

NORTH WALES FIRE AND RESCUE SERVICE

FIRE AUTHORITY EXECUTIVE PANEL REPORT

DATE:	31 st January 2005
REPORT BY:	CHIEF FIRE OFFICER
PURPOSE OF REPORT:	To consider how best to achieve the required 1% efficiency savings in the 2005/6 budget

1. **BACKGROUND**

- 1.1 At the Fire Authority meeting held on 20th December 2004, members approved the draft budget for 2005-2006 at £27,951,864, a 4.09% increase over the approved budget for 2004-2005.
- 1.2 As part of that budget, efficiency savings of £294,123 have to be identified. The Executive Panel has been given the delegated power to consider and approve how the efficiency savings of £294,123 can be determined and implemented for the 2005-2006 budget.
- 1.3 As part of the modernisation of the Service, and included in the National Framework for Wales, fire and rescue authorities are directed to produce an Integrated Risk Management Plan (IRMP). The main aim of the IRMP is to secure an increasingly productive and efficient fire and rescue service that is more responsive to local circumstances.
- 1.4 The North Wales Fire and Rescue Service has recently implemented the Management Structure Review which, in itself, ensured that core services are more effectively and efficiently delivered through a reallocation of resources and that the principles of accountability and efficient working are supported.

2. **CONSIDERATION**

- 2.1 Members will be aware that the underlying budget increase was 9.53%. Any achievable one-off savings to mitigate this increase were included in the draft budget, approved by the full Fire and Rescue Authority at its meeting on 20th December 2004.
- 2.2 Efficiency savings identified as a result of today's meeting must be recurring, year on year, efficiencies. The sum to be saved (£294,123) must be realised within the budget year 2005-2006 and will be permanently removed from the base budget.

2. **CONSIDERATION** *(continued)*

- 2.3 Members will be aware that the funding of the retained budgets has always been based on achieving a "full establishment" level. This stems from the days when Her Majesty's Inspector of Fire Services (HMFSI) inspected the Service on a regular basis, against the requirement of the (now repealed) Fire Services Act 1947 to have an "approved establishment" for firefighting staff. Under the new legislation (Fire and Rescue Services Act 2004), this is no longer a requirement. The Authority, therefore, need not feel obliged to budget on a yearly basis for an establishment level that was, in reality, never achieved but which leaves the Authority, in every normal year, with a surplus. Over the years the outturn budget for retained pay has consistently been underspent by an average of £350,000 per annum. Reducing the budget provision for retained staff would not affect the Authority's ability to discharge its duties under the Fire and Rescue Services Act 2004 because it would not change the current levels of service. Members may wish to review this area of expenditure as it may be possible to find the bulk of the efficiency savings through this route.
- 2.4 The Fire and Rescue Authority's first IRMP was cost neutral but did highlight areas of efficiency savings which were redirected to other areas of the service.
- 2.5 The second year IRMP, at present out for consultation, includes a number of reviews and reports to be considered during 2005-2006. At this point, the outcome is unknown but there may be efficiencies identified which members could consider.
- 2.6 Under Section 19 of the Fire and Rescue Services Act 2004, the National Assembly for Wales must soon consult on what should be included in the first Order detailing the power the fire and rescue authority will have in relation to charging for services. Dependent on the provisions of that Order, there may be scope to increase income for special services.

3. **RECOMMENDATION**

- 3.1 That, given the information contained in this report, Members discuss and agree the key areas of the fire and rescue service budget in which they wish to see efficiency savings made for the year 2005-2006.