



AGENDA ITEM: 6

NORTH WALES FIRE AND RESCUE AUTHORITY EXECUTIVE PANEL

15th November 2010

BUDGET OPTIONS 2011/12

Report by Dawn Docx, Deputy Chief Fire Officer

Purpose of Report

- 1 This report:
 - (i) updates Members of the current situation in respect of the 2011/12 budget; and
 - (ii) reports back to the Executive Panel on the meeting of the Panel's Budget Development Working Group which met on Friday 8th October 2010.

Background

- 2 Members will be aware that following the UK Government's announcement of its Spending Review on 20th October 2010, the Welsh Assembly Government is now in a position to finalise its own draft budget, to be published on 17th November 2010, with the final budget presented to the National Assembly for Wales in early February 2011.
- 3 The Welsh Assembly Government is set to see a 7.5% real terms reduction in its revenue budget (£1.8bn) and another 41% reduction in capital funds over the next 4 years. Although, at the lower end of predictions, it has been hit harder than its counterparts in Scotland and Northern Ireland. They face comparable reductions of 6.8% and 6.9% respectively in revenue and 38% and 37% in capital.

Information

- 4 Following on from the decisions made at the Budget Development Working Group in September, officers prepared proposals and presented them to the Working Group on 8th October 2010, giving Members options from across all areas of the Service on how they can reduce the Service's budget over the next three years.
- 5 All options were presented to Members with details of how it would impact the Service, the potential risks to the wider community and to the Fire Authority itself. It also set out the timeframe in which each saving could be achieved and amounts involved. Any links between options were also highlighted, which meant that they could not be looked at in isolation as they had an impact on other options presented.
- 6 Given the words of caution by the Treasurer following the meeting in September, officers highlighted to Members what each percentage reduction meant in cash terms set against a revenue budget of £32 million. This also had to take into account the inflationary element of about £0.5 million needed to simply provide a standstill budget. A percentage cut of 3% would actually be a 5% reduction, which is the equivalent of £1.5 million. To put this into context this is the cost of nine retained duty system stations. At present officers are still following previous advice and using the local government working assumptions of 3% year on year cuts for the next three years.
- 7 Officers also highlighted to Members that the support staff should not be cut before the frontline options are considered but should be reduced in proportion to the core service that they provide support for.
- 8 Members of the Working Group reviewed the options presented to them and asked for further details to be provided on each option.
- 9 Officers are currently developing a 'Budget Reduction Options' book for all Members to review prior to the extraordinary Fire Authority on 10th December 2010. This book will include all the options presented to the Budget Development Working Group and a few additional options to consider.

Recommendation

- 10 That Members note the information provided and that the full Budget Reduction Options book will be made available to them for consideration prior to the Extraordinary Budget Meeting in December.