



AGENDA ITEM: 8

NORTH WALES FIRE AND RESCUE AUTHORITY

14 December 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 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 £34,803. 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 November 2015 and estimates the expenditure for the final 4 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, £297k. The outturn position is based on current numbers 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 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. The additional hours have resulted in an estimated overspend against the original budget; the additional costs are covered by savings on the RDS and wholetime firefighter budgets.
- 7 The wholetime firefighters budget is showing an underspend of £204k against the original budget. The previous outturn report estimated an overspend of £36k on this budget head as it provided for an additional 33 firefighter posts to be part of the establishment from January 2016. This position has now been reviewed and in light of potential cuts in funding for the public sector and the need to limit any increase in the budget for 2016, it has been decided to employ new recruits as and when they are required in addition to 3 firefighters seconded from other brigades and 10 apprentices. The change in the structure will also provide opportunities for a number of young people in the region.
- 8 The underspend on the chief officers budget relates to the currently vacant assistant chief fire officer post.
- 9 The overspend on the engineering craftsmen budget is due to an extra apprentice mechanic who was employed so that 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.
- 10 There will be an overspend on the firefighter pensions budget due to costs charged to the revenue budget for ill health retirements which were not known when the budget was set.

Premises

- 11 Overall the premises budget will be slightly underspent by £6k. 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 £142k. 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. Following an increase in tooling works undertaken in house it has been necessary to purchase additional equipment. The additional costs are offset against savings elsewhere in the budget and will assist with making savings going forward as more work is undertaken in house.

Supplies

- 13 The Authority has purchased new uniform under the All Wales (national issues committee) 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 £11k.
- 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. The overspend is partially offset by savings on the communications budget this is due to lower costs in a number of areas; the mobile phone contract, landlines and communications hardware.

- 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 £7k. 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 £15k.
- 16 Expenditure on special projects such as the 'Joint Emergency Services Group' (JESG), NIC initiatives, National Operational Guidance Programme and the Co-Responding pilot will be overspent by £78k. The overspend is due to the costs associated with the Co-Responding pilot. This is a new initiative so no budget was allocated during the budget setting process. If the revenue budget is overspent at the year end these costs can be met from the general reserve.

Agency

- 17 The cost to the Authority for building cleaning has increased significantly as a cleaning contract has been let to a single contractor to clean all stations. Previously cleaning at RDS stations was carried out by a mixture of contracts with local authorities and 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 and 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. A refund of £34k has been received due to changes in the tax allowances for operating leases, this relates to former leases held by the Authority.

Underspend

- 20 It is estimated that capital spend on the light vehicle replacement programme and the purchase of equipment for Fleet will be overspent against budget. To reduce costs in future years these additional costs will be met from a contribution from revenue.
- 21 The estimated underspend is £35k 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

- 22 Members note the minor underspend.