


Report to	North Wales Fire and Rescue Authority	
Date	16 January 2023	
Lead Officer	Dafydd Edwards, Authority Treasurer	
Contact Officer	Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources)	
Subject	Medium Term Financial Strategy 2023/26 and Budget 2023/24	

PURPOSE OF REPORT

- 1 To approve the final 2023/24 revenue budget and relevant levies on constituent authorities, to approve the final 2023/24 capital budget, and to note the Medium-Term Financial Strategy (MTFS) 2023/26. The report presents three options, further to consultation with Members, and sets out the significant risks and uncertainties faced at this time.

EXECUTIVE SUMMARY

- 2 The North Wales Fire and Rescue Authority (the Authority) is required to set a balanced budget each financial year and confirm contribution figures to each constituent authority by the 16 February preceding the start of the financial year.
- 3 This report sets out the draft revenue and capital budget for 2023/24 and the Medium-Term Financial Strategy (MTFS) to March 2026. The funding required from each constituent local authority is also confirmed.
- 4 The budget for 2023/24 and the MTFS include a number of key assumptions, risks and uncertainties which have been identified during the budget planning process

RECOMMENDATIONS

- 5 Members are asked to:
- (i) note the planning work undertaken to reduce the budget requirement for 2023/24, including associated risks and uncertainties;
 - (ii) to approve the Authority's revenue budget for 2023/24, in accordance with the officers' recommendation with a total budget requirement of £44.7m (Option 2, +11.85%), or a total budget requirement of £43.31m (Option 3) with service changes bringing the increase down to 9.9% further to consultation with Members;
 - (iii) to approve the levies on billing authorities, based on an average increase in contributions from constituent authorities of £4.7m (11.85%) or £3.9m (+9.9%), in addition to the Pension Grant Contributions to be transferred into Councils' final RSG settlement, as set out in Appendix 4;
 - (iv) to approve the Authority's capital budget for 2023/24, as set out in Appendix 3; and
 - (v) endorse the Medium-Term Financial Strategy.

OBSERVATIONS FROM OTHER COMMITTEES AND MEMBER PLANNING DAYS

- 6 The proposals set out in this paper are consistent with the budget setting approach outlined to the Authority meeting of 17 October 2022, including the associated risks and uncertainties.
- 7 The members' induction and planning meetings held on 13 June and 6 October 2022 provided an overview of the service delivery models and the associated challenges being faced by the Authority.
- 8 The initial budget assessment indicated a budget requirement of £44.7m (+13.5%) and was presented to members of the Audit Committee and Executive Panel on the 12 December 2022. Members noted the assessment and requested further reductions.
- 9 An update was presented to the member planning meeting held on 3 January 2023. This noted further cost pressures of £0.4m arising from changes to grants received from the Welsh Government, and also a revised requirement of £44.081m (+11.85%). Members requested proposals to further reduce the budget requirement including changes to service provision.

BACKGROUND

- 10 The Improvement and Wellbeing Plan for 2023/24 confirms the Authority's long-term well-being objectives:
- Objective 1:** to work towards making improvements to the health, safety and well-being of people in North Wales
- Objective 2:** to continue to work collaboratively to help communities improve their resilience
- Objective 3:** to operate as effectively and efficiently as possible, making the best use of the resources available
- Objective 4:** to continue to identify opportunities to encourage greater engagement with people, communities, staff and stakeholders
- Objective 5:** to maintain a suitably diverse, resilient, skilled, professional and flexible workforce
- Objective 6:** to develop ways of becoming more environmentally conscious in order to minimise the impact of our activity on the environment
- Objective 7:** to ensure that social value and sustainability are considered, including during procurement processes.
- 11 The Chief Fire Officer's report to Members in September 2021 provided a situation assessment. This confirmed that the key challenges facing the Authority are: maintaining sufficient availability of on-call fire crews; ensuring sufficient resources to maintain and develop firefighter skills; and having enough corporate capacity to meet current and future demands.
- 12 Following this assessment, the Authority approved a number of internal reviews including a fire cover review, a review of the retained duty system (on-call crews) and a training review to ensure firefighter safety. These reviews are ongoing, although the budget proposals for 2023/24 build on the initial assessments including developing capacity and addressing health and safety issues.
- 13 The budget setting proposals were set out to Members in the report to the Authority on 17 October 2022. The budget proposals set out in this report ensure a strategic approach is taken towards financial planning and funding to support achievement of the Authority's objectives.
- 14 Given the significant budget challenges and financial constraints being experienced it has been necessary to identify measures to further reduce the budget requirement. The scope for efficiency savings is limited given the scale of budget reductions over the last 15 years. The budget proposals set out in this paper include residual risks and uncertainties and measures which impact on service provision.

DRAFT REVENUE BUDGET 2023/24

- 15 Detailed budget planning work has been undertaken and the key planning assumptions, risks and uncertainties are outlined in Appendix 1. Following presentation of the initial planning assessment to Members on 12 December 2023 a revised budget requirement was presented to Member at the planning meeting on the 3 January 2023. At the request of Members, further work has been undertaken to put forward proposals for further reductions to the budget requirement, recognising that this will impact on service delivery. Accordingly, this paper sets out three options for Members. The contributions from each constituent local authority for each option are set out in Appendix 4.

Option	Presented to Members	£'m	Year on year increase %
1	12 th December 2023	44.71	13.5
2	3 rd January 2023	44.08	11.8
3	16 th January 2023	43.31	9.9

Option 1

- 16 The planning assessment presented to Members on 12 December 2022 confirmed a net expenditure requirement for 2023/24 of £44.71m which is a year on year increase of £5.30m. This assessment included work undertaken across all expenditure headings to defer lower priority expenditure and remove items considered to be discretionary in nature.

£'m	2022/23	2023/24	Increase
Salaries	28.20	31.76	3.56
Non-pay (net of income)	11.21	12.95	1.74
Total	39.41	44.71	5.3

- 17 The table below provides a reconciliation between the 2022/23 revenue budget and the initial proposed budget for 2023/24.

	£'000
2022/23 budget	39,410
Original pay assumption (per MTFP)	500
Pay awards above planning assumptions	1,700
Increased training provision	350
Increase in operational resilience	520
Corporate resilience and capacity	100
Business Fire Safety	100
Energy costs	890
Interest rate increases	600
Capital charges relating to land purchase	150
Other inflationary pressures	394
2023/24 budget assessment	44,714

Option 2

- 18 A further planning meeting took place with Members on 3 January 2023 to review a revised budget proposal. This included the management of a further cost pressure arising from the removal of Welsh Government support of £0.4m in relation to the national emergency services network.
- 19 At this meeting, a revised estimate of £44.081m (+11.8%) was presented which included the use of reserves to mitigate the impact of the grant reduction. Other measures included reducing the planning assessment of pay awards during 2023/24 to 4% and a commitment to identify a further £0.2m within payroll costs.
- 20 Members noted the position and asked for further proposals which could be implemented in 2023/24 in order to bring the increase down to 9.9%.

Option 3

- 21 To achieve the year on year increase of £3.9m (+9.9%) it is necessary to reduce the original planning assessment by £1.4m and absorb the impact of £0.4m following the grant reduction. Given the budget reductions over the last 15 years, the opportunity for efficiency savings are limited and these measures will impact on service delivery and the corporate capacity during 2023/24.
- 22 Capping expenditure for 2023/24 at £4.31m will impact on service provision and corporate capacity. Further reductions would necessitate permanent structural changes for which detailed planning assessments and public consultation are required and cannot be implemented prior to 2024/25. A fire cover review is currently in progress and the findings will be considered by the Authority during April 2023. This will enable permanent structural changes to service delivery models which can be fully risk assessed and subject to public consultation during the Summer of 2023.
- 23 The table below contains proposals for reducing the budget to £43.31m (+9.9%). These proposals include measures that will impact on both service provision and corporate capacity. A full reconciliation between the original budget assessment of £44.71m (Option 1) and the option of capping expenditure at £43.31m (Option 3) is provided within Appendix 5.

Proposal	£'000	Risk
Prior to public consultation, pilot a maximum response time of 35 mins.	-300	The current standard is a maximum travel time of 30 mins. Extending the response time will increase the severity of fires, due to taking longer to attend. It will reduce the number of crews available across North Wales from 20 to 18 during daytime and 28 during night time.
Reduce the number of Home safety support workers from 14 to 11, reducing the number of Home safety Checks and advice from 20,000 per year to 17,500 per year	-100	An increase in domestic fires amongst the most vulnerable people in our communities

Defer the purchase of the wild fire personal protective clothing until 2024/25	-200	The health and safety recommendations from this year's debrief of wild fires will be deferred. North Wales is the only FRS in Wales without this PPE.
Continue to increase recruitment to vacancies on on-call stations but limit this to a net increase of 20 firefighters	-168	Continue with the challenge and cost of backfilling on-call stations to make them available to respond to risks in their area
Net 2023/24 budget requirement	43,313	9.9% increase

Overview of expenditure headings.

- 24 Employee pay costs exceed 70% of net expenditure. Due to outstanding pay negotiations and pay inflation, the Authority is facing unavoidable additional commitments and this remains an area of significant uncertainty. The current planning assumption is that the 2022/23 pay claim is settled at 5%, and the pay award for 2023/24 is 4% for all staff. A two-year deal may be secured, but national pay awards have not yet been finalised, so this remains a significant planning risk. Work continues to ensure the careful management of employee costs, including the continued management of variable pay.
- 25 A breakdown of the employee costs (option 3) is provided below which confirms that over 89% of costs relate to employees working in service delivery roles.

Staffing Budget Analysis	2023/24 £'m	2024/25 £'m	2025/26 £'m
Response Services	24.661	25.974	26.846
Protection and Prevention Services	2.670	2.879	2.994
Corporate Services	3.061	3.354	3.486
Staffing Budget Requirement	30.392	32.207	33.326

- 26 Employer pension contributions for firefighters increased during 2019/20 following the 2016 revaluation by the Government Actuary's Department. The Welsh Government provided initial support of £1.1m paid directly to the Authority. The provision of support for 2023/24 has been confirmed, although this will be paid to local authorities via their Welsh Government final RSG settlement. This is in addition to the local authorities' draft settlement announcement on 13 December 2022, and if this sum is included in the Authority's levy, the impact will be cost-neutral for the local authorities.
- 27 As part of the budget setting process, budget holders submitted departmental plans detailing their expected non-pay expenditure. The specific risks within each budget heading were considered resulting in the initial budget assessment for supplies, services and third-party payments of £13.04m. Since that time, the situation has deteriorated further as the Welsh Government has confirmed that the withdrawal of the grant of £0.4m to support costs associated with the emergency service network. These costs are essential and therefore this reflects a further cost pressure.
- 28 The unavoidable cost pressures that are being experienced across most areas of non-pay are common across the public sector. In particular, it was noted in the report to the Authority on 17 October 2022 that energy cost pressures of £0.9m are being experienced and Government support is only guaranteed until 31 March 2023.
- 29 The requirement for the public sector to achieve a net zero carbon footprint by 2030 has required a review of the energy efficiency of the Authority's estate and the level of vehicle emissions. Although a specific budget has not been allocated to energy reduction strategies, all procurement includes actions to reduce the Authority's carbon footprint.
- 30 Capital financing costs include the costs of borrowing and revenue charges for using capital assets. A number of rises in the Bank of England base rates have been experienced during 2022/23 and borrowing rates are now 5.2%. This is a significant variance to the historically low rates experienced for a number of years and the capital financing budget has been increased to reflect the deteriorating position. Provisional interest costs of £0.15m have been factored into the budget for 2023/24 in respect of a potential land purchase. This scheme will be subject to separate approval by Members.
- 31 The economic uncertainty arising from global supply chain issues and high inflation will be carefully monitored throughout the financial year. However, these create significant uncertainty and risks which may require budget allocations to be revised between budget headings to address changing priorities.

DRAFT CAPITAL PLAN 2023/24

- 32 The draft capital plan is outlined within Appendix 3 and proposes a capital requirement of £6.53m for 2023/24. The main element of the plan relates to the potential purchase of land to accommodate the new Training Centre and the essential investment in new fire appliances.
- 33 The plan includes a rollover of funding from 2022/23 of £0.375m, which relates to the replacement of existing training towers which are end of life. The tenders in relation to these works are currently being evaluated.
- 34 Only building schemes that can safely be completed in the current climate have been included in the plan. This will remain under review before funding is released.
- 35 Work is ongoing to reduce carbon emissions including the use of more environmentally friendly vehicles. Several electric and hybrid vehicles have been leased for duty officers, to replace diesel leased vehicles. Leasing currently remains the most cost-effective method of procurement, for these types of vehicles, and enables the Fleet Department to review their suitability and performance and take advantage of the latest technology.
- 36 The future capital expenditure includes provision for a new Training Centre to replace the existing arrangements. The provision of training has been identified by the Fire Advisor for Wales as a key area of focus and the current arrangements are not sustainable in the medium to longer term. The initial capital estimates are included within Appendix 3 and ensure that the MTFP includes the potential impact but this does not constitute approval, and the figures are currently based on the worst-case scenario. The project is currently in the initiation phase and whilst financial provision has been made within the medium-term financial plan, the detailed proposals will be subject to separate detailed analysis and approval arrangements including the affordability assessment.
- 37 The capital expenditure will have a consequential impact on the revenue budget in future financial years. Relevant capital financing charges have been included within the medium-term financial plan detailed within Appendix 2.

MEDIUM TERM FINANCIAL STRATEGY 2023/26 (MTFS)

- 38 The draft MTFS is provided within Appendix 2 and is an assessment of the costs associated with maintaining the current level of service provision. Employee related expenditure remains the main cost driver and the medium-term financial strategy is based on a planning assumption of a 4% pay award for 2023/24, reducing to 3% over the remaining planning period.
- 39 The key risks and uncertainties relating to the MTFS are outlined in appendix 1. The current planning assumption for the MTFS is that grant funding for the additional pension costs arising from the 2016 Government Actuary Department (GAD) valuation of the firefighters' pension scheme will continue to be centrally funded.
- 40 Capital expenditure in future years continues to be in relation to the replacement of fire appliances and special vehicles, as well as the replacement of ICT systems. The MTFS also includes provisional costs associated with purchasing land, and the building of a new Training Centre, noting that this will be subject to separate approval and affordability calculations.

CONSTITUENT AUTHORITY CONTRIBUTIONS

- 41 The proposed constituent Authority contributions are documented in Appendix 4 and provide the levy for each of the options outlined in this paper.
- 42 A further amount is due (to be included in the levy) in respect of the changes to the funding flows relating to the Pension Grant, although this will be cost-neutral for the local authorities.

IMPLICATIONS

Wellbeing Objectives	The budget enables the Authority to achieve its long-term well-being objectives.
Budget	The proposals set out in this report confirm three options for the revenue budget for 2023/24. Option 3 includes measures which would impact on both service delivery and corporate capacity.
Legal	The Authority has a legal duty to set a balanced revenue budget. Aligned to this the Authority must also comply with other legal duties including appropriate legal practices. Therefore, any structural changes will obligate the Authority to undertake appropriate staff consultation
Staffing	Each of the options set out in this report require careful management of staff expenditure. Option 2 includes measures to identify savings in existing staff budgets which may impact on staff workloads and capacity. Option 3 includes further proposals to implement further reductions in staff costs which will impact on both corporate capacity and service delivery.
Equalities/ Human Rights/Welsh Language	None

Risks and Uncertainties	<p>The draft budget has been risk assessed and the following key risks noted:</p> <ul style="list-style-type: none">• A year on year increase of 9.9% has been achieved following measures which impact on the provision of services and corporate capacity;• the budget is based on an assumption that pay awards will be 5% for 2022/23 and 4% for 2023/24. National agreements have not yet been reached and this remains a key risk;• the planning assumption is that Welsh Government support for the increase in firefighters' pensions will continue. It has been confirmed that this will remain in place for 2023/24 but funded via the constituent local authorities (via the revenue support grant);• the original planning assumption was that Welsh Government funding of £0.4m would continue in respect of the national emergency service network. The Welsh Government has now withdrawn this grant support and this is now a cost pressure;• the Authority plans to continue to develop an Environmental Strategy during 2023/24. An assessment of costs has not yet been made; and• the uncertainty surrounding general inflation and supply chain shortages remain and no additional costs have been factored into the 2023/24 budget.
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Heading	Planning assumptions used in budget setting	Risks/Uncertainties
Employee costs	<ul style="list-style-type: none"> • The staffing budgets are formulated on existing service delivery models and updated to address the risks identified within the Chief Fire Officer's 2021 situational assessment. This includes additional provision to address the training needs of staff and to ensure that operational and corporate capacity is maintained. • The initial planning assessment presented to members in December 2021 assumed national pay awards of 2%. This assessment is no longer valid and significant provision is required to address 2022/23 pay awards (not yet finalised for firefighters) and 2023/24 awards. The budget proposals assume that the firefighter pay dispute for 2022/23 is settled at 5%. A provisional estimate of 4% for 2023/24 has also been included. • The increase of 1.25% in national insurance contributions applicable from April 2022 has now been reversed following the outcome of the September 2022 mini budget. 	<ul style="list-style-type: none"> • The National Joint Council (NJC) has not yet reached agreement on the firefighter pay award for 2022/23, although settlements above the budget provision are anticipated at the time of writing this report. Provision has been made for the recurring costs of a 5% settlement for 2022/23. • The National Joint Council (NJC) for Local Government Services reached agreement on the pay award for staff on LGPS contracts for 2022/23. This was above the original planning assessment for 2022/23 and has resulted in a recurring budget pressure. • The pay awards for 2023/24 have not yet been finalised and the current planning assumption includes an increase of 4%. This is an area of uncertainty and risk. In the event that costs exceed the planning assumption then a supplemental levy may be required. • The budget planning assumes normal levels of activity. If spate conditions occur, budget pressures will be experienced.

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
	<ul style="list-style-type: none"> • It is assumed that the increases to the employer pension contribution rates arising from the last Government Actuary's Department valuation will continue to be grant funded by the Welsh Government. • Following the public inquiry into the Grenfell disaster the Fire Safety Act (2021) has introduced changes to building regulations. The budget proposals will reflect revised staffing and training for staff to ensure that the Authority is able to respond to these changes. 	<ul style="list-style-type: none"> • The Welsh Government has confirmed that the grant to support the increase in employer contributions for the firefighter pension scheme will continue at its current level of £1.1m. However, this will no longer be paid directly to the Authority but instead the funding will be issued to constituent local authorities in addition to their existing funding (cost neutral to local authorities). • In December 2018, the government lost its appeal to the legal challenge of the transitional pension arrangements for firefighters. The remedy will apply across the public sector pension schemes. The financial outcome is unknown and no provision has been made. • The pension scheme for staff employed on local government terms and conditions is subject to a four-yearly valuation. The latest valuation is being finalised and will take effect from April 2023. It is not known whether this will impact on the employer contributions and this remains a risk at this time.

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
		<ul style="list-style-type: none"> The pension scheme for firefighters is subject to a four-yearly valuation. The results inform the employee and employer contribution rates which are set by the Welsh Government. The next valuation outcome will be applicable from April 2024 and is expected to increase employer contribution rates from their current level of 27.3% of pensionable pay. Although this will not impact on the 2023/24 financial year it remains a key risk and uncertainty over the medium-term planning cycle.
Non-Pay	<ul style="list-style-type: none"> The initial planning assessment has confirmed that the non-pay budgets will be formulated on existing service delivery models and updated to reflect imperatives arising from the Chief Fire Officer's situational assessment. The demands on the non-pay budget are further exacerbated by the inflationary impact and supply chain issues. Budgets have been formulated using the knowledge and professional judgement of budget managers and underlying contractual obligations, but through necessary include a large degree of estimation. Where cost pressures can be quantified these have been separately identified and included (e.g. energy) 	<ul style="list-style-type: none"> Whilst the Service continues to review non-pay costs and strives to manage cost pressures within the planned budget this remains an area of risk due to ongoing pressures within the supply chain arising from price rises and availability issues. This position is being carefully managed but due to significant volatility it is not possible to fully quantify the impact. The cost of gas and electricity is a known cost pressure and current planning assumptions include an increase of £0.9m from the initial assessment in the medium-term financial plan. The national procurement of an Emergency Services Network is progressing but significant delays are being experienced. The existing contract has been extended and the Authority has historically received £0.4m from the Welsh Government towards the provision of the existing service. The initial assumption was that the revenue support will continue but the Welsh Government withdrew this on 14 December 2022.

Heading	Planning assumptions used in budget setting	Risks/Uncertainties
		<ul style="list-style-type: none"> Although the Authority continues to work towards reducing its carbon footprint, detailed plans have not yet been formalised. This work will progress during 2023/24 and no specific budget provision has been included.
Capital Financing	<ul style="list-style-type: none"> The capital financing requirement for 2023/24 is influenced by historical capital expenditure, the need to borrow for the 2023/24 capital programme and the impact of interest rate increases. 	<ul style="list-style-type: none"> The increase in interest rates is a key risk area given the economic uncertainty at this time. Further financial modelling will be undertaken to assess the sensitivity of the Authority's financial position and performance to further increases in interest rates and reported as part of the budget setting.
Income	<ul style="list-style-type: none"> Income budgets have been reviewed and set in line with previous years. 	<ul style="list-style-type: none"> No specific risks have been identified over and above the grant income from the Welsh Government referenced within this report.

Appendix 2 Medium Term Financial Strategy 2023/2026 – Revenue

	2022/23 Budget £m	2022/23 Projection £m	2023/24 Budget £m	2024/5 Budget £m	2025/6 Budget £m
Employee pay costs*	30.130	31.167	30.392	32.207	33.326
Other employee costs			1.432	1.342	1.345
Total Employee Costs	30.130	31.167	31.824	33.549	34.671
Increase in Employee Costs			5.62%	5.42%	3.34%
Premises	2.901	4.084	3.470	3.605	3.790
Transport	1.204	1.263	1.239	1.177	1.154
Supplies, Services and 3rd Party	5.370	5.871	5.676	6.350	6.081
Total Non-Pay Expenditure	9.475	11.218	10.384	11.132	11.025
Increase in Non-Pay Expenditure			9.60%	7.20%	-0.96%
Fees and Charges/Misc. Income	- 0.277	- 0.303	- 0.262	- 0.271	- 0.280
Grant Income	- 2.179	- 2.179	- 0.682	- 0.682	- 0.682
SCAPE Grant received by LA's in the RSG			- 1.080	- 1.080	- 1.080
Total Income	- 2.456	- 2.482	- 2.024	- 2.033	- 2.042
Capital Financing and Interest Charges	2.263	2.513	3.130	4.670	6.936
Utilisation of Reserves and Provisions		- 3.004			
Budget requirement	39.412	39.412	43.314	47.318	50.590
Increase in Budget			9.90%	9.24%	6.92%

* includes the pension costs associated with the SCAPE Grant

Appendix 3 Medium Term Financial Strategy 2023/2026 – Capital

Scheme	2023/24 £m	2023/24 £m	2024/25 £m
Command and Control System Upgrade	0.600	0.500	
New Training Centre	3.000	25.000	20.000
Fire Appliance Replacement	1.430	1.400	3.550
Multi-Purpose Station Vans	0.189	0.513	0.608
Fleet Workshop Vans		0.201	
Specialist Vehicles	0.150	0.260	
Specialist Equipment		0.500	0.500
Fleet - new fall arrest system	0.100		
ICT Hardware		0.785	
Training Tower Replacement	0.250	0.250	0.250
Buildings - Minor Works	0.813	0.750	0.750
Total 2023/24	6.532	30.159	25.658
Rollover - Training Towers	0.375		
Total Rollover from 2022/23	0.375		
Total: Capital Plan	6.907	30.159	25.658

Appendix 4 – Constituent Local Authority Contributions 2023/24

Authority	2022/2023 Contribution £	Population	Apportionment %	2023/24 Budget Requirement Option 1 (13.5%)	2023/24 Budget Requirement Option 2 (11.85%)	2023/24 Budget Requirement Option 3 (9.9%)	2023/24 Pension Grant Contributions paid into RSG
Anglesey Council	3,915,486	69,842	9.92%	4,434,413	4,371,637	4,295,515	107,106
Gwynedd Council	7,017,885	125,539	17.83%	7,970,731	7,857,893	7,721,066	192,520
Conwy County Borough Council	6,631,214	118,625	16.84%	7,531,747	7,425,123	7,295,832	181,917
Denbighshire County Council	5,381,432	96,198	13.66%	6,107,810	6,021,345	5,916,497	147,524
Flintshire County Council	8,813,821	157,626	22.38%	10,008,001	9,866,322	9,694,523	241,728
Wrexham County Borough Council	7,652,042	136,419	19.37%	8,661,525	8,538,907	8,390,222	209,205
Total	39,411,879	704,249	100%	44,714,228	44,081,228	43,313,655	1,080,000
Pension Grant	1,080,000			1,080,000	1,080,000	1,080,000	
Gross	40,491,879			45,794,228	45,161,228	44,393,655	

Appendix 5 – Reconciliation of options

	£'000	Assumptions
2022/23 budget	39,410	
Original pay assumption in MTFP	500	2% for 2022/23 and 2% for 2023/24
Pay awards above planning assumptions	1,700	5% for 2022/23 (already rejected by the FBU) and 5% for 2023/24
Energy costs	890	No governmental support 2023/24
Interest rate increases	600	On existing borrowings used to fund past replacement fire engines and buildings. (No capital is provided for FRAs)
Capital charges relating to land purchase	150	If the FRA approves the business case for the new real-fire training centre, this is to provide for purchasing the site in 2023/24
Increase in operational resilience	520	Strengthening of RDS capacity, five additional firefighter posts to address anticipated retirements, CPD payments and associated PPE for wildfires
Business Fire Safety	100	Additional regulation as a result of Grenfell Inquiry requires two extra posts to work with local authority inspectors to scrutinise plans and building work

Increased training provision	350	Two Crew Manager posts to ensure training is delivered to national standards and to pay part-time (RDS) firefighters to train at week-ends
Corporate resilience and capacity	100	Corporate planning officer, digital engagement officer and pension officer
Other inflationary pressures	394	
2023/24 budget requirement	44,714	13.50%
Welsh Government removal of grant towards running national communication system - Airwave	400	No emergency service can move away from Airwave until a nationally procured replacement is provided in 2027
Welsh Government removal of pension grant	1,080	Provided to compensate for Treasury's decision to reduce the SCAPE rate
Corporate and operational resilience and capacity	-200	Opportunity to combine some roles and delayed recruitment
Reduce pay assumptions	-333	Possible two-year settlement based upon 5% and 4%
Underpinning from reserves	-500	This defers the increase for 12 months
Pension grant moved into RSG	-1,080	
Net 2023/24 budget requirement	44,081	11.85% increase

Proposal		Risk
Prior to public consultation, pilot a maximum response time of 35 mins.	-300	The current standard is a maximum travel time of 30 mins. Extending the response time will increase the severity of fires, due to taking longer to attend. It will reduce the number of crews available across North Wales from 20 to 18 during daytime and 28 during night time.

Reduce the number of Home safety support workers from 14 to 11, reducing the number of Home safety Checks and advice from 20,000 per year to 17,500 per year	-100	An increase in domestic fires amongst the most vulnerable people in our communities
Defer the purchase of the wild fire personal protective clothing until 2024/25	-200	The health and safety recommendations from this year's debrief of wild fires will be deferred. North Wales is the only FRS in Wales without this PPE.
Continue to increase recruitment to vacancies on on-call stations but limit this to a net increase of 20 firefighters	-168	Continue with the challenge and cost of backfilling on-call stations to make them available to respond to risks in their area
Net 2023/24 budget requirement	43,314	9.9% increase