



## **AGENDA ITEM: 8**

### **NORTH WALES FIRE AND RESCUE AUTHORITY**

**16 March 2009**

### **PROVISIONAL OUTTURN 2008-2009**

**Report by Ken Finch, Treasurer**

#### **Purpose of Report**

- 1.** This report is to provide Members with an estimated provisional outturn for the financial year 2008-2009.

#### **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 a managed underspend of £121,607. The detailed breakdown is contained in Appendix A, any underspends are shown with a minus (-) sign.
- 3.** Members have already agreed to ringfence £115,000 of the known underspend (£80,000 Ill Health Pension and £35,000 Interest) to reduce the budget increase for 2009/10. The underspend is therefore reduced to £6,607. The estimated underspend is small when compared to the budget of £30million and it is therefore recommended that Members merely note the underspend at this point.

4. The Capital outturn is shown in Appendix B and current indications are that due to unavoidable delays on some of the projects, not all the budget will be spent in 2008/09. Funding for schemes not completed in 2008/09 will rollover into the next financial year.

### **Variances to Budget – Revenue**

- 5.(a) 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. The underspend on wholtime firefighters can be mainly attributed to an over provision of back pay for continuous professional development (CPD) payments because the actual number of applications received were lower than anticipated. Some of the underspend is due to the timing of vacant posts being filled.
  - (b) The underspend on retained firefighters can also be attributed to factors such as an over provision on back pay for CPD payments, the low level of activity this year and the difficulty of recruiting RDS firefighters.
  - (c) The pay award for the Local Government Services Staff for 2008/09 has now been agreed at 2.75% and has been included in the outturn figures.
6. The underspend on Pensions is due to the budget for Ill Health Retirement payments in the pension fund not being utilised. As detailed above this underspend has been ringfenced to support the 2010/11 budget.
7. Control moved into the Joint Communications Centre at St Asaph at the beginning of October and the additional costs incurred for the part year have now been included. The costs are less than budgeted due to the move being later in the year than anticipated and an agreement with North Wales Police to reduce the charges.

- 8.** Under Transport the overspend is due to the rise in fuel costs, fuel usage and the increase in travel allowances paid to staff. This has been partially offset by savings on other running costs, namely vehicle insurance. Overall, the estimated overspend on transport costs have been offset by savings elsewhere in the budget.
- 9.** Under the Supplies and Services heading the main area of overspend will be on IT costs due to an increase in licensing costs, network upgrades and development work on a number of systems, in particular the new system for logging home fire safety checks and supporting Firelink. Again, the overspend on Supplies and Services will be offset by savings elsewhere in the budget.
- 10.** In order to supplement in house skills, external professionals have been engaged to assist the Service in a number of areas, mainly employee related, where there is a need to seek advice on complex legal matters. Unfortunately these costs can not be avoided and it is estimated that there will be an overspend on this budget heading.
- 11.** The estimated additional income from interest will not be achieved due to the current volatility of the money markets. However, this has been offset by savings on Capital Financing due to slippage on the capital programme in 2007/2008 and savings on interest payments due to the re-scheduling of PWLB debt.
- 12.** Overall the projected outturn for income is lower than anticipated due mainly to the decline in investment income owing to the decreased level of provisions held by the Authority and the dramatic fall in interest rates. However, this is partially offset by re-imburements from the Assembly for special projects and additional staff secondments.

## **Variances to Budget – Capital**

- 13.** The Rhyl Community Fire Station project is now complete and the final retention money of £30,000 will be paid in 2009/10. A saving of £75,000 was made on the original costs of the scheme.
- 14.** Work on Llangefni will commence in 2008/09 but the majority of the work will be completed in 2009/10 when most of the budget will be spent.
- 15.** The overspend on Buckley Fire Station of £93,000 was previously approved by the Authority and has been offset by savings on Rhyl Community Fire Station and Chirk Fire Station.
- 16.** The Wrexham and Nefyn Fire Stations' projects are still in negotiations and work is not expected to commence until 2009/10.
- 17.** Savings have been made on the cost of Water Tenders through procurement of the vehicles through the All Wales purchasing consortium. The Dual Role Appliances will not be delivered in this financial year because of the difficulty in securing build dates with the manufacturer.
- 18.** The Assembly has indicated that it will fund the expenditure incurred to date on the Firelink project.

## **RECOMMENDATION**

- 19.** That Members note the estimated underspend on revenue and the position in relation to the capital programme.