

**AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN
CYMRU**



MID AND WEST WALES FIRE AND RESCUE AUTHORITY

**CYFARFOD O'R PWYLLGOR ADNODDAU
MEETING OF THE RESOURCES COMMITTEE**

DYDD LLUN, 13 TACHWEDD 2006

MONDAY, 13 NOVEMBER 2006

***PENCADLYS Y GWASANAETH TÂN
HEOL LLWYN PISGWYDD, CAERFYRDDIN
FIRE SERVICE HEADQUARTERS,
LIME GROVE AVENUE, CARMARTHEN***

PRESENOLDEB/ATTENDANCE

Presennol yn y Cyfarfod/Present at Meeting:

IS-GADEIRYDD/VICE CHAIRMAN: J J J Davies

AELODAU/MEMBERS: Cyng/Cllrs: J Allen-Mirehouse,
Mrs J Dudley, C Morgan, G Phillips
D C Prothero, G Seabourne,
Mrs M Smith, T Theophilus, C Waller

YMDDIHEURIADAU/APOLOGIES: Cyng/Cllrs: T E Evans,
Mrs T Devichand, J D A Thompson

YN BRESENNOL /IN ATTENDANCE: Cyng/Cllr: B J Hall

1. PERSONAL MATTERS

The Vice Chair reported the recent passing of Mr A Howell's Mother and Members stood as a mark of respect

2. DECLARATION BY MEMBERS OF ANY PERSONAL INTERESTS

None were declared

3. TO CONFIRM AS A CORRECT RECORD THE MINUTES OF THE RESOURCES COMMITTEE HELD ON 24TH JULY 2006 AND TO CONSIDER ANY MATTERS ARISING THEREFROM

The minutes of the meeting held on 24th July 2006 were received and confirmed as a true record

4. TO RECEIVE THE TREASURER'S BUDGET MONITORING REPORT FOR THE FINANCIAL YEAR 2006/07

Revenue monitoring report for the period 1st April to 30th September 2006

The Treasurer presented the revenue monitoring report which compared expenditure to date with the 2006/07 Approved Budget, profiled for 6 months. The expenditure to date included actual expenditure recorded on the financial ledger and known commitments.

Members noted that on this basis, a current underspend of £366k (0.9% of budget) and excess pensions expenditure to date of £172k combined to give the net under spend of £194k shown by the report. The final deficit against budget on firefighters' pensions would be funded by a transfer from the Elective Pensioners Provision at the end of the year.

Capital monitoring report for the period 1st April to 30th September 2006

The report on capital monitoring summarised the expenditure and financing of capital projects to date in comparison with the Approved Capital Programme. The Treasurer reported that a number of projects had not yet got underway but that a further update would be available by the end of the financial year.

RESOLUTION

It was RESOLVED that

The Treasurers budget monitoring report be approved

5. TO RECEIVE THE JOINT REPORT OF THE CHIEF FIRE OFFICER AND TREASURER ON THE BUDGET REQUIREMENT FOR THE FINANCIAL YEAR 2007/08

The Chief Fire Officer introduced the indicative budget requirement for 2007/2008 which had been designed to allow the Authority to make progress with the implementation of the Risk Reduction Plan 2007/2010 and had been adopted at the Fire Authority meeting on Monday, 30 October 2006. Mr Mackay made reference to the close link that existed between the Risk Reduction Planning process and the development of the budget requirement and indicated that adherence to the challenging timeframe of the RRP had enabled the Authority to consider the budget requirement in a clear policy context.

Members recalled that the budget requirement for the current year had been impacted upon by the deferral of the implementation of changes to crewing arrangements at two Fire Stations at the request of the Welsh Assembly Government. The Authority had just been notified, however, that the Minister had agreed to grant aid the budget to £150,000 in respect of these deferral arrangements. The Risk Reduction Plan had addressed these issues in the context of the publication of the WAG Service Standards, and changes at Haverfordwest Fire Station could now be implemented. Some resources would be available for reallocation in 2007/2008, although, consistent with the Authority policy regarding compulsory redundancy, full implementation would extend beyond one financial year. The RRP decision to undertake a detailed review of fire cover arrangements in the Upper Swansea and Amman Valleys would mean that any financial implications would not impact until 2008/2009.

Consistent with the policy approach of the Risk Reduction Plan, the 2007/2008 indicative budget requirement provided the resources for the implementation of the highest priority elements of the plan in Year 1. Savings accruing in Years 2 and 3 (2008/2009/2010) would allow other elements of the plan to be implemented.

A significant element of the Risk Reduction Plan was the review of the employment and reward arrangements for firefighters working the Retained Duty System (RDS) and given the importance of the RDS in Mid and West Wales, this review had a high priority. It was expected that there would be significant costs flowing from the results of this review although it would not be possible to quantify these costs at present.

Mr Mackay referred to certain unavoidable spends that were not directly related to the RRP process. One of the most significant was the replacement radio scheme known as Firelink. The Welsh Assembly Government had decided to adopt Firelink as the radio communications solution for Fire and Rescue Services in Wales. This was consistent with the approach being followed in England. Although the Government was committed to funding the capital element of Firelink, there would be significant revenue implications for which the Authority would be responsible. An indicative sum for this had been included in

the budget.

The Treasurer reminded Members that the mechanism for funding the Fire-fighters pension scheme was changing on 1st April 2007. This would mean that the Fire and Rescue Authorities would no longer be responsible for funding the majority of the existing Fire-fighters pension costs. The only exception to this would be the funding of ill health retirement costs which would continue to be budgeted for from the Authority's revenue account. In addition however the Authority would have to make provision for an employer's contribution rate of 21.3% for those employees who were part of the pension scheme prior to April 2006 and 11 % for those who were part of the new pension scheme. These would also be charged to the revenue account.

Although the Fire Authorities would still be responsible for paying all other existing pensions costs, the net deficit falling on the Authority would be funded by the Treasury through the Assembly Government. The intention was that in future the budget risks associated with the volatility of the pension provision would be transferred to Central Government. Members would therefore expect to see an overall decrease in the net budget requirement from 2006/07 to 2007/08. The Treasurer reported that discussions with WAG were ongoing in relation to the precise level of associated SSA reduction applied to the constituent authorities. However it was noted that this decision would have no affect on the Fire Authority's budget requirement and was a matter between the unitary authorities and WAG.

The Treasurer reported that there were indications from the Assembly that the intention was not only to take the SSA associated with the 2006/07 budgeted net pension provision, but to take a further figure sufficient to pay for the likely 2007/08 net pension provision. This figure had been calculated as £5 million more. Officers from this authority had been very active in discussions with both the Assembly and WLGA, attempting to influence the final decision. It was essential that this was agreed before the final settlement which would be announced on 14th December 2006. Ideally it would also be clear before the full meeting of the Authority on 4th December 2006 as this would set the budget requirement to go out for consultation with the Constituent Authorities.

It was further noted that from April 2006, retained employees were eligible to enter the New Fire-fighters Pension Scheme (NFPS). For employees who entered the scheme, the Fire Authority would have to pay employers contributions at a rate of 11 % plus ill health payments. The Treasurer would enter into discussions with the Constituent Authorities regarding the potential for using the Elective Pensions Provision to cover these costs until the budget requirement for this liability could be levelled out.

The Provisional Settlement had, on a like for like basis and on average, given the Welsh Unitary Authorities an unhypothecated increase of 4.3% over 2006/07. The proposed Mid and West Wales Fire and Rescue Authority budget requirement, on a like for like basis, was an increase of 4.21%. Whilst this year the Authority's officers had played a full part in the Assembly /WLGA budget

negotiating process, laying out a requirement of an additional £3 million for budget pressures on FRS's across Wales, no further SSA had been allocated by the Assembly on behalf of FRS's in the Provisional Settlement.

Using these factors to produce a validated budget for 2007/08 gave rise to an increase of 3.45% over the 2006/07 budget requirement.

It was noted that the validated budget at 3.45% increase was the full years cost in 2007/08 of decisions already made by the Authority and there were a number of additional costs which would bring the like for like budget increase to 4.21%. These included the RRP first year priorities, further revenue pressures which included the requirements of the Lifting Operations and Lifting Equipment Regulations, IT requirements, including Firelink and Broadband, and HR requirements, including the appointment of an Equalities Officer and resources for a Joint Recruitment Campaign. Also additional capital financing charges emanating from the Capital Programme and requirements which could result from a review being undertaken of the Control Service.

Councillor D Prothero commended the Treasurer and the Director of Finance for their comprehensive budget report and for the hard work that had been put into it. Members were informed that once the Budget had been approved, then it would form the basis of a consultation meeting with the Directors of Finance from the Unitary Authorities next week.

RESOLUTION

It was RESOLVED that

- i) the net budget requirement at £41,339,559 (- 1.3%) for 2007/08 be approved as a basis for consultation with the Constituent Authorities in line with the assumptions within the report.***
- ii) the Capital Programme be approved as a basis for consultation with the Constituent Authorities, leading to the capital financing charges.***
- iii) Members note the intention to continue to replace and upgrade vehicles in line with the programme agreed last year.***