

ADDENDUM to Agenda Item 6.ii – 19th December 2022

REVENUE & CAPITAL PROPOSED BUDGET FOR CONSULTATION

1 UPDATED INFORMATION FROM WELSH GOVERNMENT REGARDING GRANT FUNDING FOR FIRE AND RESCUE SERVICES

- 1.1 The Welsh Government's draft budget was published on Tuesday 13th December and the consequent draft Local Government Settlement on 14th December. Local Council funding for in Wales will increase by 7.9% on average for 2023/24.
- 1.2 As a consequence of the budget announcements, the Chair of the Fire Authority has received correspondence from the Deputy Minister for Social Partnership relating to the level of grant aid available in 2023/24. The letter is attached to this addendum.
- 1.3 There are four considerations relevant to the proposed budget for 2023/24 which Members need to be aware of and which affect the proposed budget recommended by the Finance, Audit and Performance Management Committee (FAPM) for consultation.

FireLink Grant

The Fire & Rescue Services in Wales are provided with around £1.6m of funding towards the cost of running the emergency services communications network which facilitates the deployment of crews and appliances to operational incidents together with communication once on scene. The grant to South Wales FRS would have been £632,109. The Deputy Minister states in her letter of 13th December, *"I do not doubt the operational importance of FireLink, but funding frontline equipment is not otherwise a matter for Welsh Government, and I can no longer justify this grant in light of wider pressures"*.

This decision represents a cut in funding which will now fall directly on the Service and hence to our local authority funders. Members should also note that this 100% cut in funding is at odds with FRSs in England where funding is being withdrawn at the rate of 20% per annum ahead of the implementation of the new Emergency Services Network (ESN) project across the UK. The estimated costs of the new ESN project have been rising and this transfer of cost burdens to FRSs represents a significant financial risk into the future.

SCAPE Grant

This £5.9m grant assists with the increased costs of employer's fire service pension contributions. It was implemented several years ago when a technical adjustment made by HM Treasury resulted in higher contributions becoming payable by Welsh Fire & Rescue Services. The

estimated grant payable to South Wales FRS in 2023/24 was £2,946,710. The Deputy Minister has indicated that when the Final Local Government Settlement is released in February 2023, these grant monies will be included in local council funding and therefore will cease to be payable to the Welsh Fire & Rescue Services. If this happens, the Service budget will increase by the value of the lost grant and councils will have to increase their contributions accordingly. This of course should be cost neutral for both the Service and the councils.

Community Safety Grants

As expected, the Deputy Minister has confirmed that other community safety grants are being maintained at their 2022/23 levels. This represents a further significant real terms cut with the level of inflation running as it is. The Service will continue to provide these important projects whilst achieving efficiency savings to maintain activity at current levels wherever possible.

National Resilience

The Deputy Minister has confirmed an increase of £500k in grants to facilitate replacement of vehicles and equipment in 2023/24. These activities are 100% funded so have no impact on the proposed contributions budget.

- 1.4 In order to accommodate these changes within the budget consultation process, two possible budgets are now proposed.

2 CONSULTATION BUDGETS

- 2.1 Contributions budget assuming SCAPE grant **is not** transferred to the Local Government settlement.

Council	23/24 Budget £	Contribution Change £	Contribution Change %
Bridgend	8,241,697	697,665	9.25%
The Vale of Glamorgan	7,521,999	604,119	8.73%
Rhondda,Cynon,Taff	13,482,629	1,098,116	8.87%
Merthyr Tydfil	3,361,198	253,694	8.16%
Caerphilly	10,039,070	752,114	8.10%
Blaenau Gwent	3,823,123	275,451	7.76%
Torfaen	5,230,637	429,996	8.96%
Monmouthshire	5,291,147	420,213	8.63%
Newport	8,937,609	870,108	10.79%
Cardiff	20,499,658	1,723,234	9.18%
Total	86,428,768	7,124,710	8.98%

2.2 Contributions budget assuming that SCAPE grant is transferred to the Local Government Settlement.

Council	23/24 Budget £	Contribution Change £	Contribution Change %
Bridgend	8,522,690	978,658	12.97%
The Vale of Glamorgan	7,778,455	860,575	12.44%
Rhondda, Cynon, Taff	13,942,307	1,557,794	12.58%
Merthyr Tydfil	3,475,795	368,291	11.85%
Caerphilly	10,381,343	1,094,387	11.78%
Blaenau Gwent	3,953,469	405,797	11.44%
Torfaen	5,408,971	608,330	12.67%
Monmouthshire	5,471,544	600,610	12.33%
Newport	9,242,329	1,174,828	14.56%
Cardiff	21,198,575	2,422,151	12.90%
Total	89,375,478	10,071,421	12.70%

3 REVISED RECOMMENDATIONS

- 3.1 That Members note the impact of the Deputy Minister's grant announcements on the draft budget recommended by FAPM Committee
- 3.2 That Members agree these two draft budgets proposals as the basis of consultation.

Hannah Blythyn AS/MS
Y Dirprwy Weinidog Partneriaeth Gymdeithasol
Deputy Minister for Social Partnership



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/HB/3549/22

Cllr Steve Bradwick
Chair
South Wales Fire and Rescue Authority
Forest View Business Park
Llantrisant CF72 8LX

13 December 2022

Dear Steve,

The Welsh Government published its draft budget for 2023-24 earlier today and I would like to set out its implications for the fire-related programmes we fund. These are indicative allocations and subject to the Senedd approving the final budget on 28 February.

The Chancellor's Autumn Statement of 17 November represented a significant real terms cut to the Welsh Government budget over the next 2 years. These cuts, which are further compounded by the cost of living crisis and increased energy bills, mean that I and my colleagues have had to make some difficult decisions in allocating next year's budget. In this portfolio, our main priority is to provide financial support to those most affected by the cost of living crisis. In doing so, however, I have had no option but to cut some of the grant funding we provide to the three Fire and Rescue Authorities with effect from 2023-24.

Consequently, the draft budget proposes that funding which the Welsh Government provides towards the three FRAs' Firelink service fees totalling £1.640 million will cease with effect from April 2023. I do not doubt the operational importance of Firelink, but funding frontline equipment is not otherwise a matter for the Welsh Government, and I can no longer justify this grant in light of wider pressures.

The draft budget includes £5.872 million to meet the increased employers' contributions to firefighters' pension schemes, in light of HM Treasury's decision in 2019 to reduce the SCAPE rate. Until now this has been paid as a direct grant to FRAs. However, I am minded to move this into the Revenue Support Grant prior to the final budget being published on 28 February. The current grant does not directly support any Welsh Government objectives; it

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

is effectively a subsidy to your payroll costs. It will of course be open to you to draw down this funding through the contributions you receive from your constituent local authorities; and if you do so, there will be no net cost to you or to them.

I am pleased to confirm however, that the draft budget proposes that our revenue funding for the FRAs' community safety programmes and for national resilience remains at their current levels; £818,000 and £2 million, respectively. Whilst the capital budget for community safety also remains at its current level of £900,000, I am pleased to confirm that I have been able to allocate an additional £500,000 for national resilience, taking the total to £1.5 million in 2023-24. This will support the major replacement of vehicles and equipment likely to be required next year.

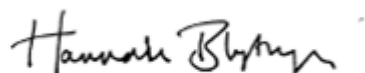
I suggest your officers prepare your business cases for community safety and national resilience based on these indicative allocations, to give me time to consider these proposals ahead of the new financial year. As this funding is in addition to your core resources, any proposals should add value to your core activities and not simply subsidise them. Accordingly, for community safety, I would anticipate that your authority uses these funds for programmes which do more than simply promote fire safety and address other threats to people's safety too. I would also anticipate that your authority proposes programmes which address the risks of climate change and its effect on wildfires.

On national resilience, I would anticipate that you continue to manage revenue and capital budgets to meet both existing and emerging threats. I would also expect all three FRAs to benchmark capabilities and structures against equivalent roles elsewhere in the UK. This is an effective way of ensuring our national resilience capabilities are delivering value for money.

As with the current year, grant funding for community fire safety and national resilience will be subject to further and more specific bids and business cases. My officials will contact yours about the process for developing such proposals, which I will be happy to consider in due course.

I am writing in similar terms to Councillor Elwyn Williams and Councillor Dylan Rees, and copying this letter to CFO Huw Jakeway and to Naomi Alleyne at the WLGA.

Yours sincerely,



Hannah Blythyn AS/MS

Y Dirprwy Weinidog Partneriaeth Gymdeithasol
Deputy Minister for Social Partnership