



AGENDA ITEM: 11

NORTH WALES FIRE AND RESCUE AUTHORITY

21 September 2015

PROVISIONAL OUTTURN 2015-2016

Report by Ken Finch, Treasurer

Purpose of Report

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2015-2016.

Introduction

- 2 Expenditure against budget is monitored 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 £25,125. 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 and estimates the expenditure for the final 7 months of the year.

Variances to Budget

Employee Costs

- 4 A large proportion 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 The majority of the underspend on pay relates to retained firefighters, £317k. The outturn position is based on the current number of employees and takes in to account trends in allowances and turnover based on previous years' experience and activity levels to date.
- 6 The new WDS rural firefighter posts are contracted to work for a minimum of 21 hours per week, with the original expectation that they would work on average 30 hours a week. However, there has been an increased requirement for the WDS rural firefighters to provide cover on wholetime stations; these vacant posts are temporary and due to retirements and to cover maternity leave. In order to provide this cover the WDS rural firefighters have been working up to 42 hours a week. This has resulted in an overspend against the original budget.
- 7 The wholetime firefighters budget is showing an overspend of £36k against the original budget. The outturn position provides for an additional 33 firefighter posts which it is estimated will become part of the establishment from 1 January 2016. Members will be aware of the previous policy of reducing the number of firefighters and officers in the establishment in order to achieve the savings required through natural wastage and retirements. However, as the Authority has not recruited for a number of years the position has reached a critical point where there is a danger that in the near future that there will not be sufficient personnel to provide the necessary fire cover.
- 8 The underspend on the Chief Officers budget relates to the currently vacant Assistant Chief Fire Officer post.
- 9 The increase in new recruits has meant that it has been necessary to provide more training than was originally estimated when the budget was set. It is estimated that the training budget will be overspent by £22k.
- 10 The overspend on the Engineering Craftsmen budget is due to an increase in the establishment so the Service has the additional resources to undertake more vehicle maintenance in-house. This is reflected in the underspends within the Transport Repair and Maintenance budgets.

Premises

- 11 Overall the premises budget will be slightly overspent by £4k. There are no significant variances that need reporting at this stage in the financial year.

Transport

- 12 Overall the Transport budget is estimated to be underspent by £185k. The savings on the Repair and Maintenance budget is due to additional work carried out in house and efficiencies achieved over a number of contracts. Current indications are that fuel costs will be less than the original budget due to the current activity levels and the reduction in fuel prices.

Supplies

- 13 The Authority has purchased new uniform under the All Wales Uniform Procurement Framework and as such some uniform has been purchased in advance in order to achieve savings on procurement. This has resulted in an estimated overspend of £24k.
- 14 It is currently estimated that there will be an overspend on Computer costs. The majority of the overspend is due to the additional costs associated with the new national contract for radio communication. Members will be aware of the project and the risks involved. Last year £300k was set aside to cover some of the additional costs of the transition but at this stage in the year the additional costs can be funded from the revenue budget.
- 15 Conference and subsistence expenses will be overspent due to the accounting treatment for Rhyl Community Fire Station (RCFS), which is set up as a trading account. Any excess of expenditure over income is then charged to the revenue account. In this year it is estimated to be £10k. There is also an increase in the eligibility for subsistence claims due to the additional distances travelled and hours worked by firefighters providing cover for rural stations. The subsistence budget is expected to be overspent by £10k.
- 16 Expenditure on special projects such as the 'Joint Emergency Services Group' (JESG)/NIC will be less than budget due to activity levels being less than the previous year.

Agency

- 17 The cost to the Authority for building cleaning has increased significantly as a cleaning contract has been let to clean all stations. Previously cleaning at some RDS stations was carried out by RDS firefighters who were paid an allowance to undertake these duties. The additional costs will be met from savings on cleaning allowances.

Capital Financing

- 18 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, the necessary delay on the Wrexham Fire and Ambulance project and the planned rescheduling of the Tywyn and Nefyn projects. Lower interest costs have also been achieved by 'internally borrowing', where reserves and balances have been used to fund the programme rather than taking out new borrowings.

Income

- 19 Overall it is estimated that income will be slightly lower than the original budget. There has been a welcome reduction in special service calls but this has resulted in less income being raised than anticipated when the budget was set. Income from Capital Fees has decreased in line with expenditure incurred on the capital programme and the re-alignment of the capital budget.

Underspend

- 20 The estimated underspend is £25k and at this point in the financial year it is possible that this position will change. The original budget included a contribution from reserves of £223k. Due to the overall position it will not be a requirement at this time to use that reserve.

Recommendation

- 21 Members note the minor underspend.