



## **AGENDA ITEM: 6**

### **NORTH WALES FIRE AND RESCUE AUTHORITY EXECUTIVE PANEL**

**19th November 2012**

#### **BUDGET OPTIONS 2013-14**

**Report by Dawn Docx, Deputy Chief Fire Officer**

#### **Purpose of Report**

- 1 To update Members of the Executive Panel as to the progress made in developing the Fire and Rescue Authority's draft budget for 2013/14.

#### **Background**

- 2 At the last Executive Panel meeting Members agreed to endorse the Authority's financial strategy as set out in its medium term financial plan. As a result, the assumptions contained in that report have been used to create the draft budget for 2013-14 which will be presented to the Fire and Rescue Authority in December 2012.
- 3 The intention is to maintain a cash frozen budget of £32 million in the next financial year, which is Year 3 of the three year medium term financial plan. In order to meet increasing inflationary costs, a further £800,000 of savings will have to be achieved. This will be done by reducing the budget for community safety by a further £50,000, reducing support staff posts by £180,000, and another £500,000 to be achieved through the rostering arrangements, as firefighters leave and are not replaced. A balancing figure of £70,000 is to be taken from remaining budget lines.

## Information

- 4 At the previous meeting Members also resolved to note the risks around setting a balanced budget and agreed to receive further information, if those potential risks materialise.
- 5 Those risks were around the prospect of a pay award being granted to employees in 2012, the reduction or removal of direct grants from the Welsh Government and the outcome of the provisional local government settlement from the Welsh Government.
- 6 On the 12<sup>th</sup> September 2012 the NJC, the Fire and Rescue Services' National Employers, announced that it had agreed a 1% pay award, backdated to 1<sup>st</sup> July 2012, for all staff employed on "grey book" terms and conditions. The Authority will be able to fund this increase because a small percentage increase had been allowed for within the base budget for 2012-13 and it will form part of the base budget for 2013-14. There has been no indication of a pay award for support staff, community and legislative fire safety staff on "green book" or "gold book" terms and conditions.
- 7 Since the last Executive Panel, the Fire and Rescue Authority has received further information regarding direct grant funding from the Welsh Government. On the 8<sup>th</sup> November 2012 it was confirmed that all the grant funding for Community Risk Reduction Initiatives in 2012-13, except for Road Traffic Collision funding and Community Partnership funding (approximately £10,000 per local authority area) would be granted. This funding will be subject to the three FRAs agreeing outcome based targets that are achievable with the Welsh Government. We have not received any indication of grant funding for any future years. The NWFRA draft budget for 2013-14 does not contain any additional funding to support those activities which are currently funded by direct grants from WG.
- 8 An additional in-year pressure which has come to light recently is the pension element of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations. Clarification is currently being sought as how to calculate a prudent provision for this liability.

- 9 On the 16<sup>th</sup> October the provisional local government settlement was announced. There has been some public debate about the top slicing of £10.174 million that has been taken out of the settlement to form a new specific grant for regional collaboration. However this is the equivalent to 0.25% of the 2013-14 Aggregate External Finance (AEF) and it will not require North Wales Fire and Rescue Authority to revisit its financial planning assumptions at this stage.

## **Recommendations**

- 10 Members are requested to:
- (i) recommend to the Fire and Rescue Authority that the previously agreed means of achieving those savings be pursued;
  - (ii) note the risks around setting a balanced budget for 2013-14;
  - (iii) receive further information, if there are further developments regarding those potential risks.