

**AGENDA ITEM:**

<b>REPORT TO:</b>	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>TUESDAY 4<sup>TH</sup> DECEMBER 2012</b>
<b>REPORT NO.</b>	<b>CFO/123/12</b>
<b>REPORTING OFFICER:</b>	<b>DEPUTY CHIEF EXECUTIVE</b>
<b>CONTACT OFFICER:</b>	<b>DEB APPLETON – DIRECTOR OF STRATEGIC PLANNING, EXTN: 4402</b>
<b>OFFICERS CONSULTED:</b>	
<b>SUBJECT:</b>	<b>BUDGET PRINCIPLES 2012/15</b>

**THERE ARE APPENDICES TO THIS REPORT:**

<b>APPENDIX</b>	<b>(A)</b>	<b>TITLE</b>	<b>BUDGET PRINCIPLES 2012/15</b>
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**ATTACHED – HARD COPY**

Purpose of Report

1. Following a review of the Value For Money Principles, this report requests that Members consider the adoption of Budget Principles that better reflect the challenges facing the Authority now and in the future, as recommended by the Audit Sub-Committee at their meeting on 22<sup>nd</sup> November 2012.

Recommendation

2. That Members consider the recommendation of the Audit Sub-Committee and approve the adoption of new Budget Principles and consider these principles when determining future priorities for expenditure and savings.

Introduction & Background

3. Members approved the current Value for Money (VfM) Principles in 2009 and have considered those principles when making decisions regarding expenditure and savings since then. The current principles were designed to enable Members to consider in a straightforward way, priorities for MFRA and how any budget proposals addressed those priorities, thus allowing a consistent method of determining the appropriateness of individual budget proposals. Members have reported that they find the approach of agreeing a set of principles and then applying them in the budget setting process is a helpful one.
4. The existing VfM Principles are set out below:

**Principle One** - Allocate Resources in Line with Priorities

**Principle Two** - Control Council Tax

**Principle Three** - Acknowledging Budget Realities

**Principle Four** - The Authority seeks to avoid compulsory redundancy in delivering Value for Money

**Principle Five** - The Authority seeks to maintain or improve service levels to make Merseyside Safer, Stronger, Healthier

5. These Principles served the Authority well for several years but since the Authority's financial position has changed significantly and with further substantial budget cuts anticipated for 2012/13, the Value for Money Principles have been reviewed to ensure that they are still fit for purpose in a financial environment that is considerably different to that in 2009.
6. That review has resulted in the proposed Budget Principles for 2012/15 that are attached as an appendix. Overall, the review concluded that some of the Principles are still appropriate and should be retained in the future, but that a greater emphasis needs to be placed on allocating resources in a way that clearly aligns with the Mission, Aims and Values. This will be particularly important as the Authority faces the prospect of downsizing the Service over the coming years, with a requirement to still ensure that the service delivered is meeting the key objectives of the Authority. It is also important with regard to the Public Sector Equality Duty, that due consideration is given to the impact of any cuts (or expenditure) on our diverse communities and our employees, and there is specific reference to that in the Budget Principles.

#### Equality & Diversity Implications

7. The new Budget Principles specifically consider equality and diversity issues.

#### Staff Implications

8. The new Principles restate the Authority's long held opinion that it should seek to avoid compulsory redundancy, if at all possible.

#### Legal Implications

9. It is important that Principles are adopted to ensure that legal budgets are set by Members

#### Financial Implications & Value for Money

10. There is no cost associated with this report. The Principles, if approved, will be a fundamental part of the Budget decision making process.

#### Risk Management, Health & Safety, and Environmental Implications

11. Having a set of principles such as these ensures that the Authority is always able to consider the implications and risks of any expenditure or savings in a measured and consistent manner.

Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

12. The new Principles are directly linked to the Mission and Aims of the Authority and therefore, will ensure that these are considered during decision making on the allocation of resources.

## **BACKGROUND PAPERS**

### **\*Glossary of Terms**