

Report to	<b>Audit Committee</b>	
Date	<b>4 June 2018</b>	
Lead Officer	<b>Shân Morris, Assistant Chief Officer (Corporate Policy and Planning)</b>	
Contact Officer	<b>Shân Morris (01745 535286)</b>	
Subject	<b>Improvement and Well-being Plan 2019/20</b>	

## PURPOSE OF REPORT

- 1 To summarise the progress being made through the Authority's Planning Working Group and Executive Panel towards developing the Authority's Improvement and Well-being Plan 2019/20.

## EXECUTIVE SUMMARY

- 2 With an estimated shortfall of almost £2million in the Authority's budget next year, the Planning Working Group meetings earlier this year focused on understanding the FRA's options for ensuring a balanced budget and the impact of its financial strategy on the provision of emergency response, prevention and protection services in the area.
- 3 The results of this preparatory work were formally considered by the Executive Panel at its meeting on 14 May 2018, and a decision taken to recommend to the full Authority meeting in June that there is a period of public consultation over the summer to help members determine the Authority's financial strategy in terms of: increasing the amount contributed by local authorities; reducing the Authority's running costs; or a combination of both.

## RECOMMENDATION

- 4 That Members note the contents of this report in preparation for the full Authority meeting on 18 June 2018.

## BACKGROUND

- 5 In December 2017 North Wales Fire and Rescue Authority (the FRA) agreed that a Planning Working Group comprising all members of its Executive Panel would undertake the detailed work associated with developing the FRA's improvement and well-being objectives for 2019/20.
- 6 In order to have a Plan in place by April 2019 the Authority will need to have consulted the public on its intended strategy over the summer and set its draft budget for next year by December 2018. The draft 2019/20 Plan can then be compiled for final approval by the FRA in March 2019.

- 7 Welsh FRAs must ensure that they can raise enough money every year to meet their costs for providing fire and rescue services in their area. The primary source of the FRAs' revenue budgets is the financial contributions made by each local authority in its area.
- 8 Over recent years of financial austerity in the public sector, North Wales FRA has kept contributions from local authorities down by reducing its own running costs and using up its own financial reserves. The cumulative effect is that the FRA now faces an estimated shortfall of £1,898,000 in its budget in 2019/20 which it must address before the start of that year.

## **OBSERVATIONS FROM THE EXECUTIVE PANEL**

- 9 The Chief Fire Officer presented a report on behalf of the Group to the Executive Panel on 14 May 2018 that summarised the progress of the Planning Working Group and sought a formal recommendation from the Executive Panel to the Authority on its approach to its longer term financial sustainability. This report is available at <http://www.nwales-fireservice.org.uk/media/338162/7-improvement-plan-2019-20.pdf>
- 10 The Executive Panel was reminded that some members of the Planning Working Group's preference was for meeting the estimated shortfall through an increase in contributions and some reductions in the fire and rescue service's running costs. Others considered that increasing the contributions to meet the total shortfall of £1,898,000 would be an acceptable proposal.
- 11 Members were reminded too that it could take a long time to implement changes and so savings might not be realised immediately after a decision was taken to close fire stations and/or remove fire appliances, not least because of the time needed to implement redundancies of firefighters. The Treasurer's advice had been that in those circumstances reserves might need to be used for the specific purpose of bridging the shortfall in the intervening period.
- 12 The Planning Working Group also recognised that the task of estimating the cost of providing fire and rescue services in forthcoming years continues to be complicated by known future cost pressures for which there is no way of determining the actual cost. For example, the implications of the pension revaluation and the cost of the Emergency Services Network (ESN) – the national project to introduce the new communication system used by the three emergency services and other public safety users in the UK.

- 13 Following discussion, the Executive Panel resolved to recommend to the Authority at its meeting on 18 June 2018 that its public consultation over the summer should centre on its strategic approach to addressing the anticipated shortfall of either:
- a) increasing the combined total contribution from the local authorities by an estimated £1,898,000 in 2019/20 and so retaining current levels of fire and rescue services in North Wales; OR
  - b) increasing the combined total contribution from the local authorities by slightly less than £1,898,000 and so retaining the main fire and rescue services in North Wales but requiring some savings to be made.
- 14 The consultation response would then feed into the Authority's budget setting in December 2018 and the development of its 2019/20 Plan by March 2019.
- 15 The Executive Panel decided not to recommend consulting on a significantly lower increase in the combined total contribution from the local authorities because of the very substantial reductions that this would cause in the provision of fire and rescue services.

## IMPLICATIONS

Well-being Objectives	Direct implication for agreeing the steps towards the Authority's long-term well-being objectives.
Budget	There is a clear relationship between the Authority's plans for 2019/20 and the level of financial resources available. The draft budget for 2019/20 must be agreed in December 2018 and confirmed by mid-February 2019.
Legal	Supports compliance with improvement planning and well-being legislation.
Staffing	Impact on staffing levels will depend on the eventual decision of the FRA, but no direct implications identified from this report.
Equalities/Human Rights/Welsh Language	The impact on these aspects will be fully assessed according to the eventual decision of the FRA, but no direct implications identified from this report.
Risks	Potential risks were considered in the body of the report to the Executive Panel in May 2018 but further assessment will be needed as part of the final decision-making process by the Authority.