



AGENDA ITEM: 6

NORTH WALES FIRE AND RESCUE AUTHORITY EXECUTIVE PANEL

25th July 2007

BUDGET PROSPECTS FOR 2008/09

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

Purpose of Report

- 1.** This paper is an early opportunity to set out known budget pressures for 2008/09 and beyond. It is not possible for all of these pressures to be quantified at this stage, but where possible these have been included to produce an indicative budget for next year.

Background

- 2.** Members have expressed a wish to be involved in the preparation of the Fire and Rescue Authority's budget at an earlier stage than has been the normal practice. In order to assist the process this paper lists those funding pressures facing the Service next year. It summarises what is causing those pressures and indicates to what extent they are discretionary.
- 3.** The starting point is the 2007/08 budget. The capital budget of £5.5 million, which includes £1.5 million for Rhyl First, is mainly funded through prudential borrowing. For every £1million raised through borrowing the cost is £60,000p.a. from the revenue budget.



Background *(continued)*

4. The revenue budget for 2007/08 is £29.5 million. Members will recall that this was a stand still budget which met the annual pay awards (2.4% for operational employees) but did not allow for any inflation on supplies and services. It did not allow for any growth items and did not include any funding for the employer's contribution to the New Pension scheme for those staff employed on the retained duty system (RDS).
5. If only the known costs, listed below, were part of the 2008/09 budget there would be a need for a revenue budget of £32 million which would be an increase of 8.5%. This has to be considered in light of a RSG settlement which could possibly be in the range of 2% to 3%. It is likely that councils would not support any significant growth that could impact on council tax levels or other Services in an election year.
6. The Authority has always fully supported the need to limit public spending and to make efficiency savings in line with the expectations of WAG. The Authority is currently consulting on proposals as part of the RRP action plan. Although these proposals will generate efficiencies for reinvestment, these will only become available in 2009/2010 at the earliest.
7. In the meantime the Service needs to meet the following financial pressures in 2008/09

Pressure	Description	Driver	Cost 08/09 £'000
Pay awards	No pay formula has been determined for employees on grey book conditions. The pay award for July 07 is 2.4%. We have assumed 3% for 08/09. Pay award for support staff for 07 still unknown.	National Pay award	875



Background *(continued)*

Pressure	Description	Driver	Cost 08/09 £'000
RDS pension scheme	Currently average employer's cost based upon 14.2% of pensionable pay is equal to £1230 each. Assumption used that 50% of 581 RDS employees will join the scheme.	National agreement Current membership 120	357 (148)
Ill health pensions	Under the new pension arrangements this cost is to be phased in over 3 years. This is year 2.	National agreement	333
Local Government pension scheme.	Increase in employer's contribution to the local government pension scheme due to revaluation.		50
Firelink	National replacement radio scheme.	Part of a bid to WAG	?
Resilience work to Control rooms	As advised to WAG by the Howard Martin report	Part of a bid to WAG	?
New Dimensions/ Long Term Capability	In England the responsibility for ND assets have been transferred to individual Fire & Rescue Authorities. WAG are yet to make an announcement.	National policy	?



Background *(continued)*

Pressure	Description	Driver	Cost 08/0 9 £'00 0
Increase in Community Safety work	To introduce the business systems and fund the staff and equipment needed to deliver 30,000 home safety checks a year	Risk Reduction Plan and recommendation from Chief Officer's Task Group	750
Premises costs	£10,000 per year for Legionella control programme £10,000 annual charge for Asbestos Removal	To meet legislative requirements	20
Integrated Clothing project (ICP)	National contract for a fully managed personal protective equipment (PPE) Costs are currently unknown	The current PPE is now 7 years old and is likely to reach the end of its life cycle in the medium term.	?
Legal Costs	Existing budget is insufficient to meet demands.	Increased need for legal advice regarding HR issues to meet the modernising agenda	50



8. Recommendation

That members:

- 8.1** note the cost pressures listed above, and the consequential impact on the provisional budget. As mentioned in paragraph 5.
- 8.2** indicate what further information they require for the next stage in the budget setting process.