

## Pay and Prices Assumptions

### Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202.

#### 1 Purpose of Report

This report sets out the possible additional provision to be made to the 2008/09 and subsequent years' budgets for pay and price changes not known at the time of fixing the budget.

#### 2 Recommendations

The calculations based on current assumptions would require the following additional amounts, which are recommended for inclusion in budget planning:

2008/09 Budget	£577,000
2009/10 Budget	£1,204,000
2010/11 Budget	£1,848,000

#### 3 Background

The Authority has always had a policy of fixing a realistic provision for unknown pay and prices changes. This avoids, on the one hand making too big a charge on the tax payer, leading either to pressure elsewhere in the budget or to under-funding. If too small a provision is made then the balance would have to be funded elsewhere in the budget, either from reserves or possibly by cuts in service. The following year's budget would then have to make up the shortfall; and find money to restore the service cuts if they were not to be ongoing.

The methodology previously adopted by the Authority for establishing its pay and prices contingencies has been:

- i) Analyse its base budget (2007/08) into the spending areas where pay or price charges can be significant;



- ii) Make pay assumptions for firefighters based on any consensus that exists among fire authorities for a formula based on negotiated outcome;
- iii) Make pay assumptions for other pay based on a realistic expectation of the outcome of any outstanding negotiations;
- iv) Take account of known problem areas such as Long Service Increment (LSI) / Continuous Professional Development (CPD) payments; rank to role; expected progression through scales etc;
- v) Analyse the prices budget into key elements including those to which no inflation applies, such as debt charges, and apply appropriate percentages to each.

#### 4 The Current Position

		2008/09 £ 000	2009/10 £ 000	2010/11 £ 000
<b>Firefighters Pay</b>				
July 2007 – 3.5%		111	111	111
July 2008 – 3.5%		355	474	474
July 2009 – 3.5%			368	490
July 2010 – 3.5%				360
LSI/CPD (net)				
Rank to role				
Competence Acceleration		30	30	30
<b>Support Staff</b>				
April 2008 – 3.0%		51	51	51
April 2009 – 3.0%			52	52
April 2010 – 3.0%				50
<b>Prices</b>				
Premises	2008/09	22	22	22
	2009/10		22	23
	2010/11			24
Fuel and oil	2008/09	3	3	3
	2009/10		2	3
	2010/11			3
Other Transport	2008/09	9	9	9
	2009/10		8	9
	2010/11			9
Hydrants and Equipment	2008/09	22	22	22
	2009/10		20	22
	2010/11			22
Other	2008/09	32	30	30
	2009/10		28	30
	2010/11			30
Income	2008/09	9 -	9 -	9 -
	2009/10		10 -	10 -
	2010/11			10 -
		<b>626</b>	<b>1,233</b>	<b>1,850</b>



## 5 Future Prospects

If the 2007/08 base budget of £19,146,000 is analysed and current assumptions applied, the following calculations would result.

Information may become clearer, nearer the end of the year, but it is recommended that planning continues, for the time being on the basis of these calculations.

### Current Base and Latest Assumptions

	Base £ 000	Assumption %	2008/09 £ 000	2009/10 £ 000	2010/11 £ 000
<b>Firefighters' Pay</b>					
2007 (July)	12,144	2.5	76	76	76
2008 (July)	12,220	3.5	320	428	428
2009 (July)	12,648	3.5		332	443
2010 (July)	13,091	3.5			343
			396	836	1,290
<b>Chief Officers' Pay</b>					
January 2008	492	3.5	13	13	13
January 2009	509	3.5	4	18	18
January 2010	527	3.5		5	18
January 2011	545	3.5			5
			17	36	54
<b>Support Staff Pay</b>					
April 2008	1,796	3.0	54	54	54
April 2009	1,850	3.0		55	55
April 2010	1,905	3.0			57
			54	109	166
<b>Prices</b>					
Premises 2008/09	851	2.5	21	21	21
2009/10	872	2.5		22	22
2010/11	894	2.5			22
Hydrants etc 2008/09	862	2.5	22	22	22
2009/10	884	2.5		22	22
2010/11	906	2.5			23
Other 2008/09	3,443	2.5	86	86	86
2009/10	3,529	2.5		88	88
2010/11	3,617	2.5			90
Income 2008/09	749	2.5	19	19	19
2009/10	768	2.5		19	19
2010/11	787	2.5			20
Zero Items (net)	307				
			110	223	338
<b>2008/09</b>	<b>19,146</b>		<b>577</b>	<b>1,204</b>	<b>1,848</b>



## 6 Financial Implications

The financial implications are as outlined in the report.

## 7 Legal Comment

There are no direct legal implications arising from this report.

## 8 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

## 9 Appendices

There are no appendices attached to this report.

## 10 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

