



AGENDA ITEM: 7

NORTH WALES FIRE AND RESCUE AUTHORITY

15 October 2012

PROVISIONAL OUTTURN 2012-2013

Report by Ken Finch, Treasurer

Purpose of Report

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2012-2013.

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 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 £640,122. The detailed breakdown is contained in Appendix A, any underspends are shown with a minus (-) sign.
- 3 The estimated underspend is small when compared to the budget of £32million. The report covers actual expenditure for the first 6 months of the year and estimates for the next 6 months, which includes the winter period. It is possible that harsh weather conditions may impact on the service causing an increase in the number of callouts. If this is the case then the underspend will be reduced as additional resources will be needed to fund call out fees. However, if this does not materialise then given the future pressures on the service with fuel increases; a likely increase in employers pension contributions; Revenue Support Grant cuts; and a decrease in grant funding, the underspend could be used to cover some of these costs in the short term. Due to this uncertainty it is therefore recommended that Members merely note the underspend at this point.

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 Included in the budget for Firefighters–Wholetime is a savings target of £500k which was agreed by Members during the budget setting process. The savings target was to be achieved through the introduction of a new rostering system which reduced the number of firefighters posts needed. The reduction in the number of firefighters was to be achieved through natural wastage through retirements. However, due to the current economic climate and the lack of employment prospects outside the service the number of firefighters leaving is less than estimated. However, the overspend is offset by savings elsewhere on the pay budget.
- 6 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.
- 7 The estimated underspend on retained firefighters is fairly modest at £279k. Members should also be aware that the outturn is based on current activity levels which are relatively low and if there are a number of major incidents over the next six months then the overspend could easily translate in to a significant budget deficit.
- 8 The underspend on the Chief Officers budget relates to the vacant Assistant Chief Officer post which has not yet been filled following the retirement of the previous post holder.
- 9 The miscellaneous budget head will be overspent due mainly to an increase in the employers' national insurance contribution due on lease car users following a review by HMRC.

Premises

- 10 On the premises budget the main areas of overspend will be on energy costs and National Non Domestic Rates (NNDR). Energy costs have increased significantly and whilst there are plans in place to reduce consumption the increase in cost per unit is greater than the savings achieved on reduced consumption. The overspend on NNDR can mainly be attributed to the increase in rates payable for Llangefni following a revaluation of the premises due the recent refurbishment.

Transport

- 11 Overall the Transport budget is estimated to be overspent by £17k. This is due to the increase in fuel costs.

Supplies

- 12 Under the Supplies and Services heading it is currently estimated that there will be an underspend on Communications costs due to a delay in the roll out of the development work which has resulted in a saving on line rentals in the current year.
- 13 The underspend on Computer Costs is due to negotiations with software companies to reduce licence costs and the decision to retain some of the current operating platforms in order to reduce costs.
- 14 There has been a reduction in insurance premiums following a competitive tendering process.

Support Services

- 15 The estimated overspend on Facilities Management will be offset by an increase in income from capital fees which is shown in the income section on the last page of the appendix.

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 some major projects such as Wrexham, Tywyn and Nefyn.

Income

- 17 The Sales income relates mainly to the income received from the disposal of a number of vehicles that are no longer required by the Service. In any one year it is difficult to predict how much will be received as it depends on vehicle disposals within the year and the amount achieved at auction.
- 18 Special Service Calls is less than budget due to a reduction in the number of chargeable incidents.
- 19 Interest on balances is also less than the original estimate due to the prevalence of low interest rates. However, this is more than compensated for by the corresponding reduction in interest paid on borrowing.

Recommendation

- 20 Members note the estimated underspend.