

The report is Not Exempt

The report is for Decision

REPORT TO: FIRE AUTHORITY

MEETING DATE: 04 February 2019

SUBJECT: Report of the Chief Fire Officer and S151 Officer on the budget requirement for the financial year 2019/20
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SUMMARY

In accordance with the Constitution the Fire Authority is required to approve the budget requirement by the 15 th February 2019. This report recommends the Fire Authority to approve the budget requirement for 2019/20 and capital programme for the period to 2022/23.
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RECOMMENDATIONS:

That the Fire Authority approve:

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| <ol style="list-style-type: none"> 1. The Medium-Term Financial Plan at Appendix A. 2. For 2019/20, a net budget of £47,987,670, with £170,000 falling on reserves and £47,817,670 falling on the Constituent Authorities (an increase of 2.48% on the Constituent Authorities) (Appendix A). 3. For 2019/20, the detailed revenue budget attached at Appendix B. 4. The Capital Programme for the period to 2022/23 at Appendix C. 5. That the Fire Authority should acknowledge that the Medium Term Financial Plan is based on the assumption that the Firefighter pension fund employers' contribution increase will be funded in full by Her Majesty Treasury (via the Welsh Government). |
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REPORT APPROVAL

Clerk/Monitoring Officer:	Comments: Approved Date: 28.01.19
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Relevant Director:	Comments: Approved Date: 25.01.19
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Section 151 Officer /Treasurer:	Comments: Approved Date: 28.01.19
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Chief Fire Officer/ Deputy Chief Fire Officer	Comments: Approved Date: 28.01.19
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BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:

Fire Authority 10th December 2018
Fire Authority 17th September 2018
Resource Management Committee 12th November 2018
2018/19 Approved Revenue Budget
Pay settlements
Corporate Plan 2018-2023
Budget Corporate Planning discussions July and August 2018
Provisional Local Government Settlement

Presenting the Report:	Chris Moore, S151 Officer
Report Author(s) and Designation	Sarah Mansbridge, Head of Finance
Date original report written	21/01/2019

Mae'r Adroddiad Heb ei eithrio

Mae'r Adroddiad AR GYFER PENDERFYNIAD

ADRODDIAD I'R: AWDURDOD TÂN

DYDDIAD Y CYFARFOD : 04
Chwefror 2019

TESTUN: CYD-ADRODDIAD Y PRIF SWYDDOG TÂN A'R SWYDDOG A151 AR OFYNION Y GYLLIDEB AR GYFER Y FLWYDDYN ARIANNOL 2019/20

CRYNODEB:

Yn unol â'r Cyfansoddiad, mae'n ofynnol i'r Awdurdod Tân gymeradwyo'r gofynion y gyllideb erbyn 15 Chwefror 2019. Mae'r adroddiad hwn yn argymhelo i'r Awdurdod Tân ac Achub i gymeradwyo gofyniad yn y gyllideb ar gyfer 2019/20 a rhaglen gyfalaf hyd at 2022-2023.

ARGYMHELLION:

Bod yr Awdurdod Tân yn cymeradwyo:

1. Y Cynllun Ariannol Tymor Canolig yn Atodiad A.
2. Ar gyfer 2019-20, cyllideb net o £47,987,670, gyda £170,000 yn daladwy o'r cronfeydd wrth gefn a £47,817,670 yn daladwy gan yr Awdurdodau Cyfansoddol (cynnydd o 2.48% gan yr Awdurdodau Cyfansoddol) (Atodiad A).
3. Ar gyfer 2019-20, y gyllideb refeniw fanwl sydd ynghlwm wrth Atodiad B.
4. Y Rhaglen Gyfalaf ar gyfer y cyfnod hyd at 2022-23 yn Atodiad C.
5. Bod yr Awdurdod Tân yn cydnabod bod y Cynllun Ariannol Tymor Canolig yn seiliedig ar y rhagdybiaeth y bydd y cynnydd yng nghyfraniad y cyflogwr i gronfa bensiwn y Diffoddwyr Tân yn cael ei ariannu'n llawn gan Drysorlys Ei Mawrhydi (trwy Lywodraeth Cymru).

CYMERADWYO'R ADRODDIAD

Clerc:	Sylwadau: Cymeradwywyd Dyddiad: 28.01.19
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Cyfarwyddwr:	Sylwadau: Cymeradwywyd Dyddiad: 25.01.19
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Cyllid/Trysorydd:	Sylwadau: Cymeradwywyd Dyddiad: 28.01.19
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Prif Swyddog Tân / Dirprwy Brif Swyddog Tân	Sylwadau: Cymeradwywyd Dyddiad: 28.01.19
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PAPURAU CEFNDIR A DDEFNYDDIWYD WRTH BARATOI'R ADRODDIAD HWN:

Yr Awdurdod Tân 10 Rhagfyr 2018

Yr Awdurdod Tân 17 Medi 2018

Y Pwyllgor Rheoli Adnoddau 12 Tachwedd 2018

Cyllideb Refeniw Cymeradwy 2018/19

Setliadau cyflog

Strategaeth Corfforaethol 2018-2023

Datganiad Cyfrifon 2016/17

Trafodaethau Cynllunio Corfforaethol y Gyllideb Gorffennaf ac Awst 2018

Canllawiau CLILC ynghylch rhagolygon ariannol

Yn cyflwyno'r Adroddiad:	Chris Moore, Swyddog A151
Awdur(on) yr Adroddiad a'u Swyddi	Sarah Mansbridge Pennaeth Cyllid
Dyddiad yr ysgrifennwyd yr adroddiad gwreiddiol	21/01/2019

**FIRE AUTHORITY
4TH FEBRUARY 2019**

Report of the Chief Fire Officer and S151 Officer on the budget requirement for the financial year 2019/20

1 Summary

- 1.1 In accordance with the Constitution the Fire Authority is required to approve the budget requirement by the 15th February 2019. This report recommends the Fire Authority to approve the budget requirement for 2019/20 and capital programme for the period to 2022/23.

2 National/Wales Position

- 2.1 All Fire and Rescue Authorities in Wales will be required to approve their revenue and capital budgets in the same timescale.

3 Mid and West Wales Fire and Rescue Service Current Position

- 3.1 This report updates and formalises the position following the resolution at the Fire Authority meeting of 10th December 2018. Members will be familiar with the budget detail; however, reference can be made to the report and minutes of that meeting if required.
- 3.2 Appendix A details the Medium-Term Financial Plan and budget requirement for 2019/20 at £47,987,670.
- 3.3 Appendix B details the proposed detailed budget for 2019/20 (column B) compared to the 2018/19 budget approved by Fire Authority in June 2018 (column A). The Firefighter pension fund employers' contribution is forecast to increase from 18.7% to 28.3% with effect from 1st April 2019. The financial impact of this increase is estimated at £1.88m as shown in columns C and D. The budget assumption for 2019/20 is that the increase will be centrally funded.
- 3.4 Appendix C details the revised Capital Programme for 2018/19 and the proposed programme for the period to 2022/23.

4 Proposal

- 4.1 As above.

5 Financial/Procurement Implications

- 5.1 These are laid out in detail within this report and its Appendices. The Revenue budget is summarised in the following table.

Budget Requirement	2018/19 £	Increase £	2019/20 £	Increase %
Net Budget Requirement	46,808,670	1,179,000	47,987,670	2.52
Reserves	(150,000)	(20,000)	(170,000)	
Constituent Authorities	46,658,670	1,159,000	47,817,670	2.48

- 5.2 The £1.88m for the Firefighter pension fund employer contribution is not included in the above table. The planning assumption for the MTFP is that this will be centrally funded.

6 Risk Assessment/Legal Implications

- 6.1 The Authority has a legal duty to set a balanced revenue budget.
- 6.2 The Authority is obliged, in accordance with the requirements of the Combination Scheme Order 1995, to submit an estimate of its net expenses for the following year to its Constituent Unitary Authorities by the 31st December annually, before determining the final budget by 15th February prior to the relevant financial year.
- 6.3 The final settlement was announced by Welsh Government on 19th December 2018 and reported an overall increase in the settlements across all of Wales of 0.2%. The percentage changes to funding from the Welsh Government across the six constituent authorities are:

Authority	2018/19	2019/20
Powys	-1.00	-0.30
Ceredigion	-0.30	0.30
Pembrokeshire	-0.40	0.20
Carmarthenshire	-0.50	0.00
Swansea	-0.10	0.50
Neath Port Talbot	-0.40	0.70

- 6.4 The pay settlement for Grey Book staff has been agreed to be uplifted by 2.0% with effect from 1st July 2018 while negotiations continue to take place on a potentially longer-term deal. The budget is based on a 2% pay award assumption for the whole of 2018/19 and 2019/20. Any increases over 2% will need to be considered as unplanned pressures.
- 6.5 The Firefighter pension fund employers' contribution is forecast to increase from 18.7% to 28.3% with effect from 1st April 2019. The increase for a fully resourced establishment is estimated at £1.88m for MAWWFRS. It is anticipated that the increase in 2019/20 will be met by Her Majesty's Treasury via Welsh Government although no confirmation has been received as yet and a verbal update will be provided during the meeting.

7 Equality and Diversity Including Welsh Language

- 7.1 Considered not relevant.

8 Human Resource and People Development

- 8.1 Failure to agree the recommended budget settlement may have adverse implications for Training, Crewing and Staffing.

9 Information and Communications Technology (ICT)

- 9.1 Considered not relevant.

10 Estates

- 10.1 Considered not relevant.

11 Service Delivery

- 11.1 A 2.52% increase in budget will maintain service delivery.
- 11.2 Any shortfall in funding could potentially impact on service delivery.

12 Fire Authority Governance

- 12.1 The Authority is obliged, in accordance with the requirements of the Combination Scheme Order, to submit an estimate of its net expenses for the following year to its constituent Unitary Authorities by the 31st December annually, before determining the final budget by 15th February prior to the relevant financial year.
- 12.2 Members are reminded that it is the responsibility of the Constituent Authorities, through the Fire and Rescue Services Act 2004 and the powers contained within the Combination Scheme Order, to discharge their duties to maintain an effective Fire and Rescue Service in their areas through the Combined Fire and Rescue Authority.

13 Consultation & Communication

- 13.1 The budget proposals and implications have been discussed at two Corporate Planning days held with members.
- 13.2 Details of the budget discussions were communicated to officers across the Service in the Chief Officer's memorandum no. 08/2018.
- 13.3 The budget requirement indication was approved by Fire Authority on 17th September 2018 and 10th December 2018.
- 13.4 The Chief Fire Officer met with Treasurers and/or their representatives from the 6 Constituent Authorities on 18th October 2018 to outline the importance of the service provision, and to highlight the value for money currently being obtained.
- 13.5 Letters have gone out to the Constituent Authorities following the December Fire Authority meeting in accordance with regulatory requirement of the Combination Scheme Order 1995. To date there has been no response from the Constituent Authorities.

14 Evaluation

- 14.1 The approved revenue budget and capital programme will be used to monitor actual financial performance for 2019/20.

15 Well-being of Future Generations (Wales) Act 2015

- 15.1 The revenue budget and capital programme have been set taking into account the Act's sustainable development principle and the five ways of working (Long-term, Integration, Involvement, Collaboration and Prevention).

16 Data Protection and Privacy Issues

- 16.1 The report does not involve any personal data. There are no General Data Protection Regulation (GDPR) or Data Privacy issues to report.

17 Recommendations

That the Fire Authority approve the following:

1. The Medium Term Financial Plan at Appendix A.
2. For 2019/20, a net budget of £47,987,670, with £170,000 falling on reserves and £47,817,670 falling on the Constituent Authorities (an increase of 2.48% on the Constituent Authorities) (Appendix A).
3. For 2019/20, the detailed revenue budget attached at Appendix B.
4. The Capital Programme for the period to 2022/23 at Appendix C.
5. That the Fire Authority should acknowledge that the Medium-Term Financial Plan is based on the assumption that the Firefighter pension fund employers' contribution increase will be funded in full by Her Majesty Treasury (via the Welsh Government).

Appendix A

Mid & West Wales Fire and Rescue Authority					
Budget Requirement 2019/20 and Medium-Term Financial Plan					
Budget Assumptions	2018/19 Budget £	2019/20 Budget £	2020/21 Indicative £	2021/22 Indicative £	2022/23 Indicative £
Budget Brought Forward	45,585,840	46,808,670	47,987,670	48,864,130	49,757,790
Total Budget	45,585,840	46,808,670	47,987,670	48,864,130	49,757,790
Pay Award 2%					
Whole Time Firefighters	411,783	398,680	410,050	418,250	426,620
Retained Fire-Fighters	112,325	139,680	142,480	145,330	148,230
Control	23,065	25,060	25,570	26,080	26,600
APT&C	104,038	112,940	115,200	117,500	119,850
Manual (2018/19 included Mechanics)	19,151	6,280	6,400	6,530	6,660
Inflation					
General Inflation on non- salary	156,468	161,360	176,760	179,970	183,220
Total inflation increase	826,830	844,000	876,460	893,660	911,180
Budget Pressures	836,000	335,000	0	0	0
Total Budget Requirement	47,248,670	47,987,670	48,864,130	49,757,790	50,668,970
Efficiencies	-440,000	0	0	0	0
Net Budget Requirement	46,808,670	47,987,670	48,864,130	49,757,790	50,668,970
Funded By					
Constituent Authorities Required	46,658,670	47,817,670	48,864,130	49,757,790	50,668,970
Reserves	150,000	170,000	0	0	0
BUDGET	46,808,670	47,987,670	48,864,130	49,757,790	50,668,970
Total Budget Increase	1,222,830	1,179,000	876,460	893,660	911,180
Percentage Increase Budget Requirement (inc Growth)	2.7%	2.52%	1.8%	1.8%	1.8%
Percentage Increase on Constituent Authorities (inc Growth)	2.7%	2.48%	2.19%	1.8%	1.8%

DETAILED REVENUE BUDGET 2019/20

	Column A	Column B	Column C	Column D
Mid & West Wales Fire and Rescue Authority Detailed Revenue Budget	2018/19 Approved Realigned Budget £	2019/20 Budget excl Pension Increase £	2019/20 Budget incl Pension Increase £	Pension Increase £
Operational				
Employees - Whole Time	19,933,923	19,948,300	21,345,000	1,396,700
Employees - On Call	6,984,145	7,192,300	7,675,000	482,700
Employees - Other Costs	603,060	588,000	588,000	0
Premises	2,221,040	2,308,000	2,308,000	0
Transport	1,836,525	1,991,000	1,991,000	0
Insurance	695,349	709,300	709,300	0
Supplies & Services	3,532,950	3,834,000	3,834,000	0
Gross Operational Costs	35,806,992	36,570,900	38,450,300	1,879,400
Contribution to Operational Costs / Fees & Charges	-1,028,231	-712,130	-712,130	0
Net Operational Costs	34,778,761	35,858,770	37,738,170	1,879,400
Non Operational				
Control	1,253,197	1,298,600	1,298,600	
Support	5,646,990	5,839,700	5,839,700	
Manual	313,899	319,900	319,900	
Elected Members	57,800	57,800	57,800	
Central Support	256,420	291,400	291,400	
Pensions	726,053	624,500	624,500	
Net Non Operational Costs	8,254,359	8,431,900	8,431,900	
Capital Financing & Leasing	3,775,550	3,697,000	3,697,000	
Total Authority Expenditure	46,808,670	47,987,670	49,867,070	
Contributions from Constituent Authorities	-46,658,670	-47,817,670	-47,817,670	
Transfer To/From Reserves	-150,000	-170,000	-170,000	
Pension Funding	0	0	-1,879,400	
Total Funding	-46,808,670	-47,987,670	-49,867,070	

CAPITAL PROGRAMME FOR THE PERIOD TO 2022/23

Project Description	Original 2018/19 £	Revised 2018/19 £	Estimate 2019/20 £	Indicative 2020/21 £	Indicative 2021/22 £	Indicative 2022/23 £
Land & Buildings						
Minor Works / Steady State Maintenance	864,000	881,000	955,000	465,000	426,000	463,000
Property Upgrades & Developments:						
Northern Area Development	1,600,000	500,000	1,100,000			
Machynlleth Collaboration Project	600,000	0	725,000			
Haverfordwest Upgrade			300,000			
Earlswood Development			500,000	1,500,000		
Collaboration projects in Powys				950,000	1,300,000	
Total Land & Buildings	3,064,000	1,381,000	3,580,000	2,915,000	1,726,000	463,000
Infrastructure						
Hydrant Installations	35,000	35,000	35,000	35,000	35,000	35,000
Total Infrastructure	35,000	35,000	35,000	35,000	35,000	35,000
Vehicles						
Vehicles Replacement Programme	3,155,000	1,944,069	5,744,000	7,094,000	4,539,000	5,723,000
ICT Equipment						
Fleet Management Software		81,000				
ICT Hardware & Software	392,100	399,261	1,130,000	1,000,000	500,000	100,000
Firewatch & Transformation		81,600	75,000			
Operational Equipment						
Technical Equipment	1,185,500	1,207,603	439,000	28,000	28,000	34,000
Multifunction PPE		257,458				
Structural PPE			1,900,000			
Lightweight Fire Boots			240,000			
Operational Helmets				200,000		
BA Sets / Cylinders						250,000
Occupational Health Equipment		34,096				
Total Vehicles and Equipment	4,732,600	4,005,087	9,528,000	8,322,000	5,067,000	6,107,000
Total Capital Expenditure	7,831,600	5,421,087	13,143,000	11,272,000	6,828,000	6,605,000
To be Financed by Loan	7,831,600	5,280,837	11,957,250	11,011,250	6,267,250	6,544,250
To be Financed by Capital Receipts	0	0	125,000	200,000	500,000	0
To be Financed by Reserves	0	0	1,000,000	0	0	0
To be Financed by Contributions	0	84,140	60,750	60,750	60,750	60,750
To be Financed by Grants	0	56,110	0	0	0	0
Total Financing	7,831,600	5,421,087	13,143,000	11,272,000	6,828,000	6,605,000