

Report to	<b>Executive Panel</b>
Date	<b>14 May 2018</b>
Lead Officer	<b>Simon Smith, Chief Fire Officer</b>
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Subject	<b>Improvement and Well-being Plan 2019/20</b>



## PURPOSE OF REPORT

- 1 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 its improvement and well-being objectives for 2019/20.
- 2 This report summarises the progress of the Planning Working Group and seeks a formal recommendation from the Executive Panel to the FRA on the approach that it should consider adopting in relation to its longer term financial sustainability.

## EXECUTIVE SUMMARY

- 3 The FRA has already adopted two long-term well-being objectives (see appendix 1) but its short-term planning for achieving these objectives will inevitably be influenced by decisions affecting how much money is available to fund the delivery of fire and rescue services in North Wales.
- 4 In order to have a Plan in place by April 2019/20 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 will then be compiled for final approval by the FRA in March 2019.
- 5 Best estimates of the FRA's running (revenue) costs indicate an increase from £34,140,000 in 2018/19 to £35,386,000 in 2019/20. This is an increase in costs of £1,246,000. However, the past and current reliance on reserves to avoid increasing contributions from the local authorities means that the difference between the level of contributions in 2018/19 (£33,493,000) and the cost of services in 2019/20 (£35,386,000) is actually £1,893,000. Funding this anticipated shortfall has been the focus of the Planning Working Group's meetings over recent weeks.

- 6 It is for the FRA to decide whether to: a) increase contributions by the total amount (an additional £1,893,000) enabling current levels of services to continue; or b) reduce the FRA's running costs and so reduce the need to increase contributions from the constituent authorities to a lesser amount.
- 7 The impact on the fire and rescue service in terms of, for example, numbers of staff, fire stations and fire appliances as well as the prevention and protection services provided will be directly related to the FRA's funding strategy for 2019/20 onwards.
- 8 Before coming to a firm decision on the future provision of fire and rescue services, however, the FRA must allow time for the public and other stakeholders to have their say.
- 9 The Executive Panel's recommendation to the June FRA meeting should therefore be aimed at assisting the full FRA to determine the focus of this summer's public consultation. The results of the consultation will be considered by the FRA in the autumn and taken into account by members when setting the 2019/20 budget in December 2018 and when preparing the Improvement and Well-being Plan 2019/20 for publication in March 2019.

## **RECOMMENDATIONS**

- 10 That the Executive Panel recommends to the FRA at its June meeting a draft consultation proposal based on options to address the anticipated shortfall in strategic terms 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; OR
  - c) increasing the combined total contribution from the local authorities by significantly less than £1,898,000 and so requiring significant reductions in fire and rescue services in North Wales.
- 11 In the case of c) above, the Executive Panel should indicate its preferred option(s) for how these could be achieved based on the list outlined in paragraph 50, details of which are in appendix 2, and which will also be included in the consultation document.

- 12 That the Executive Panel nominates one member (plus a reserve) to present the report detailing the Executive Panel's recommendation to the FRA at its June meeting.

### **OBSERVATIONS FROM THE EXECUTIVE PANEL/AUDIT COMMITTEE**

- 13 This report has not previously been considered by Members.

### **BACKGROUND**

- 14 The Authority is required to publish annual improvement objectives in accordance with the Local Government Measure 2009. It must also publish long-term well-being objectives in accordance with the Well-being of Future Generations Act 2015 and take all reasonable steps (in exercising its functions) to meet those objectives.
- 15 The FRA is expected to involve other people in the process of determining its future objectives and to consult before making final decisions. A consultation period of 12 weeks is generally considered appropriate in the majority of cases, although this can be varied. There is also an expectation that public consultations will be undertaken according to certain principles (see appendix 3).
- 16 A report to the Executive Panel in February 2018 summarised the proposed timetable for setting and publishing objectives for 2019/20 in accordance with applicable legislation. A revised summary timetable (see appendix 4) details the stages of producing the Authority's Plan for 2019/20 and the associated budget-setting to support its delivery.
- 17 As regards securing funding, the majority of the Authority's revenue income is generated in the form of financial contributions from each of the North Wales local authorities according to the estimated size of its population (see appendix 5).
- 18 The FRA operates on the basis of a balanced budget which broadly means raising enough money for the year to meet its cash expenditure during the year. The size of the FRA's budget will necessarily determine the scale and quality of the fire and rescue services that it is able to provide and the extent of any savings necessary to avoid spending more than it has available.
- 19 Under the terms of the North Wales Fire Services (Combination Scheme) Order 1995 (see appendix 6) the FRA must submit to its constituent authorities an estimate of its net expenses for 2019/20 by 31 December 2018, and then confirm the actual amount before 15 February 2019. If the FRA faced an unexpected shortfall in its revenue budget during the year, the terms of the Combination Order allow for a deficit of this type to be recovered through an in-year supplementary levy on the local authorities.

## **INTRODUCTION**

- 20 During the Planning Working Group meetings members received presentations and information on the FRA's financial situation and considered a range of possible options for continuing to provide affordable fire and rescue services. A summary of the issues considered at the Planning Working Group meetings is provided at appendix 7.
- 21 A list of the possible options for making significant changes to fire and rescue services as considered by the Planning Working Group is provided at appendix 2. The Working Group decided that it wanted the Executive Panel to have the opportunity to accept or reject each option, including the previously considered option of removing a wholetime appliance from Wrexham, if a decision was taken to address the anticipated budget shortfall through a combination of service reductions and increased contributions from local authorities.

## **FINANCIAL SITUATION**

- 22 Welsh FRAs are primarily funded through contributions from local authorities towards the cost of providing fire and rescue services (see appendix 5).
- 23 For most of the last decade North Wales FRA has been seriously affected by the impact of financial austerity in the public sector. Since 2011/12, the FRA has made savings in excess of £3 million from the revenue budget (approximately 10%) and has reduced the Service's workforce by 9%. As reported to the Planning Working Group, changes to the Service have included: reducing staff budgets; restructuring, removing management posts; transferring posts to different terms and conditions; and cancelling/scaling down planned spending. Many of the changes – particularly those made in the first years of austerity – were achieved with little publicly discernible effect on the traditional emergency response services. Eventually, however, changes were introduced (e.g. changing the policy on responding to calls generated by automatic fire alarms and ceasing to respond to animal rescue and rope rescue calls) which were noticed by the public.
- 24 North Wales FRA contributed to the austerity measures by freezing its budget from 2011/12 until 2014/15 and making savings to balance out anticipated cost increases. In 2015/16, there was a small increase in the region of £113k. In 2016/17, rather than increase contributions from the local authorities, the FRA assigned £740,000 of reserves to underpin an anticipated shortfall in its budget in that year.

- 25 During 2016, the FRA decided to replace its original strategy of continuing to freeze its budget with a financial strategy that combined the three elements of: using reserves, increasing financial contributions and making service reductions. This was on the basis that an increasing funding gap and diminishing reserves would not be sustainable as a strategy.
- 26 The Executive Panel's recommendation to the full Authority in June 2016 was that with an anticipated funding gap of £2.26million by 2019/20 and diminishing reserves the FRA should adopt a 3-year financial strategy that would increase contributions by £1.36million, and reduce the running costs of the fire and rescue service by £0.9million.
- 27 It was recognised that reducing running costs by £900,000 would inevitably mean reducing the number of firefighters employed and that this would take time to achieve. With the greatest of reluctance members had concluded that removing the second wholtime fire appliance from Wrexham fire station with the disestablishment of 24 posts would be the "least worst" option for making the savings required, but were satisfied that the anticipated retirement profile over the forthcoming two or three years made this reduction possible without the need for compulsory redundancies of wholtime firefighters. Members at the time had also concluded that this option was a more acceptable proposal than removing fire cover from whole communities by closing 8-10 retained fire stations and imposing compulsory redundancies of retained firefighters.
- 28 This new three-year strategy would see the Authority through from 2017/18 to 2019/20 and although it would mean a significant increase in contributions in 2017/18 (of around £1.36million) this would be followed by two years (2018/19 and 2019/20) with a frozen budget as the service reductions took effect.
- 29 In December 2016, faced with unanticipated additional costs (e.g. the apprenticeship levy) the FRA considered a proposal to increase contributions by £1.7million (+5.3%) for 2017/18, which is £414,000 more than had originally been discussed. The FRA took the decision instead to limit the increase to £1.275million (+4%) and to assign £414,000 of reserves to fund the shortfall in that year. Rather than pursue a frozen budget for 2018/19, the requirement for the remaining £414,000 (equivalent to the remaining 1.3%) could be revisited nearer the time.
- 30 In March 2017, faced with some opposition to the possibility of removing a wholtime fire appliance from Wrexham fire station, the FRA withdrew the option of pursuing this as a way of reducing running costs by £0.9million and left any decision about service reductions to the new FRA after the May 2017 local government elections.

- 31 In December 2017, the new FRA considered the medium term financial strategy 2018-21 and the estimated budget requirement for an additional £978,300 in 2018/19. The Treasurer's report referred to future cost pressures, including the revaluation of firefighters' pension schemes in 2018 and expenditure associated with moving to new national communication systems. The FRA opted to fund the additional requirement through an increase in contributions of £331,600 (1%) and an allocation of the remaining £646,700 from reserves.
- 32 Whilst the use of reserves is a legitimate device for addressing budgetary problems, this source of funding is not replenished annually in the same way as the revenue budget. Consequently, unless running costs are reduced in the following year, that year's budget will necessarily increase by the amount that had been underpinned by reserves.
- 33 The FRA's reserves are now approaching the minimum considered prudent by the Treasurer (the absolute limit being 2% of net revenue budget), limiting the scope to use them as part of a budget setting strategy.
- 34 Approaching 2019/20, therefore, the FRA faces the cumulative effect of past decisions to fund shortfalls through unallocated reserves, of pay increases and general inflation over time and of the decision not to start planning to reduce running costs by £900,000 as had originally been intended for 2018/19.
- 35 It should be noted that there is probably less scope to reduce the workforce through natural wastage now. In 2016/17 seventeen wholetime firefighters left the Service. Although there is no set retirement age, it is anticipated that possibly only six firefighters could retire in 2019/20.
- 36 Best estimates of the FRA's expenses for 2019/20 indicate a total revenue requirement of £35,386,000. If entirely funded through local authority contributions this would mean an increase of £1,893,000. When allocated out to the local authorities the increases would be in the region of £180,360 - £398,160 per authority (average of £315,500).
- 37 Recent estimates showed that for 2018/19 North Wales county councils would contribute between 2.35% and 2.86% of their total budget towards the cost of providing fire and rescue services in the area (an average 2.55%). Contributing a further 0.08% of the county councils' contributions would have generated an additional £1million for that purpose. Increasing the average contribution to 2.71% of the county councils' total budgets would therefore have added over £2million to the FRA's 2018/19 budget.

## INTERNAL EFFECTS OF SAVINGS

- 38 The cash-releasing efficiency savings achieved in recent years (see appendix 8) have had a significant and long lasting impact on the Service. Staff reductions have resulted in greater demands being placed on those that remain, and developments have involved members of the Service spending significant periods of time servicing external requirements, not all of which relate directly to the provision of fire and rescue services. Recent examples include new Welsh Language Standards, the General Data Protection Regulation (GDPR) and the Well-being of Future Generations Act 2015.
- 39 In order to protect emergency response services the burden of releasing many of the savings referred to above has fallen on functions that support those “front line” services. The result has been significant pressure on capacity, not only in so-called “back-office” administration, but also in services providing direct support to the emergency response services and in operational management posts. The Chief Fire Officer has formally advised members that any further reductions in the latter would jeopardise safe systems of work, introducing serious risk to the safety of operational personnel and increasing the legal and reputational risk to the FRA itself.
- 40 Community fire safety and business fire safety functions have similarly been affected despite the FRA’s firm commitment to the prevention agenda. For example, having struggled to achieve the FRA’s target of delivering 30,000 home safety checks per year, the target was eventually reduced to 20,000 in 2015/16.
- 41 In summary, whilst officers can continue to pursue efficiencies in those functions that are not immediately apparent to the public, the reality is that the size of the anticipated budget shortfall in 2019/20 requires more than can be achieved from these sources alone. Funding the shortfall by reducing running costs would therefore have to be part of a wider strategy that included increasing contributions from the local authorities.
- 42 Deferring planned spending (e.g. on repairs and maintenance work) would not reduce the underlying cost of providing fire and rescue services in the area. In the same way as deferring increases in contributions by using reserves, those costs still remain and would require increasing the budget by that amount in future years when the deferred spending came to be applied.
- 43 The FRA’s financial sustainability depends now on securing an increase in the contributions made by the local authorities and/or achieving a permanent reduction in the running costs of the service without having to rely on unallocated reserves as a short-term solution to ensuring a balanced budget.

## RISK/IMPACT ASSESSMENT

- 44 The current resource allocation across the North Wales Fire and Rescue Service area has remained relatively unchanged since the formation of the Service in 1996. There remain the same 44 fire stations as then. Some changes have been made to appliance disposition, most notably a reduction in the number of Aerial Ladder Platforms from 4 to 3 in 2011/12. Similarly, some changes have been made to the type of response made, most notably the change of policy introduced in 2015/16 for responding to calls generated from automatic fire alarms in some types of premises.
- 45 Some observers consider that given the significant reduction in fires over the last decade and more there should be a parallel reduction in the resources required. Others would argue that the fire and rescue service is, essentially, an insurance policy and that, whilst it may not be called to as many fires as in previous eras, the response should be on the same basis as it always was. Yet others refer to the additional complexity of today's fire and rescue services and argue that a comparison based solely on the number of fires attended each year is too narrow.
- 46 Cases are made in support of re-configuring the Service in the same way as local authorities have had to do in order to make cost-savings. This approach does not necessarily read across, however, given the unpredictability of emergency incidents in terms of their precise location, occurrence and severity (so affecting how many resources are required, and for how long).
- 47 Assessing the risk involved in withdrawing resources is complex. Even if a fire station has had very little activity there is always the prospect of an incident occurring which needs a timely and concentrated response. Withdrawing a resource will inevitably increase risk in some way, so any decision to remove resources to meet a budget shortfall must consider whether the risk created by that withdrawal is acceptable and justifiable.
- 48 Similarly, it should not be overlooked that the risk is not confined to the locality where the resource was previously based. North Wales fire appliances do not operate exclusively within the vicinity of their base station. At any time they can be mobilised to any location in North Wales or neighbouring areas, either to attend an incident or to fill a temporary gap in cover. The closure of a fire station or the removal of a fire appliance (i.e. to reduce the number of firefighters employed) would therefore have an impact on the overall level of cover provided in North Wales. In the most serious of circumstances, it could compromise the Service's ability to respond in an acceptable manner.

## SUMMARY OF AVAILABLE OPTIONS

- 49 The Planning Working Group at its meeting of 19 March 2018 decided that it wanted the range of possible options to be considered at the Executive Panel meeting in May 2018 so that each one could be either accepted or rejected. Subject to the FRA's approval, the acceptable options could then be incorporated into the summer's consultation together with the previously considered 'least worst' option which would be to remove an appliance from Wrexham with the budget shortfall being met by an increase in local authorities' contributions.
- 50 In summary, the options related to adopting one or more of the following:
- removing the second wholetime fire appliance from Wrexham;
  - changing the hours of the second wholetime fire appliance in Wrexham to cover daytime hours only, not overnight;
  - changing Deeside and/or Rhyl 24-hour shift stations to day staffing only (reverting to retained cover only at night);
  - changing one or more day crewed stations to retained duty system (RDS) stations;
  - removing day crewing allowances that are currently paid to day crewing firefighters;
  - closing one or more retained fire stations;
  - removing the RDS appliance from one or more of the eight wholetime stations;
  - none of the above, and funding the total additional amount through increased contributions from the local authorities.
- 51 Some members of the Planning Working Group's preference was to recommend to the FRA partly meeting the estimated shortfall through an increase in contributions of around £1million combined with reductions in the fire and rescue service's running costs. Others considered that pursuing the option of increasing contributions to meet the total shortfall of £1.893million would be an acceptable proposal.
- 52 Members were reminded that it would take a number of years to implement changes and so savings would 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 was that in order to bridge the shortfall in the intervening period reserves might need to be used for this specific purpose.

- 53 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 but 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.

## 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 have been considered in the body of the report, but further assessment will be needed as part of the final decision-making process by the FRA.

## APPENDICES

1	North Wales FRA well-being objectives
2	Planning Working Group options report
3	Gunning principles for public consultation
4	Summary timetable for producing the FRA's 2019/20 Plan
5	Recent contributions from local authorities towards the cost of fire and rescue services
6	Extracts from the North Wales Combination Scheme Order 1995
7	Summary of Planning Working Group 2018 meetings
8	Summary of savings and efficiencies already achieved

### **Well-being Objectives**

North Wales Fire and Rescue Authority's long-term well-being objectives are:

- A. To support people to prevent accidental dwelling fires and stay safe if they do occur;
- B. To facilitate high quality, responsive and better integrated fire and rescue services so that prevention activity and emergency response can continue to be available when and where required, affordably, equitably and on the basis of risk.

Various options for addressing the anticipated shortfall were considered by the Planning Working Group. The Group decided that it wanted the Executive Panel to consider each option at its May meeting together with the option of fully funding the shortfall through increased contributions from the local authorities.

**PLANNING WORKING GROUP  
DISCUSSION PAPER 19/03/2018**

**Typical pay costs (used for calculation estimates):**

	Wholetime Duty System (WDS)		Retained Duty System (RDS)*	
	24-hour shift	Day crewing	100% contract	75% contract
Watch Manager B	£48,082			
Watch Manager A	£45,148	£50,717	£6,959	£5,580
Crew Manager	£42,997	£48,459	£6,222	£5,314
Firefighter	£38,782	£44,034	£5,612	£4,793

\*Includes retainer and drill fees, but not incident fees.

**Remove the 2nd WDS fire appliance from Wrexham:**

From:	4 X 1 = 4 WM B	£192,329
Two appliances	4 X 3 = 12 CM	£515,965
	4 X 9 = 36 FF	£1,396,170
		<b>£2,104,464</b>
To:	4 X 1 = 4 WM A	£180,591
One appliance	4 X 2 = 8 CM	£343,977
	4 X 4 = 16 FF	£620,520
		<b>£1,145,088</b>

**Savings:**

WM (reduced pay)	-£11,738
CM (4 fewer employed)	-£171,988
FF (20 fewer employed)	-£775,650
	<b>-£959,376</b>

**Estimated one-off cost of statutory redundancy payments (total):****£127,140 (excluding notice period)****OTHER THINGS TO CONSIDER (EXAMPLES ONLY)****Associated savings:**

Fleet (e.g. cost of maintenance and replacement of 1 fire appliance and on-board equipment).  
 Staff (e.g. personal equipment, training, ICT and employment administration of 24 employees).

**Legal implications:**

Need to ensure fair processes for up to 24 firefighter redundancies (consultation, selection criteria, business grounds for redundancy, alternatives, etc) and for reducing the pay of 4 Watch Managers from B (higher paid) to A (lower paid).  
 Need to ensure sufficient consultation with stakeholders ("Gunning principles").

**Potential for:**

- Industrial action across whole area (not limited to affected station);
- Local campaigning, press and social media interest in the removal;
- Predicted savings not achieved – e.g. only part-year savings achieved while discussions/challenges continue; pay increases negotiated nationally;
- Legal costs associated with defending/implementing proposed changes (e.g. consultation-related and employment-related);
- Increased workloads associated with redundancy and pay reduction processes;
- Increased workloads associated with managing public and media interest;
- Increased workloads associated with adapting mobilising and/or other protocols following the permanent removal of the appliance;
- Increased use of/reliance on the remaining appliances/operational equipment;
- Increased use of/reliance on the remaining crews at Wrexham and/or nearby fire stations (the closest ones are retained stations at Johnstown, Llangollen, Chirk and Buckley);
- Longer attendance times (additional time for RDS crew to arrive at the station);
- Heavier reliance on maintaining full RDS cover in the area (recruitment and retention challenge);
- Reduced Service capacity to undertake future (possibly new) duties/collaboration;
- (Criticism of) under-use of the fire station facility in Wrexham;
- Smaller pool of wholetime firefighters to progress into specialist/management roles.

**Change the hours of the 2nd WDS fire appliance in Wrexham (to daytime only, not overnight):**

From:	4 X 1 = 4 WM B	£192,329
Two appliances on 2:2:4	4 X 3= 12 CM	£515,965
	4 X 9 = 36 FF	£1,396,170
		<b>£2,104,464</b>
To:	4 X 1 = 4 WM A	£180,591
One appliance on 2:2:4 (four shifts)	4 X 2 = 8 CM	£343,977
	4 X 4= 16 FF	£620,520
		<b>£1,145,088</b>
and		
One appliance on 4 on 4 off (two shifts)	2 X 1 = 2 WM A	£90,296
calculated at 24-hour shift pay rates	2 X 2 = 4 CM	£171,988
	2 X 4 = 8 FF	£310,260
		<b>£572,544</b>
		<b>£1,717,632</b>
<b>Savings:</b>		
	WM (on the basis of 2 additional)	+£78,557
	CM (same number required)	£0
	FF (12 fewer employed)	-£465,390
		<b>-£386,833</b>

**Estimated one-off cost of statutory redundancy payments (total):**

**£48,900 (excluding notice period)**

**OTHER THINGS TO CONSIDER (EXAMPLES ONLY)**

**Associated savings:**

Staff (e.g. personal equipment, training, ICT and employment administration of 10 employees).

**Legal implications:**

Need to ensure fair processes for making staff redundant (consultation, selection criteria, business grounds for redundancy, alternatives, etc) and for reducing Watch Manager posts from B (higher paid) to A. New untried “day staffing” contract would have to be negotiated. (Applying day crewing rates instead of the 24-hour shift rates to the day staffed pump would reduce the savings from £386,833 to £311,830).

**Potential for:**

- Industrial action across whole area (not limited to affected station);
- Local campaigning, press and social media interest in the change;
- Predicted savings not achieved – e.g. only part-year savings achieved while discussions/challenges continue; “day staffing” pay rates and allowances higher than assumed; national pay negotiations;
- Legal costs associated with defending/implementing proposed changes (e.g. consultation-related and pay/employment-related);
- Increased workloads associated with redundancy and pay negotiation processes;
- Increased workloads associated with managing public and media interest;
- Increased workloads associated with adapting mobilising and/or other protocols for night-time;
- Increased use of/reliance on the remaining crews at Wrexham and/or nearby fire stations at night (the closest ones are retained stations at Johnstown, Llangollen, Chirk and Buckley);
- Longer attendance times at night (additional time for RDS crew to arrive at the station);
- Heavier reliance on maintaining full RDS cover in the area at night (recruitment and retention challenge);
- Slightly reduced Service capacity to undertake future (possibly new) duties/collaboration;
- Smaller pool of wholetime firefighters to progress into specialist/management roles.

**Change Deeside and/or Rhyl 24-hour shift to day staffing only (to retained cover only at night)**

From:		
	4 X 1 = 4 WM A	£180,591
One appliance, 4 shifts	4 X 2 = 8 CM	£343,977
	4 X 4 = 16 FF	£620,520
		<b>£1,145,088</b>
To:		
	2 X 1 = 2 WM A	£90,296
One appliance, 2 shifts	2 X 2 = 4 CM	£171,988
calculated at 24-hour shift pay rates	2 X 4 = 8 FF	£310,260
		<b>£572,544</b>

**Savings:**

WM (2 fewer employed)	-£90,296
CM (4 fewer employed)	-£171,988
FF (8 fewer employed)	-£310,260
	<b>-£572,544</b>

**Estimated one-off cost of statutory redundancy payments (total) for each station:****£88,509 (excluding notice period)****OTHER THINGS TO CONSIDER (EXAMPLES ONLY)****Associated savings:**

Staff (e.g. personal equipment, training, ICT and employment administration of 14 employees).

**Legal implications:**

Need to ensure fair processes for making staff redundant (consultation, selection criteria, business grounds for redundancy, alternatives, etc).

New untried "day staffing" contract would have to be negotiated. (Applying day crewing rates instead of 24-hour shift rates would reduce the savings from £572,544 to £497,542).

**Potential for:**

- Industrial action across whole area (not limited to affected station);
- Local campaigning, press and social media interest in the change;
- Complaints from firefighters who live far away from the fire station (relocation costs);
- Predicted savings not achieved – e.g. only part-year savings achieved while discussions/challenges continue; "day staffing" pay rates and allowances higher than assumed; national pay negotiations;
- Legal costs associated with defending/implementing proposed changes (e.g. consultation-related and pay/employment-related);
- Increased workloads associated with redundancy and pay negotiation processes;
- Increased workloads associated with managing public and media interest;
- Increased workloads associated with adapting mobilising and/or other protocols for night-time;
- Increased use of/reliance on the retained crews at Deeside and/or nearby fire stations at night (the closest ones are retained stations at Flint, Holywell, Mold and Buckley.);
- Longer attendance times at night (additional time for RDS crew to arrive at the station);
- Heavier reliance on maintaining full RDS cover in the area at night (recruitment and retention challenge);
- Slightly reduced Service capacity to undertake future (possibly new) duties/collaboration;
- Smaller pool of wholetime firefighters to progress into specialist/management roles.

**Change one or more day crewed stations to retained duty system (RDS)**

Day crewed stations are at Holyhead, Caernarfon, Bangor, Llandudno and Colwyn Bay. Each one has a day crewed appliance and a retained appliance. This calculation is based on removing the day crewed appliance and keeping the retained appliance as it is.

From:

	2 X 1 = 2 WM A	£101,435
One day crewed appliance, 2 shifts	2 X 2 = 4 CM	£193,838
Plus RDS appliance (not costed here)	2 X 4 = 8 FF	£352,273
		<b>£647,546</b>

To:

(RDS crew only, employment costs unchanged)

**Savings per day crewed station:**

	WM (2 fewer employed)	-£101,435
<i>Calculation does not take increased RDS</i>	CM (4 fewer employed)	-£193,838
<i>incident fees (paid per incident) into account</i>	FF (8 fewer employed)	-£352,273
		<b>-£647,546</b>

**Estimated one-off cost of statutory redundancy payments (total) for each station:**

**£88,509 (excluding notice period)**

**OTHER THINGS TO CONSIDER (EXAMPLES ONLY)****Associated savings:**

Staff (e.g. personal equipment, training, ICT and employment administration of 14 employees at each station).

**Legal implications:**

Need to ensure fair processes for making staff redundant (consultation, selection criteria, business grounds for redundancy, alternatives, etc).

**Potential for:**

- Industrial action across whole area (not limited to affected station);
- Local campaigning, press and social media interest in the change;
- Predicted savings not achieved – e.g. only part-year savings achieved while discussions/challenges continue, also retained incident fees (paid per incident attended) would increase;
- Legal costs associated with defending/implementing proposed changes (e.g. consultation-related and pay/employment-related);
- Increased workloads associated with redundancy and pay negotiation processes;
- Increased workloads associated with managing public and media interest;
- Increased use of/reliance on the retained crews at the station and/or at nearby fire stations;
- Longer attendance times than previously during day (additional time for RDS crew to arrive at the station);
- Heavier reliance on maintaining full RDS cover in the area during the day (recruitment and retention challenge, potentially more difficult during day when people are in primary employment);
- Reduced Service capacity to undertake future (possibly new) duties/collaboration;
- Smaller pool of wholetime firefighters to progress into specialist/management roles.

**Remove day crewing allowances that are currently paid to day crewing firefighters**

Day crewed stations are at Holyhead, Caernarfon, Bangor, Llandudno and Colwyn Bay. Wholetime day crewing pay rates are higher than wholetime 24-hour shift pay rates.

From:

	2 X 1 = 2 WM A	£101,435
One day crewed appliance, 2 shifts	2 X 2 = 4 CM	£193,838
Plus RDS appliance (not costed here)	2 X 4 = 8 FF	£352,273
		<b>£647,546</b>

To:

	2 X 1 = 2 WM A	£90,296
One day crewed appliance, 2 shifts	2 X 2 = 4 CM	£171,988
Plus RDS appliance (not costed here)	2 X 4 = 8 FF	£310,260
		<b>£572,544</b>

**Savings per day crewed station:**

WM (allowances removed)	-£11,140
CM (allowances removed)	-£21,849
FF (allowances removed)	-£42,013
	<b>£75,002</b>

**OTHER THINGS TO CONSIDER (EXAMPLES ONLY)****Associated savings:**

-

**Legal implications:**

Need to ensure fair processes for removing allowances. Impact assessments would be required to ensure no equality issues.

**Potential for:**

- Industrial action across whole area (not limited to affected station);
- Local campaigning, press and social media interest in the change;
- Predicted savings not achieved – e.g. only part-year savings achieved while discussions/challenges continued;
- Legal costs associated with defending/implementing proposed changes (e.g. consultation-related and pay/employment-related);
- Increased workloads associated with pay negotiation processes;
- Increased workloads associated with managing public and media interest.

<b>Close a retained fire station and/or remove the RDS appliance from one of the eight wholetime stations</b>			
There are 36 retained fire stations, and 8 wholetime fire stations that have a retained fire appliance in addition to a wholetime fire appliance. The wholetime fire stations are at Holyhead, Caernarfon, Bangor, Llandudno and Colwyn Bay (day crewed); Rhyl, Deeside and Wrexham (24-hour shift).			
From:	RDS	100% contract	75% contract
	1 X WM A	£6,960	£5,580
	2 X CM	£12,446	£10,628
	9 X FF	£50,517	£43,142
		<b>£69,922</b>	<b>£59,391</b>
To:	RDS	100% contract	75% contract
	0 X WM A	£0	£0
	0 X CM	£0	£0
	0 X FF	£0	£0
		<b>£0</b>	<b>£0</b>
<b>Savings per RDS appliance removed/RDS station closed:</b>			
In the region of £65,000 for retainer elements of pay (each would need individual calculation), but incident fees would still be payable to retained crews attending from elsewhere.			
<b>OTHER THINGS TO CONSIDER (EXAMPLES ONLY)</b>			
<b>Associated savings:</b>			
Fleet (e.g. cost of maintenance and replacement of 1 fire appliance and on-board equipment for each one).			
Staff (e.g. personal equipment, training, ICT and employment administration of around 14 per RDS crew).			
Buildings (e.g. maintenance, heating and lighting, water and other rates).			
<b>Legal implications:</b>			
Need to ensure fair processes for making staff redundant (consultation, selection criteria, business grounds for redundancy, alternatives, etc. Impact assessments required to identify equality/Welsh language issues.			
Need clear criteria for selecting stations to close/crews to remove to avoid challenges to proposals.			
<b>Potential for:</b>			
<ul style="list-style-type: none"> <li>• Industrial action across whole area (not limited to affected station);</li> <li>• Local campaigning, press and social media interest in the closure/removal;</li> <li>• Differences of opinion about which RDS stations to close and which to keep;</li> <li>• Rural communities and large areas without a fire station;</li> <li>• Longer attendance times, including for incidents requiring more than one appliance to deal with the incident (effect on public safety and on safe systems of work for firefighters);</li> <li>• Predicted savings not achieved – perversely, because potential savings highest in RDS stations that are fully staffed and providing best rates of availability, they would need to be considered as part of the selection criteria to maximise the chances of actually achieving the predicted savings;</li> <li>• Legal costs associated with defending/implementing proposed changes (e.g. consultation-related and pay/employment-related);</li> <li>• Increased workloads associated with pay negotiation processes;</li> <li>• Increased workloads associated with managing public and media interest;</li> <li>• Increased workloads/costs associated with either selling off disused fire stations or maintaining the empty building in the meantime;</li> <li>• Reduced potential for local collaboration/community events in future and could end existing arrangements for sharing facilities with police and other partners;</li> <li>• Better retention rates as higher earnings for RDS crews attending more incidents <b>OR</b> worse retention rates as the increased activity more difficult to fit in with primary employment and other commitments.</li> </ul>			

## **Consultation: The Gunning Principles**

Whether or not there is a legal duty to consult, where consultation is carried out it must be done fairly. What is fair will depend on the circumstances of the case and the nature of the proposals under consideration.

Subject to the overall requirements of fairness, the decision-maker will have a broad discretion as to how consultation should be carried out, and what should be consulted upon.

The consultation must also comply with the following principles (termed the Gunning principles after the case in which they were set out, or the Sedley requirements after the barrister that suggested them in that case):

- Consultation must take place when the proposal is at a formative stage. Public authorities must have an open mind during consultation and must not have already made the decision, but may have some ideas about the proposal.
- Sufficient reasons must be put forward for the proposal so as to allow for intelligent consideration and response. Consultees must have enough information to be able to make an informed input to the process.
- Adequate time must be given for consideration and response. The timing and environment of the consultation must be appropriate, sufficient time must be given for people to develop an informed opinion and then provide feedback, and sufficient time must be given for the results to be analysed.
- The product of the consultation must be conscientiously taken into account.

It is prudent for a decision-maker to show in its decision that it has undertaken consultation and has given proper weight to the representations received. This may involve the decision-maker showing that it has understood the points being made by the responses and has considered them.

Acknowledgment: <http://law.gov.wales/constitution-government/public-admin/intro-admin-law/welsh-government-guidance-on-making-good-decisions/has-any-consultation-been-carried-out-fairly-and-properly/what-are-the-requirements-for-any-consultation-that-is-carried-out/?lang=en#/constitution-government/public-admin/intro-admin-law/welsh-government-guidance-on-making-good-decisions/has-any-consultation-been-carried-out-fairly-and-properly/what-are-the-requirements-for-any-consultation-that-is-carried-out/?tab=overview&lang=en>

**Summary timetable for producing the FRA's 2019/20 Plan**

DATE	MEETINGS	ACTION
January – March 2018	Planning Working Group	To undertake the detailed work associated with developing draft objectives for 2019/20 onwards (considering budgetary implications) for approval by the full FRA.
14/05/2018	Executive Panel	To agree recommendations to the full FRA in June 2018 for a draft consultation proposal based on options to address the anticipated budget shortfall.
18/06/2018	FRA	To consider recommendations from the Executive Panel and agree the basis of stakeholder and public consultation over the summer.
July – October 2018	Stakeholder and public consultation.	
22/10/2018	Executive Panel	To consider the response to the public consultation and agree recommendations to be presented to the full FRA in December 2018
17/12/2018	FRA	To agree the FRA's draft budget 2019/20 and the objectives to be incorporated into its draft 2019/20 Plan.
February 2019	Executive Panel	To consider the near final draft 2019/20 Plan for approval by the full FRA at its March meeting.
15/02/2019	Last day for notifying the constituent authorities of their financial contributions for 2019/20.	
March 2019	FRA	Final approval of the draft 2019/20 Plan for publication.
31/03/2019	Last day for publishing the FRA's 2019/20 Plan.	

## Appendix 5

Recent contributions from constituent local authorities towards the  
total cost of fire and rescue services in North Wales

£	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Môn	3,236,545	3,219,270	3,216,231	3,198,669	3,200,523	3,190,812	3,330,579	3,356,175
Gwynedd	5,588,685	5,525,827	5,507,985	5,588,255	5,602,787	5,598,221	5,851,817	5,914,137
Conwy	5,240,568	5,206,959	5,198,570	5,283,704	5,289,891	5,277,177	5,539,433	5,589,830
Denbs	4,549,039	4,569,316	4,593,630	4,342,155	4,360,740	4,363,962	4,524,683	4,568,797
Flints	7,051,716	6,981,590	6,955,089	7,018,721	7,033,548	7,022,578	7,339,795	7,409,315
Wrexham	6,266,101	6,269,049	6,300,506	6,340,507	6,398,354	6,433,093	6,574,971	6,654,624
<b>TOTAL</b>	<b>31,932,654</b>	<b>31,772,011</b>	<b>31,772,011</b>	<b>31,772,011</b>	<b>31,885,843</b>	<b>31,885,843</b>	<b>33,161,277</b>	<b>33,492,877</b>
Change		-160,643	0	0	+113,832	0	+1,275,434	+331,600
Population estimate	688,417	690,434	691,986	694,038	695,549	697,122	698,715	700,310
<b>£ per head</b>	<b>£47</b>	<b>£46</b>	<b>£46</b>	<b>£46</b>	<b>£46</b>	<b>£46</b>	<b>£47</b>	<b>£48</b>

North Wales 'constituent authorities' are: Isle of Anglesey County Council, Gwynedd Council, Conwy County Borough Council, Denbighshire County Council, Flintshire County Council and Wrexham County Borough Council.

**The North Wales Fire Services (Combination Scheme) Order 1995**

PART IV COMBINED FIRE SERVICE FUND

21.—(1) Each constituent authority shall, in respect of each financial year, pay into the combined fire service fund, in accordance with the provisions of this paragraph, a contribution equal to its appropriate proportion of the net expenses of the Authority in respect of that year.

(2) The Authority shall, before 31st December in any year, submit to each constituent authority an estimate of its net expenses for the next financial year, and shall subsequently, before 15th February, give notice to each constituent authority of the amount of the contribution to be paid by that authority under this paragraph in the next financial year.

Sub-paragraphs (3) – (5) deal with arrangements for making payments.

(6) The Authority may, after consultation with each constituent authority, revise the estimate referred to in sub-paragraph (2) at any time before the end of the financial year to which that estimate relates and shall, as soon as is practicable, give notice in writing to each constituent authority of the revised amount of the contribution to be paid by that authority under this paragraph.

Sub-paragraphs (7) – (8) deal with arrangements for interim payments.

(9) For the purposes of this paragraph the net expenses of the Authority, in respect of any financial year, shall be the amount of its expenditure in respect of that year less all income which is credited to the combined fire service fund in respect of that year, other than contributions paid or payable under sub-paragraph (1), but may, for the purposes of preparing the estimate referred to in sub-paragraph (2) and if the Authority so resolves, include such amount or amounts as the Authority considers appropriate with a view to minimising any upward revision of an estimate under sub-paragraph (6).

(10) In this paragraph—

- “appropriate proportion” means, in the absence of agreement between the constituent authorities, an amount determined by reference to the proportion which the population of the area of each constituent authority bears to the total population of the combined area, the population in any area being the number of persons usually resident in that area, as estimated by the Registrar General and indicated in the latest data available from him on 30th June in the year preceding the financial year referred to in sub-paragraph (1);

## **Summary of Planning Working Group 2018 meetings**

The Planning Working Group met on five occasions – January 15<sup>th</sup>, February 5<sup>th</sup> and 26<sup>th</sup>, March 5<sup>th</sup> and 19<sup>th</sup>.

Members considered the likely challenges arising from an anticipated shortfall in the Authority's budget in 2019/20 and a range of possible approaches to ensuring sustainability of fire and rescue services in North Wales.

Members were provided with information from officers and reflected on a range of subject areas including:

- the Authority's planning responsibilities, specifically in respect of the Well-being of Future Generations Act;
- the importance of meaningful consultation with the public and other stakeholders before finalising strategic plans;
- the statutory duties of fire and rescue authorities in Wales:
  - promoting fire safety; fire-fighting; responding to road traffic accidents; and dealing with other prescribed emergencies;
  - removing chemical, biological or radio-active contaminants in an emergency; rescuing people trapped following the collapse of buildings or other structures; certain emergencies involving trains, trams or aircraft;
  - responding to flooding and inland water emergencies that present a risk of death, serious injury or serious illness to people;
  - being the enforcing authority in respect of the majority of non-domestic premises; and
  - being a 'category 1 responder' under the Civil Contingencies Act, with duties to assess the risk of emergencies occurring and to make and maintain appropriate plans;
- the extensive partnership working that goes on with other emergency services, local authorities and other agencies including the third sector;
- the FRA's *annual budgets since 2011/12*;
- the FRA's *past record of accommodating unavoidable cost increases by reducing services and making savings*;
- *what achieving a balanced budget in future might mean, given the potentially large budget deficit facing the FRA in 2019/20 and beyond*;
- the uncertainty around *unspecified changes that the Welsh Government would like to introduce in Welsh FRAs' governance and funding arrangements*;
- *fire stations and fire and rescue appliances in North Wales*;
- *operational activity levels*,
- *fire station availability*,
- *how mobilising decisions are made - the principles of pre-determined attendances to different types of incidents*;
- *the role of operational firefighters and national discussions about their future role*;

- the immediate pressure to balance the budget but the longer timescale for actually achieving large reductions in running costs;
- staff redundancy;
- how changes to services would be unlikely to be welcomed by the public, but that there would be an expectation from county councils that contributions can be kept low;
- the potential for industrial action in response to firefighter redundancies;
- the potential impact of reducing running costs by closing fire stations, removing fire appliances and changing staffing arrangements at different types of fire stations;
- the possible options for reducing the running costs of the fire and rescue service;
- the recent investment in firefighter apprentices and the difficulty of balancing redundancies alongside that investment;
- the implications of introducing new fire stations which would necessarily involve a large amount of work and planning, and would have to be considered in relation to retained duty system crews who need to live or work in close proximity to the fire station;
- how RDS fire stations with poor availability and which attend the fewest incidents would be the ones that produce the least savings;
- the importance of acting decisively and of not creating uncertainty by embarking on a proposed course of action without being fully committed to it; and
- the importance of involving staff and representative bodies in discussions about redundancies or if any changes to contractual terms of employment are proposed;
- changes made to the Service since 2011/12 in order to save money;
- the difficulty in implementing significant savings (over £250k) by as early as the start of the 2019/20 year.

### Summary of savings and efficiencies already achieved:

2011/12	
<p><b>Total contributions of £31,932,654.</b></p> <p>Year 1 of 3-year financial plan 2011/12 - 2013/14.</p> <p><b>Costs reduced by £800,000.</b></p>	<ul style="list-style-type: none"> <li>• £460,000 removed from the operational management budget by restructuring the officer cover arrangements.</li> <li>• £200,000 removed from specific budget lines by either discontinuing or scaling down planned spending.</li> <li>• £90,000 removed from the Support Staff budget.</li> <li>• £50,000 removed from the Community Fire Safety budget.</li> <li>• £30,000 removed from the Control budget by restructuring the department.</li> <li>• Costs of delivering the Business Fire Safety function reduced, including by transferring posts from grey book (operational) to green book (support staff) terms and conditions.</li> <li>• One of four Aerial Ladder Platforms removed from the Service's fleet.</li> <li>• <u>Other savings:</u></li> <li>• Keeping attendances at conferences down to a minimum.</li> <li>• Changing the way non-operational learning was provided.</li> <li>• Not funding Young Firefighter Association event.</li> <li>• Combining different awards ceremonies ..</li> </ul>
2012/13	
<p><b>Total contributions of £31,772,011</b> (£160,643 less than the previous year).</p> <p>Year 2 of 3-year financial plan 2011/12 - 2013/14.</p> <p><b>Savings of £815,000 made.</b></p>	<ul style="list-style-type: none"> <li>• £500,000 removed from the operational firefighters' pay budget (22 wholetime posts) by changing the way working shifts were rostered but without affecting the number of firefighters in a crew.</li> <li>• £150,000 removed from specific budget lines by either discontinuing or scaling down planned spending.</li> <li>• £50,000 removed from the Community Fire Safety budget.</li> <li>• Further £90,000 removed from the Support Staff budget.</li> </ul>

2013/14	
<p><b>Total contributions of 31,772,011</b> (the same as the previous year).</p> <p>Year 3 of 3-year financial plan 2011/12 - 2013/14.</p> <p><b>Savings of £800,000 made.</b></p>	<ul style="list-style-type: none"> <li>• · £500,000 removed from the operational firefighters' pay budget (as previous year).</li> <li>• · Wholtime firefighters allocated through an Operational Resource Pool to support day-to-day availability of Retained fire stations.</li> <li>• · £70,000 removed from specific budget lines by either discontinuing or scaling down planned spending for a third time.</li> <li>• · £50,000 removed from the Community Fire Safety budget.</li> <li>• · £180,000 removed from the Support Staff budget.</li> </ul>
2014/15	
<p><b>Total contributions of 31,772,011</b> (budget frozen for another year).</p>	<ul style="list-style-type: none"> <li>• Decision taken to use financial reserves to cover any shortfall and so avoid introducing the large-scale cuts that would otherwise have been necessary. However, it was understood that this option would not be sustainable for longer than this one year.</li> </ul>
2015/16	
<p><b>Total contributions of £31,885,843</b> (increase of £113,000),</p> <p>£223,000 of reserves made available to cover shortfall.</p>	<ul style="list-style-type: none"> <li>• · £16,000 of predicted savings from discontinuation of non-statutory services e.g. providing large animal rescues and line rescue incidents.</li> <li>• · £35,000 saved by discontinuing non-statutory services (Atal Tân).</li> <li>• · £25,000 of predicted savings from changing policy on responding to Automatic Fire Alarm calls. Actual savings were higher - cashable savings of £67,889.50 and non-cashable savings from more effective use of time for activities such as community safety.</li> <li>• · £250,000 of potential savings by removing four middle management posts (flexible duty officers), reducing the number of such posts from 32 to 28.</li> <li>• · New operational Management Structure (Sept 2015).</li> <li>• · Introduction of new "WDS rural" contracts providing 21 hours per week.</li> </ul>

## 2016/17

Total contributions of **£31,885,843** (the same as the previous year).

£454,000 of reserves made available to cover shortfall.

- May 2016 the Authority estimated that there would be a funding gap of £1.7million by 2018/19 and diminishing financial reserves. Although sympathetic to the financial pressures on most public services, also acknowledged the unavoidable cost pressures from pay and price inflation and changing government policy around pensions.
- June 2016 the Authority estimated that there would be a funding gap of £2.26million by 2019/20 and diminishing financial reserves. It did not consider that its strategy of continuing to freeze the budget was sustainable.
- The Executive Panel proposed that the Authority should adopt a new strategy from 2017/18 of combining higher contributions, reducing services and using reserves to cover any shortfall. This would mean a significant increase in contributions in 2017/18 but it would be followed by two years (2018/19 and 2019/20) without further increases in contributions.
- The planning working group looked how savings could be made to help keep county council contributions down and identified a potential £1,000,000 saving by removing a wholtime fire appliance from Wrexham (leaving one wholtime and one retained fire appliance there).
- October 2016 the Authority reflected on the fact that the Service had achieved £3million of savings and its workforce had been reduced by 9%, but to accommodate a 1% pay increase, the cost of the apprenticeship levy, the revenue cost of the capital budget and non-discretionary price inflation, the county council contributions would have to increase by £1.7million in 2017/18.
- December 2016 the Authority again reflected on the savings already achieved but the proposal to increase contributions by £1.7million in 2017/18 (which included a budget shortfall in 2016/17 of £740,000 which had been funded from reserves) was rejected. As an alternative, the Authority decided to increase the contributions by £1.28million in 2017/18 and then to increase them again by 1.3% in 2018/19 if necessary. Any shortfall in 2017/18 could be met from reserves.

	<ul style="list-style-type: none"> <li>The Authority's intention was that preparations would begin in 2017 to reduce running costs by £1,000,000 from 2019/20 onwards. However, in March 2017 the possibility of pursuing £1,000,000 of savings with effect from 2019/20 by removing a fire appliance from Wrexham was abandoned when the Authority decided to withdraw the option and allow the new Authority after the May 2017 elections to make its own decisions about its financial strategy.</li> </ul>
<b>2017/18</b>	
<p><b>Total contributions of £33,161,277</b> (an increase of £1,275,434).</p> <p>£414,000 made available from reserves to cover shortfall.</p>	
<b>2018/19</b>	
<p><b>Total contributions of £33,492,877</b> (an increase of £331,600).</p> <p>£646,000 made available from reserves to cover shortfall.</p>	<ul style="list-style-type: none"> <li>· £366,000 saved annually by revising the Minimum Revenue Provision (MRP) policy.</li> <li>• December 2017 the Authority decided on an additional 1% (£331,600) in contributions for 2018/19 – less than the 1.3% mentioned in December 2016 and less than the 4.05% that would have met the total estimated costs in 2018/19 (as calculated before the MRP policy decision).</li> </ul>