published on the Authority's website with details of how comments on the budget proposals could be made.

In my view, the robustness of the estimates has been ensured by the budget setting process, which has enabled all practical steps to be taken to identify and make provision for the Fire Authority's commitments in 2011/12.

## Adequacy of Reserves

CIPFA has published a Guidance Note on Local Authority Reserves and Balances, (November 2008), and it is the responsibility of the Treasurer to advise the Authority concerning the level of reserves and the protocols for their establishment and use.

Reserves are required to provide the Authority with financial flexibility when dealing with unexpected circumstances. Specific reserves should also be set aside to provide for known or predicted liabilities.

The Authority maintains a General Reserve to cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to be used in the event of unexpected emergencies or unforeseen spending.

At 31<sup>st</sup> March 2010, the Authority's usable general reserve balance was £2,081k, representing 7% of net revenue budget. The General Reserve will be used in accordance with the medium term financial strategy.

The Authority also maintains seven earmarked reserves to fund known or predicted liabilities. The main reserves are the Pensions Reserve to offset the pressure of the ill health element of the Firefighter's Pension Scheme, a Capital Reserve to help finance the future capital programme, a Community Safety Reserve to allow for the continuation of the Home Smoke Alarm Initiative, a Management of Change Fund to help mitigate the impact of the reductions in Government grant and an Innovations Fund to provide seeding to strategic and opportunistic projects that meet specific investment criteria. Two minor reserves, a Hydrants Reserve and a Developments Grant Interest Reserve, are also maintained.

The financial burden for financing ill health retirements remains with individual authorities under the new funding arrangements for the Firefighters' Pension Scheme. This reserve will be maintained at current levels, (£824k), to ensure any financial threat associated with ill health retirements can be met. This reserve will be reviewed annually to ensure the level is appropriate.

The Capital Reserve is currently £827k, it is held to finance schemes that slip across financial years and to help finance future capital projects.

An Innovation Fund of £150k was set up in order to pump prime cash releasing and efficiency initiatives or to enable quantifiable improvements in quality and performance.

A Management of Change Fund of £650k was set up to mitigate the impact of the structural and other changes required by the reduction in central government funding.

Following the government decision to stop national funding of the successful Home Smoke Alarm Initiative a Community Safety Reserve of £200k was set up to allow it to continue locally.

The Hydrants Reserve, (£56k), is maintained to mitigate the volatility in expenditure due to the time lag on new developments. The Development grant Interest Reserve, (£63k), will be utilised to contribute to the cost of the new fire station at Cambourne.

The level of reserves is important, not only for the budget 2011/12 but also in formulating the medium term financial strategy.

In my view, if the Fire Authority accepts the proposed budget then the level of reserves currently held will be adequate.

## Recommendations

1. That approval is given to a Fire Authority budget requirement of £29,077,000.
2. That approval is given to a recommended Fire Authority precept for Authority Tax from District Authorities and Peterborough City Authority of £16,006,796.
3. That approval be given to an Authority Tax for each band of property, based on the number band D equivalent properties notified to the Fire Authority by the District Authorities and Peterborough City Authority (276,599):

Band	Authority Tax	Band	Authority Tax
A	£38.58	E	£70.73
B	£45.01	F	£83.59
C	£51.44	G	£96.45
D	£57.87	H	£115.74

4. That approval is given to the prudential and treasury indicators as set out on page 8.
5. That approval is given to the Treasury Management Strategy Statement on pages 7 to 12.
6. That approval is given to the capital programme detailed at page 6.
7. That approval is given to the MRP Policy Statement detailed at page 12.

## Appendix 1

	Estimate £'000	2011/12 Incr. %	Forecast 2012/13 £'000	Forecast 2013/14 £'000	Forecast 2014/15 £'000
<b>Budget (previous year)</b>	<b>30,259</b>		<b>29,077</b>	<b>29,377</b>	<b>29,313</b>
Wholetime Fire-fighters Pay	51				
Retained Fire-fighters Pay	8				
Fire Control Pay	20				
Local Government Employees Pay (LGEs)	100				
Other Price inflation	-10				
<b>Inflation</b>	<b>169</b>	<b>0.6</b>	<b>199</b>	<b>587</b>	<b>586</b>
LGE Staff	24		80	75	76
Control Room Staff	6		16	16	17
Firefighters	53				
Operational Activity	44				
Debt Charges	-61		302	192	253
Other	53		-77	-34	83
<b>Budget Variations</b>	<b>119</b>	<b>0.4</b>	<b>321</b>	<b>249</b>	<b>429</b>
<b>Service Pressures/Efficiency Savings</b>					
Budget Holder Savings	-1,070		-220	-900	-1,580
Council Tax Freeze Grant	-400				
<b>Service Pressures/Efficiency Savings</b>	<b>-1,470</b>	<b>-3.5</b>	<b>-220</b>	<b>-900</b>	<b>-1,580</b>
<b>Budget Requirement</b>	<b>29,077</b>	<b>-2.5</b>	<b>29,377</b>	<b>29,313</b>	<b>28,748</b>
<b>Less:</b>					
Government Grant	-13,071		-12,627	-11,760	-10,893
Developer Revenue Grant Contributions	0		-200	-350	0
<b>Fire Authority Precept</b>	<b>16,006</b>		<b>16,550</b>	<b>17,203</b>	<b>17,855</b>
<b>Tax Base</b>	<b>276,599</b>		<b>279,104</b>	<b>282,965</b>	<b>286,617</b>
<b>Band D Tax</b>	<b>£57.87</b>		<b>£59.30</b>	<b>£60.80</b>	<b>£62.30</b>
<b>Year on Year Increase</b>	<b>0.0%</b>		<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>

## DRAFT SUMMARY MEDIUM TERM CAPITAL PROGRAMME 2011/12 TO 2014/15

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>CAPITAL EXPENDITURE</b>				
Vehicle Replacement Programme	1,260	1,113	1,910	1,397
Equipment	65	57	112	201
Property Maintenance & Land	1,262	1,182	675	900
IT & Communications	880	430	355	50
<b>TOTAL EXPENDITURE</b>	<b>3,467</b>	<b>2,782</b>	<b>3,052</b>	<b>2,548</b>
<b>FINANCED BY:</b>				
Loan	2,492	2,087	2,241	1,784
Capital Receipts	203	173	289	242
Revenue Contribution to Capital Outlay (RCCO)	522	522	522	522
Transfer from Reserves	175	-	-	-
Capital Grants	75	-	-	-
<b>TOTAL RESOURCES</b>	<b>3,467</b>	<b>2,782</b>	<b>3,052</b>	<b>2,548</b>

## DRAFT DETAILED MEDIUM TERM CAPITAL PROGRAMME 2011/12 TO 2014/15

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Vehicle Replacement Programme</b>				
Water Tender	611	611	815	611
Service Vehicles (Cars)	492	386	658	401
Small Vans	0	0	25	0
Derived Van	91	39	78	91
Medium Van's	0	57	76	0
Large Van	20	20	0	41
Personnel Carrier/MPV	37	0	37	37
Command Support Unit	0	0	216	0
Rescue Vehicle	0	0	0	216
Strebor - Strose T. M.	5	0	5	0
Car Transporter	4	0	0	0
<b>Total Vehicle Replacement Programme</b>	<b>1,260</b>	<b>1,113</b>	<b>1,910</b>	<b>1,397</b>
<b>Equipment</b>				
Heavy Duty Combi's	15	0	15	120
Appliance Ladders	22	22	29	22
New workshop ramp	0	7	0	0
MARS units	0	0	0	31
Thermal Cameras	28	28	28	28
Hot Fire Containers	0	0	40	0
<b>Total Equipment</b>	<b>65</b>	<b>57</b>	<b>112</b>	<b>201</b>

## DRAFT DETAILED MEDIUM TERM CAPITAL PROGRAMME 2011/12 TO 2014/15 (Cont.)

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Property Maintenance &amp; Land</b>				
Cambridge - Training Facility	120	0	0	0
Sutton – Resurfacing\Re-roofing	0	0	20	25
Burwell - New Premises	500	500	0	0
Linton - Re-roofing	0	0	0	30
Sawston - Re-wiring	12	0	0	0
Gamlingay - Drainage	0	0	0	15
Papworth Everard – Re-wire\Drainage	0	0	0	25
St. Neots - Tower & External storage\Purchase of land	0	0	30	180
Dogsthorpe - Replace boilers & appliance bay doors\Tower improvements	0	65	35	0
Stanground - Tower improvements	0	0	5	0
Whittlesey - Re-wire	0	15	0	0
Thorney - Re-wire	0	12	0	0
Wisbech - Tower improvements	0	0	5	0
March - Smoke house & Tower improvements	20	0	10	0
Manea – Tower improvements	0	0	5	0
Chatteris - Boundary wall\Drainage	20	0	0	15
Ramsey - Re-surfacing	0	0	0	15
Sawtry - Re-surfacing\Re-roofing	0	0	0	35
Kimbolton - Re-roofing\Re-surfacing\Drainage\Internal alterations	0	0	0	60
Huntingdon - OTB repairs\Drainage & Bridge repairs\Tower improvements	55	50	15	0
SHQ - Heating improvements\Settlement strengthening	35	40	0	0
Various - Removal of redundant tank rooms & asbestos	0	0	50	0
Enhancement/Contingency	500	500	500	500
<b>Total Property Maintenance &amp; Land</b>	<b>1,262</b>	<b>1,182</b>	<b>675</b>	<b>900</b>

## DRAFT DETAILED MEDIUM TERM CAPITAL PROGRAMME 2011/12 TO 2014/15 (Cont.)

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>IT &amp; Communications</b>				
Middleware	400	50	50	50
Retained Alerters	0	0	25	0
Mobilising/Communications Upgrade	10	60	0	0
Cambourne Mobilising Equipment	0	20	0	0
Management & Monitoring Tools	150	0	0	0
Octopus\LAN Refresh	0	0	200	0
Security Tools	0	100	0	0
Unified Communications (Network Refresh)	0	200	0	0
Laptop\Desktop Refresh	300	0	0	0
Fireground Radios	0	0	80	0
Backup Network Link to Kempston	20	0	0	0
<b>Total IT &amp; Communications</b>	<b>880</b>	<b>430</b>	<b>355</b>	<b>50</b>

2010/11 £'000		2011/12 £'000
	<b>Expenditure</b>	
16,176	Firefighters and Control Room Staff	16,295
5,118	Support Staff	5,138
493	Training	440
96	Other Staff Costs	81
<b>21,883</b>	<b>Total Employee Costs</b>	<b>21,954</b>
295	Repairs and Maintenance	270
295	Heating and Lighting	295
121	Cleaning Contract	105
430	Rents and Rates	404
<b>1,141</b>	<b>Total Premises Costs</b>	<b>1,074</b>
144	Office Equipment and Furniture and Fitting	114
599	IT Equipment	570
428	Clothing and Uniform	393
361	Communications	329
284	Insurances	310
56	Subscriptions	60
38	Corporate Support	32
201	Community Safety	107
98	Health and Safety	91
83	Members Fees	83
158	Fire Service College	148
85	External Audit	85
196	Consultant Fees	121
27	Regional Management Board	0
84	Printing and Stationery	64

20	Postage	13
18	External Training	12
62	Travel and Subsistence	58
66	Advertising	46
173	Hydrants/BA Maintenance	167
1,996	Other Supplies and Services	1,980
<b>5,177</b>	<b>Total Supplies and Services Costs</b>	<b>4,783</b>
128	Car Allowances	113
254	Petrol, Oil and Tyres	250
122	Repair and Maintenance of Vehicles	118
<b>504</b>	<b>Total Transport Costs</b>	<b>481</b>
84	Section 2 and 12 Charges	84
17	Service Level Agreements	17
<b>101</b>	<b>Total Agency Charges</b>	<b>101</b>
1,961	Capital Financing	1,549
<b>1,961</b>	<b>Total Capital Charges</b>	<b>1,549</b>
-11	AFA Charges	-16
-10	Special Service Income	-10
-30	Rental Income	-30
-	Council Tax Freeze Grant	-400
-457	Other Income	-409
<b>-508</b>	<b>Total Income</b>	<b>-865</b>
<b>30,259</b>	<b>Net Revenue Expenditure</b>	<b>29,077</b>