

Report to	<b>North Wales Fire and Rescue Authority</b>
Date	<b>18 March 2019</b>
Lead Officer	<b>Ken Finch – Treasurer</b>
Contact Officer	<b>Ken Finch (01745 535286)</b>
Subject	<b>Provisional Outturn 2018/19</b>



## PURPOSE OF REPORT

- 1 This report is to provide Members with an estimate of North Wales Fire and Rescue Authority's provisional revenue and capital performance for the financial year 2018/19.

## EXECUTIVE SUMMARY

- 2 North Wales Fire and Rescue Authority (the Authority) approved a revenue budget of £34.1m at its meeting on 18 December 2017. This included a contribution from reserves of £0.65m. As at 31 January 2019 the forecast remains that the full budget allocation will be required including the contribution from reserves.
- 3 The Authority approved a capital budget of £4.9m in December 2017 which increased to £5.9m to accommodate projects outstanding from 2017/18. The full year capital expenditure forecast is £2.4m, reflecting the re-profiling of the timing of delivery of a number of projects.

## RECOMMENDATION

- 4 Members are asked to note that the Authority is:
  - (i) forecasting to fully utilise its revenue budget of £34.1m in 2018/19;
  - (ii) forecasting capital expenditure of £2.4m during 2018/19 against the plan of £5.9m; and
  - (iii) forecasting to fully utilise all grant allocations.

## BACKGROUND

- 5 This report covers the actual revenue and capital income and expenditure for the year to 31 January 2019 and estimates the forecast year end position.
- 6 Grants that have been awarded in-year are detailed within this report but excluded from the reported revenue and capital figures.

## INFORMATION

### Revenue Budget

- 7 North Wales Fire and Rescue Authority (the Authority) approved a revenue budget of £34.1m at its meeting on 18 December 2017. This included a contribution from reserves of £0.65m. As at 31 January 2019 the forecast remains that the full budget allocation will be required including the contribution from reserves.
- 8 The table below confirms the year to date income and expenditure and the outturn forecast.

	Budget 2018/2019 £'m	Expenditure to 31/01/2019 £'m	Estimated Outturn £'m	Variance 2018/2019 £'m
Employee Costs	24.8	20.3	24.8	0
Premises	1.7	1.4	1.9	0.2
Transport	1.0	0.8	1.1	0.1
Supplies	3.0	2.1	3.1	0.1
Third Party Payments	0.9	0.5	0.9	0
Capital Financing	3.0	0.3	2.7	(0.3)
<b>Total Expenditure</b>	<b>34.4</b>	<b>25.4</b>	<b>34.5</b>	<b>0.1</b>
Income	(0.3)	(0.2)	(0.4)	(0.1)
<b>Net Expenditure</b>	<b>34.1</b>	<b>25.2</b>	<b>34.1</b>	<b>0</b>

- 9 The increased activity over the summer months placed significant pressures on the revenue budget. These have been addressed through the careful management of short term vacancies, controls on non-pay expenditure and reduced capital financing costs. These actions have enabled the budget to be managed within the limits set by the Authority in December 2017. However, a number of cost pressures have been experienced and these are outlined below.

#### Employee Costs

- 10 Pressures have been experienced within this area of expenditure due to increased activity relating to grass and moorland fires during the summer months. The overall forecast is that employee costs will be in line with budget although the table below highlights the pressures within Firefighter costs.

	Budget 2018/2019 £'m	Expenditure to 31/01/2019 £'m	Estimated Outturn £'m	Variance 2018/2019 £'m
Chief Officers	0.6	0.6	0.6	0
Firefighters	18.4	15.1	18.6	0.2
Support Staff	5.1	4.2	4.9	(0.2)
Training	0.6	0.4	0.6	0
Miscellaneous	0.1	0.1	0.1	0
<b>TOTAL EMPLOYEES</b>	<b>24.8</b>	<b>20.4</b>	<b>24.8</b>	<b>0</b>

- 11 The Firefighter costs associated with increased activity levels have been partially mitigated through a reduced pension provision estimate.
- 12 For support staff there is an estimated underspend due to a number of short term vacant posts.
- 13 In year pressures have also been experienced in training costs arising from the provision of additional first aid training across the Service. The outturn forecast remains in line with the budget due to the careful management of costs.

### Premises

- 14 The full year forecast is an over-spend of £0.2m which reflects additional cost pressures primarily within the areas of repairs and maintenance and energy costs. Energy costs have risen due to increased tariffs of almost 15% .
- 15 The over-spend is partially offset through additional income arising from jointly occupied buildings which is shown within income.
- 16 During the year a building condition survey has been completed which will be used to direct expenditure in future years.

### Transport

- 17 Overall the transport budget is estimated to be overspent by £0.1m due to increases in fuel prices and costs associated with high activity levels during the summer months.

### Supplies

- 18 The budget for supplies is forecast to be overspent by £0.1m reflecting cost and activity pressures in a number of headings. In particular, pressures are being experienced within ICT due to costs associated with maintaining essential operational applications and servers.

- 19 The communications budget will be underspent due to a number of factors which include a reduction in the cost of line rental and costs associated with mobile phones due to changes in the contract arrangements and the introduction of the new VoIP (voice over IP) phones.

### **Capital Financing**

- 20 The charges to the revenue budget for funding the capital programme are less than budgeted because capital receipts, mainly the proceeds from the sale of the former Wrexham fire station, were utilised in 2017/18.

### **INCOME**

- 21 Income is forecast to be £0.1m higher than the original budget. This is mainly due to income from staff secondments and additional income arising from jointly occupied sites.

### **GRANT INCOME**

- 22 The Authority receives a number of grants which are summarised below:-

	£'m
Firelink	0.41
Arson Reduction Team	0.16
Interventions	0.22
National Resilience	0.23
Phoenix	0.16
Local Resilience Forum	0.6

- 23 The grant income will be fully utilised in year in line with the grant terms and conditions. Grant expenditure is above the budget approved by the Authority and is excluded from the figures provided within appendix A.

### **CAPITAL PROGRAMME**

- 24 The Authority approved a capital programme of £4.9m which increased to £5.9m to accommodate projects outstanding from 2017/18. Appendix B provides a breakdown of schemes and the full year outturn expenditure forecast is £2.4m.
- 25 The full year forecast reflects that a number of projects have been re-profiled into future periods as part of the long term strategy to review asset utilisation and the associated revenue costs.

	Budget 2018/2019 £'m	Expenditure to 31/01/2019 £'m	Estimated Outturn £'m	Variance 2018/2019 £'m
Premises	1.4	0.3	0.9	(0.5)
Transport	1.1	0.3	0.4	(0.7)
ICT	1.0	0.1	0.3	(0.7)
Control	0.8	0.5	0.6	(0.2)
HR System Replacement	0.1	0.1	0.1	(0.1)
Operations	1.5	0.1	0.2	(1.4)
<b>TOTAL</b>	<b>5.9</b>	<b>1.3</b>	<b>2.4</b>	<b>(3.5)</b>

26 The estates condition survey recently undertaken will inform the future capital expenditure on premises.

## IMPLICATIONS

<b>Wellbeing Objectives</b>	This report links to NWFRA's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
<b>Budget</b>	Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work.
<b>Legal</b>	It is a legal requirement that the Authority sets a balanced budget and any deviations are reported to those charged with governance.
<b>Staffing</b>	None
<b>Equalities/Human Rights/Welsh Language</b>	None
<b>Risks</b>	Income and expenditure is closely monitored to ensure the Authority has sufficient funds to set a balanced budget. If demands on the Service are high over a sustained period then additional funding may be required to maintain service delivery.