



AGENDA ITEM: 5

NORTH WALES FIRE AND RESCUE AUTHORITY EXECUTIVE PANEL

1st December 2006

FIRE & RESCUE SERVICE BUDGET 2007/08

**Report by Dawn Docx,
Assistant Chief Officer (Finance and Procurement)**

Purpose of Report

- 1.** To put into context the Fire and Rescue Authority's draft revenue and capital budget for 2007/08

Introduction

- 2.** In determining the 2007/08 budget Members will be aware of various pressures and constraints upon the service and the public sector as a whole.
- 3.** This paper sets out those major influences.

Background

- 4.** The average increase in Revenue Support Grant (RSG) for North Wales for 2007/08 is 3.85%. Built into this rate is an efficiency saving of 1%.
- 5.** These savings are expected to be identified to be recycled to meet other cost pressures or priorities.



Background *(continued)*

6. As from April 2007 there will be a new way of accounting for Fire pensions. They will no longer be paid from the services' revenue account. A separate fund will be set up and the service will contribute a set amount for each operational employee (21.3% FPS 1992, 11% FPS 2006 of pensionable pay) into this fund. At the end of each year any deficit in this fund will be met by the Government, or in times of surplus this will be returned to the Government. This will transfer the risk of rising fire pensions over the next 5 years away from the Fire and Rescue Authorities in Wales.
7. Although the date for the firefighters' next pay award is known, 1st July 2007, there is currently no agreed mechanism for this to be determined. It is unlikely that pay discussions will be concluded before June 2007. In setting a budget the assumption of 2.5% pay inflation has been used, because this is the stated maximum for public sector pay. Members should be aware that this rate may be exceeded, and for every 1% extra this requires an additional £154,000.
8. The Authority has set out its priorities in its Risk Reduction Plan (RRP) and previously in the Integrated Risk Management Plan (IRMP). Funding is therefore required to meet these priorities. The impact on the Capital budget and as a consequence the cost of borrowing on the revenue budget should be noted

Recommendation

9. That Members note the content of this report.