



AGENDA ITEM: 10

NORTH WALES FIRE AND RESCUE AUTHORITY

16 September 2013

PROVISIONAL OUTTURN 2013-2014

Report by Ken Finch, Treasurer

Purpose of Report

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2013-2014.

Introduction

- 2 Expenditure against budget is monitored and managed closely by Fire and Rescue Service staff and any variances or expected variances are highlighted as soon as they occur so that measures can be put in place to ensure there is no financial risk to the Authority. Current indications are that there will be an underspend of £497,770 created in order that it may be used to offset cost pressures in 2014-15. The detailed breakdown is contained in Appendix A, any underspends are shown with a minus (-) sign.
- 3 The report covers the actual expenditure up to the end of August 2013 and estimates the expenditure for the final 7 months of the year. It should be noted that there are still 7 months of the year to go and a spate of bad weather could mean additional resources will be needed to fund call out fees. Members should also be aware of the financial challenges that face the public sector in Wales in the coming years. The level of savings expected will mean that to achieve them through operational changes alone will not be viable in the short term and it may be that part of the savings will have to come from reserves built up from previous years' underspends. Members will be involved in the budget setting process over the next few months and decisions will have to be made around those issues, therefore, until these decisions have been taken, it is recommended that Members merely note the underspend at this point.

Variances to Budget

Employee Costs

- 4 A large proportion (72%) of Fire and Rescue Service expenditure relates to pay and there are indications that there will be a net underspend on pay this year.
- 5 In 2013-14 the budget for "Firefighters – Wholetime" included a savings target of £500k which was to be achieved through the introduction of a new rostering system, reducing the number of firefighters needed to cover each watch with the reduction achieved through natural wastage. The reduction in firefighters is still ongoing and currently this shows as an overspend on the "Firefighters-Wholetime" budget line for 2013-14. It is anticipated that this will be resolved by the end of the financial year.
- 6 The estimated underspend on retained firefighters is £443k. A recent recruitment drive has increased numbers of firefighters employed but the number is still less than budgeted for. Part of the resulting savings on incident and drill fees is being used to offset the cost of a pilot scheme to pay for additional hours for firefighters to improve the availability of rural fire stations.
- 7 The underspend on "Support Staff" can be attributed to a restructuring exercise which has resulted in vacant posts being filled later than estimated and a number of posts not being filled at this time.
- 8 The underspend on the "Chief Officers" budget relates to the vacant Assistant Chief Fire Officer post which was filled on a temporary basis part way through the year.
- 9 The overspend on "Local Government Pensions" is due to an unanticipated additional injury payment made during the year.

Premises

- 10 On the premises budget the main area of overspend will be on repair and maintenance costs. The overspend is due to larger than expected increases to annual maintenance contracts which are necessary to ensure the property portfolio is maintained to the required standard and complies with health and safety legislation.

Transport

- 11 Overall the Transport budget is estimated to be overspent by £98k. This was anticipated as one of the costs of the trial on rural stations mentioned in paragraph 6 and it is offset by the underspend on the retained firefighters' budget line.

Supplies

- 12 "Operational Equipment" will be overspent due mainly to the increased costs associated with the hydraulic cutting and lifting equipment contracts which came in higher than the original estimate.
- 13 It is currently estimated that there will be an underspend on communications costs due to savings achieved through the implementation of PSBA (Public Sector Broadband Aggregation).
- 14 The overspend on computer costs is due to the software development costs associated with the new Fleetwave system. Money was set aside last year in a reserve to cover the development costs but due to the underspend overall it may not be necessary to use the reserve.
- 15 "Conference and Subsistence Expenses" is overspent as it includes a charge for the use of the facilities at Rhyl Community Fire Station(RCFS). RCFS operates as a trading account so from time to time there will be fluctuations in income which, if it does not cover all expenditure, is presented as a charge to the revenue account. In 2013/14 it is estimated that it will be £15k.

Capital Financing

- 16 The debt charges associated with the capital programme are estimated to be less than the original budget due to the prevalence of low interest rates and the delay on Wrexham project, a report on which features elsewhere on the agenda.

Income

- 17 Overall it is estimated that income will slightly exceed budget.

Recommendation

- 18 Members note the estimated underspend.