

Distribution Sub-Group (2023) Paper 02 – Transfer of Fire and Rescue services (FRA) SCAPE to RSG

This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.

Fire and Rescue services (FRA) SCAPE to RSG transfer for 2023-24

Summary

1. The purpose of this paper is to provide the members of the Distribution Sub-Group (DSG) with the background of SCAPE and its transfer to RSG.

Views sought

2. This paper requests agreement on the distribution of the transfer of £5.871m from SCAPE Budget to the RSG budget for the 2023-24 Settlement.

Background (SCAPE)

3. In April 2019 Employer Pension Contribution rates in the Firefighter Pension Scheme increased significantly (as they did for most public sector pension schemes) because of a decision by HM Treasury to change the “SCAPE” (superannuation contributions adjusted for past experience) rate which determines how pension benefits are valued. HM Treasury provided funding to cover the cost of most but not all of the increase in employer rates across the public sector.
4. Funding of **£5.871m** was allocated to cover firefighter costs and this has been paid as a “top up” of employer contributions via a Welsh Government grant each financial year since. The “top up” was administered via central grant in 2019-20 because HM Treasury confirmed funding too late in the 2019-20 financial planning cycle for the Local Authority Revenue Support Grant to be a viable option. FRAs had already set their budgets and confirmed each local authority’s contribution to those budgets without reference to these increased employer costs. That practice has continued since.
5. However, employer costs relating to fire service staff are normally met from FRAs core budgets and almost all such costs already are. This grant does not directly support or deliver any Welsh Government policy objectives: it is in effect a subsidy to FRAs’ payroll costs. Therefore, central grant funding will cease and FRAs have been advised that these costs should be met through their core budgets from 2023-24 onwards.

Analysis

6. Table 1 shows the adjustment to the 2022-23 settlement of FRA apportioned by the population used in the 2022-23 settlement. Table 2 shows two options (a) and (b). Option (a) uses the population used in the provisional 2023-24 settlement. Option (b) uses the 2018 based population projections for 2023. The population is displayed next to each table for reference.

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7. Table 3 displays the minimal impact of the transfer from provisional to final of option (a).

For agreement by the Distribution Sub-Group

8. We are seeking agreement from the DSG on the following:
 - the distribution for the transfer of this grant of £5.871m into the RSG through option (a) recommendation.

**Local Government Finance Policy and Sustainability
Welsh Government**

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Table 1: Adjustment to base (2022-23 settlement) of transfer (a)

	£000s	
	Fire Pensions	Population
Isle of Anglesey	107	69,864
Gwynedd	192	125,220
Conwy	182	118,320
Denbighshire	148	96,021
Flintshire	242	157,264
Wrexham	210	136,535
Powys	268	132,538
Ceredigion	144	71,151
Pembrokeshire	255	126,301
Carmarthenshire	383	189,525
Swansea	503	249,275
Neath Port Talbot	292	144,447
Bridgend	280	147,892
The Vale of Glamorgan	257	135,617
Rhondda, Cynon, Taff	460	242,784
Merthyr Tydfil	115	60,919
Caerphilly	345	182,060
Blaenau Gwent	132	69,548
Torfaen	178	94,111
Monmouthshire	181	95,489
Newport	300	158,154
Cardiff	698	368,090
Wales	5,871	3,171,125

(a) Population used in the 2022-23 settlement (2018 based population projections for 2022)

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Table 2: Adjustment to 2023-24 settlement of transfer

	£000s						
	Fire Pensions (a)	Fire Pensions (b)	(a) vs (b)	Population (a)		Population (b)	
Isle of Anglesey	108	107	1	69,358	2.21%	69,842	2.22%
Gwynedd	189	193	-4	121,468	3.86%	125,539	3.99%
Conwy	181	182	-1	116,683	3.71%	118,625	3.77%
Denbighshire	149	148	2	96,007	3.05%	96,198	3.06%
Flintshire	243	242	1	156,296	4.97%	157,626	5.01%
Wrexham	211	209	2	135,767	4.32%	136,419	4.34%
Powys	270	267	3	132,885	4.23%	132,597	4.22%
Ceredigion	145	143	2	71,188	2.26%	70,909	2.26%
Pembrokeshire	254	255	-1	124,973	3.98%	126,580	4.03%
Carmarthenshire	385	383	2	188,958	6.01%	190,022	6.05%
Swansea	497	504	-7	244,252	7.77%	250,004	7.95%
Neath Port Talbot	292	292	0	143,592	4.57%	144,894	4.61%
Bridgend	281	281	0	147,031	4.68%	148,576	4.73%
The Vale of Glamorgan	256	258	-1	134,192	4.27%	136,448	4.34%
Rhondda,Cynon,Taff	460	460	0	240,528	7.65%	243,406	7.74%
Merthyr Tydfil	115	115	-1	59,963	1.91%	61,080	1.94%
Caerphilly	342	344	-2	179,096	5.70%	182,236	5.80%
Blaenau Gwent	130	131	-1	68,204	2.17%	69,508	2.21%
Torfaen	178	178	0	93,314	2.97%	94,354	3.00%
Monmouthshire	180	181	-1	94,393	3.00%	95,826	3.05%
Newport	305	301	4	159,446	5.07%	159,298	5.07%
Cardiff	699	697	2	365,711	11.63%	369,122	11.74%
Wales	5,871	5,871		3,143,305		3,179,107	

Formulae **1.000 x Population all ages**

(a) Fire pensions apportioned based on: Population used in the 2023-24 settlement (Average of 2018 based population projections for 2023 and Census 2021 population)

(b) Fire pensions apportioned based on: Population projections for 2023.

Table 2a: Population of local authorities within each FRA region

	SCAPE Grant	Pop Proj 2023	Average Proj 2023 and Census 2021
Mid and West Wales FRA	1,843,908	915,005	905,849
North Wales FRA	1,080,506	704,248	695,579
South Wales FRA	2,946,710	1,559,853	1,541,879
TOTAL	5,871,124	3,179,107	3,143,307

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**Table 3: Change in Aggregate External Finance (AEF), adjusted for transfers,
by Unitary Authority**

	2022-23 Final AEF	2023-24 Provisional AEF	2023-24 Final AEF	Difference (£000s) %	
Isle of Anglesey	114,598	123,555	123,662	108	0.1%
Gwynedd	213,209	227,843	228,031	188	0.1%
Conwy	185,097	198,413	198,594	181	0.1%
Denbighshire	173,744	187,871	188,020	149	0.1%
Flintshire	232,578	251,747	251,989	243	0.1%
Wrexham	207,489	224,621	224,832	211	0.1%
Powys	210,358	228,388	228,660	271	0.1%
Ceredigion	119,381	129,050	129,195	145	0.1%
Pembrokeshire	197,031	212,415	212,670	255	0.1%
Carmarthenshire	311,968	338,017	338,403	386	0.1%
Swansea	388,912	417,775	418,274	499	0.1%
Neath Port Talbot	258,466	276,397	276,691	293	0.1%
Bridgend	232,389	249,895	250,177	282	0.1%
The Vale Of Glamorgan	186,188	202,535	202,792	257	0.1%
Rhondda Cynon Taf	442,056	470,847	471,308	461	0.1%
Merthyr Tydfil	110,820	118,497	118,612	115	0.1%
Caerphilly	318,134	339,610	339,954	343	0.1%
Blaenau Gwent	131,189	139,597	139,728	131	0.1%
Torfaen	160,397	172,223	172,402	179	0.1%
Monmouthshire	112,201	122,490	122,672	181	0.1%
Newport	265,802	289,211	289,517	306	0.1%
Cardiff	544,507	592,891	593,592	701	0.1%
Total Unitary Authorities	5,116,514	5,513,888	5,519,775		

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