



AGENDA ITEM: 6

NORTH WALES FIRE AND RESCUE AUTHORITY EXECUTIVE PANEL

17th September 2012

BUDGET OPTIONS 2013-14

Report by Dawn Docx, Deputy Chief Fire Officer

Purpose of Report

- 1 To agree the Executive Panel's recommendations to the Fire and Rescue Authority as to the assumptions to be used in the budget setting process for the financial year 2013-14. This work will be undertaken during September and October in order to be able to present a draft budget for approval to the Fire and Rescue Authority in December 2012.

Background

- 2 The drafting of the budget for 2013-14 has to be set in the context of the three year, medium term financial strategy which was agreed by the Fire and Rescue Authority in December 2010. At that time Members made the decision to freeze the annual revenue budget of North Wales Fire and Rescue Authority for three years, until the end of 2013-14. In real cash terms this then required savings of 7.5% to be made in order to fund expected and unavoidable increased costs. These costs included general inflation, in particular the cost of fuel, and the cost of prudential borrowing to meet the obligations of previous capital expenditure decisions. As a result the Authority was required to make savings of £2.4 million over a three year period.

- 3 At the extraordinary meeting of the Authority held on the 10th December 2010 Members directed that these savings were to be taken in the form of different packages of changes across the whole Service. After careful consideration, the Authority resolved that these savings were to be taken out of the budget at an even rate of £800,000 per year.
- 4 As a consequence £800,000 was taken out of the base budget last year, a further £800,000 for this year and another £800,000 is anticipated to be taken out in 2013-14 giving a total reduction of £2.4 million.
- 5 In 2011-12 (Year 1), the Authority achieved the first £800,000 by a proportionate reduction in discretionary spend, community safety activity, support staff costs and the officer cover restructure, which resulted in a reduction of eight officer posts.
- 6 In this year, 2012-13 (Year 2), the Authority is on target to achieve the second £800,000 by a reduction in discretionary spend, community safety activity, support staff costs and rostering wholetime firefighters for duty in a new way, which enables a reduction of 22 firefighter posts.

Information

- 7 In the next financial year, 2013-14 (Year 3), it is anticipated that the base budget will be reduced by another £800,000. This will be done by reducing the budget for community safety by another £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.
- 8 The above assumptions are achievable but Members need to be aware of additional potential budget pressures and risks which could affect next year's budget. Firstly there is the prospect of a pay award being granted in 2012. Should this be agreed with the NJC, the Fire and Rescue Services' National Employers, it is likely to be back dated to July 2012 and even a 1% increase will require additional savings of £108,000 per year to meet these costs.

- 9 In addition, members of the Improvement Plan Working Group have heard the Chief Fire Officer express his concerns that funding from the Welsh Government in the form of direct grants may be reduced or removed in the next financial year. If this becomes more likely it will form the subject of a separate paper to the Authority in order that decisions around the provision of those Services and associated grant funded posts can be made.

Recommendations

- 10 Members are requested to:
- (i) note the financial strategy set in the medium term financial plan;
 - (ii) recommend to the Fire and Rescue Authority that the previously agreed means of achieving those savings be pursued;
 - (iii) note the risks around setting a balanced budget for 2013-14;
 - (iv) receive further information, if those potential risks materialise.