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| Report to       | <b>North Wales Fire and Rescue Authority</b>         |  |
| Date            | <b>28 April 2025</b>                                 |   |
| Lead Officer    | <b>Helen MacArthur, Assistant Chief Fire Officer</b> |   |
| Contact Officer | <b>Elgan Roberts Head of Finance and Procurement</b> |   |
| Subject         | <b>Budget Confirmation for 2025/26</b>               |   |

## PURPOSE OF REPORT

- 1 The purpose of this report is to update Members of the North Wales Fire and Rescue Authority (the Authority) of the final revenue and capital budget for the financial year 2025/26.

## EXECUTIVE SUMMARY

- 2 The Authority confirmed the budget of £52.389 million for the financial year 2025/26 at its meeting on 20 January 2025, including the utilisation of £0.601m of reserves. At that time there was outstanding uncertainty in relation to the costs associated with the emergency service network due to a national legal challenge and a planning risk of £0.5m was noted. This matter has now been concluded and the planning assumption remains valid.
- 3 The revenue budget included capital financing to support the capital programme of £6.103 million funded from borrowing. In addition, expenditure of £2.100 million funded through reserves was approved by the Authority at its meeting of October 2024 to support the training centre project.
- 4 Despite a positive budget outlook, vigilance is needed regarding potential impacts from global supply chain issues, tariffs, and increasing prices.

## OBSERVATIONS FROM OTHER COMMITTEES

- 5 This report has not previously been considered by other committees.

## RECOMMENDATION

- 6 It is recommended that Members:
- i) Approve the final Revenue Budget of £52.389 million;**
  - ii) Approve the utilisation of reserves totalling £0.601 million;**
  - iii) Approve Capital Funding of £6.103 million for the financial year 2025/26;**
  - iv) Approve the utilisation of reserves to cover development costs of approximately £2.100 million for the training centre in the year; and**
  - v) Note the potential impacts from global supply chain issues, tariffs, and increasing prices, which may affect future financial planning.**

## BACKGROUND

- 7 Each year, the Authority is required to set a balanced revenue budget, which must be approved by the full Authority. The indicative financial levy must be communicated to constituent local authorities by 31 December each year, and the final levy confirmed by 15 February before the commencement of the financial year.
- 8 The Chartered Institute of Public Finance and Accountancy (CIPFA) requires organisations to have financial plans that demonstrate how expenditure will be funded over the short and medium term. The Authority's financial sustainability is, therefore, underpinned by knowledge and understanding of key cost drivers and evaluation of risks and uncertainties.
- 9 Following the ECR consultation conducted during 2023/24 and in line with the Authority's decision in December 2023, the budget proposals are based on maintaining the existing service delivery model. The work around proposals to improve rural availability is ongoing and outside the scope of this budget setting paper.
- 10 The process has been overseen by the Budget Scrutiny Working Group (the Group), which was established to provide scrutiny of the budget setting process, including all areas of income and expenditure. With membership from each local authority, the Group has met on five occasions between June and November 2024.

## INFORMATION

- 11 The revenue budget for 2025/26 has been confirmed as £52.389 million. Funding from reserves for non-recurring expenditure totalling £0.601 million was confirmed to reduce the impact on the levy and ensure the financial stability and operational efficiency of the Authority.
- 12 During the budget setting process, it was noted that there was an outstanding risk in relation to the costs associated with the emergency service network. The budget allocated was £0.463 million although it was noted that this could increase by £0.500 million should the national legal challenge fail at appeal. Since that time, the court of appeal found in favour of the emergency services and whilst a small risk remains the outcome confirms the planning assumption.
- 13 It is noted that pay award negotiations for all staff groups have not yet been concluded and this remains an ongoing risk.
- 14 The final revenue budget includes capital financing costs associated with the capital plan of £6.103 million. Of the £6.103 million, £3.275 million has been allocated to business cases approved throughout the budget scrutiny process during 2024/25, as detailed in [Appendix 1](#).
- 15 The remaining capital balance will be allocated to the appropriate departments following approval of their business cases at a Formal Service Leadership Team meeting. This ensures that all projects align with strategic objectives and deliver value for money.
- 16 In addition to the capital programme, in October 2024 the Authority gave approval to develop a viable option for the new training centre. With a focus on affordability and sustainable financing options, the final proposals will be considered by the Authority in October 2026. Interim costs of £2.100 million have been approved and will be funded through reserves. Updates reports on progress are reported separately as a standing item on the Authority agenda.
- 17 While the budget outlook is positive, it is crucial to remain vigilant about potential impacts from global supply chain issues, tariffs, and increasing prices. These factors can lead to increased costs and potential disruptions in service delivery, posing significant challenges to future financial planning.
- 18 Conversely, market volatility may result in lower interest rates, thereby reducing the cost of borrowing. Treasury Management advice is provided by the Authority's professional advisors to ensure that borrowing remains in line with approval limits and at the most advantageous rates.

## IMPLICATIONS

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| Well-being Objectives                  | This report links to the Authority's Improvement and Well-being Objectives. It reports on the financial viability of the Authority.  |
| Budget                                 | The initial planning assessment has indicated a budget requirement of £52m.  |
| Legal                                  | The Authority has a legal duty to set a balanced budget based on realistic planning assumptions.   |
| Staffing                               | 70% of expenditure relates to staff costs and therefore is a material factor when considering future financial stability. The risks identified by the Chief Fire Officer include ongoing pay negotiations as well as the need to recruit further retained duty staff and build corporate resilience. |
| Equalities/Human Rights/Welsh Language | These issues will be factored into budget setting proposals.   |
| Risks                                  | The key risks and uncertainties to the 2025/26 budget have been previously documented with the paper highlighting further risks around global supply chain issues, tariffs, and increasing prices.   |

## Appendix 1 – 2025/26 Capital Plan

| Project Name/Description                       | Department           | Approved Funding       |
|--|----------------------|------------------------|
| Fire Appliance (5 appliances ordered in 24/25) | Fleet                | £1,035,307             |
| Replace steel Training Towers (two)            | Training             | £250,000               |
| Replacement of Firewalls                       | ICT                  | £72,000                |
| Wireless Application Protocol replacement      | ICT                  | £160,000               |
| Mobile Data Terminal replacement               | ICT                  | £330,000               |
| Fireground Radios                              | ICT/TO               | Grant Funded in 24/25  |
| Halmatro Replacement                           | Technical Operations | £65,000                |
| Reroofing Work- Flint & Colwyn Bay             | Facilities           | £180,000               |
| Appliance Bay Doors replacement programme      | Facilities           | £350,000               |
| Electrical rewiring works                      | Facilities           | £165,000               |
| Upgrade works to Rhyl canteen                  | Facilities           | £30,000                |
| Upgrade works Bangor                           | Facilities           | £200,000               |
| Fire Alarm replacement                         | Facilities           | £80,000                |
| Security upgrades                              | Facilities           | £130,000               |
| ECIR Inspections across all stations           | Facilities           | £100,000               |
| Heating and Hot Water Systems                  | Facilities           | £128,000               |
| <b>Allocated funding</b>                       |                      | <b>£3,275,307</b>      |
| <b>Funding to be allocated</b>                 |                      | <b>£2,827,693</b>      |
|  |                      | <b>Indicative Cost</b> |
| Aerial Appliance                               | Fleet                | £750,000               |
| Technical Rescue Unit                          | Fleet                | £600,000               |
| Light Vehicles                                 | Fleet                | £721,693               |
| Light Special Vehicles                         | Fleet                | £163,888               |
| Equipment                                      | Technical Operations | £232,000               |
| Replacement Command Unit at Rhyl               | Fleet                | £75,000                |
| Foam Carrier                                   | Fleet                | £75,000                |
| TRU Replacement plan                           | Technical Operations | £200,000               |
| Ev Blankets                                    | Technical Operations | £45,000                |
| <b>Total</b>                                   |                      | <b>£2,862,581</b>      |
| Shortfall                                      |                      | £34,888                |