

Report to	North Wales Fire and Rescue Authority
Date	18 December 2017
Lead Officer	Ken Finch - Treasurer
Contact Officer	Sandra Forrest
Subject	Provisional Outturn 2017-2018



PURPOSE OF REPORT

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2017-2018.

EXECUTIVE SUMMARY

- 2 Current indications are that there will be no underspend and £317,349 of reserves will be needed to support the budget for 2017-2018 without the revision to the MRP policy. With the revised MRP policy there will be an estimated contribution to reserves of £49k. During the budget setting process it was estimated that £414,223 of reserves would be required to set a balanced budget. The detailed breakdown is contained in Appendix A, any underspends are shown with a minus (-) sign.

RECOMMENDATION

- 3 That, subject to the decision made in respect of revising the Minimum Revenue Provision policy and the consequential impact on Reserves, Members note the financial position of the Authority.

BACKGROUND

- 4 The report covers the actual expenditure and income up to the end of November and estimates the expenditure and income up to March 2018.
- 5 Grants that have been awarded in year are detailed within the report and not included in the figures in Appendix A.

INFORMATION

Variances to Budget

Employee Costs

- 6 Overall it is expected that expenditure on pay will come in on budget although there is some movement between the different budget heads within employee costs.
- 7 The current estimate is that there will be an underspend on the Wholetime firefighters' budget due to anticipated and unexpected retirements during the year. Some cover for these posts was supplied by Retained Duty System firefighters and staff that are employed on WDS Rural contracts, until these vacancies were filled in October 2017.
- 8 The additional costs for RDS firefighters takes into account new staff that have just joined the service following the recent recruitment drive and a change in policy with regards purchasing annual leave.
- 9 For support staff included in the outturn figure are the additional costs for the newly formed Community Assistance Team. However, these are offset by a number of vacant posts and the savings on the lump sum payment into the local government pension scheme, due to the planned prepayment of contributions covering a three year period.
- 10 The costs of training are expected to be higher than the budget set due to the number of new RDS recruits and apprentice positions that have been filled.
- 11 Pension costs are expected to be higher than budget due to the revenue contributions into the pension fund for ill health retirements. If there is an overall budget shortfall then this can be met from the earmarked reserve set aside to cover these additional payments.

Premises

- 12 Overall the premises budget will be overspent by £148k. The significant variances are on the repairs and maintenance budget due to a number of schemes that had been estimated to be part of the capital programme but due to the type of expenditure need to be classified as revenue expenditure. The rates budget now includes the full year costs of the new Wrexham Fire Station which was unknown at the time of setting the budget.

Transport

- 13 Overall the transport budget is estimated to be underspent by £285k. Current indications are that fuel costs and travel expenses will be less than the original budget due to the reduction in fuel prices and the current activity levels. The Service has also managed to negotiate a reduction in insurance for motor vehicles, included under the 'running expenses' budget head, this has contributed over £85k to the underspend.

Supplies

- 14 The overspend on uniforms and laundry relates to the increase in the contract costs for managing personal protective equipment (PPE) and the additional costs of providing uniform and equipment for new staff following the recruitment drive.
- 15 It is currently estimated that there will be an overspend on ICT-related 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. In 2015-2016 £300k was set aside to cover some of the additional costs of the transition but at this stage in the year the additional costs will partially be offset by the savings on the communications budget and other savings elsewhere in the budget. If there is an overall budget shortfall then this can be met from the earmarked reserve set aside to cover the project.
- 16 The communications budget will be underspent due to a number of factors which include a reduction in the cost of line rentals and mobile phone costs due to changes in the contract arrangements. It is also anticipated that the budget for communications hardware repairs and maintenance will not be fully utilised.
- 17 The re-negotiation of the insurance contract has also resulted in savings on public liability insurance which has contributed £33k to the underspend.

Capital Financing

- 18 The charges to the revenue budget for funding the capital programme are less than budgeted due to the rollover of some projects from 2016-17 to 2017-18. The reduced expenditure in 2016-17 has also meant that there has been less debt to furnish. However, there is another report on the agenda which recommends that Members approve changes to the Minimum Revenue Provision (MRP) Policy.

Approval of the change in policy will result in additional savings of £366k on the capital financing charges for 2017/18 as well as providing reduced charges for future budgets. The consequence on this year's outturn budget position is shown on the last page of Appendix 1.

INCOME

- 19 Overall it is estimated that income will be slightly lower than the original budget. Income from capital fees has decreased in line with expenditure incurred on the capital programme and the re-alignment of the capital budget. The original budget set included £25k for funding from the Welsh Government for Emergency Planning which is now shown as part of the National Resilience grant. The additional income from sales is due to the income achieved from the disposal of vehicles and equipment as they are replaced or are no longer required.

GRANT INCOME

- 20 The grants that have been awarded so far this financial year are as follows:-

Firelink - £415,600 (included in the outturn figures)
 Arson Reduction Team - £156,464
 Interventions - £223,300
 National Resilience Wales - £2,000,000
 National Resilience Flood Response and Water Rescue - £1,000,000
 Phoenix - £165,000
 Local Resilience Forum - £53,142

Any additional expenditure incurred by the Authority in order to meet the terms of the grant will be covered by the grant income, this expenditure is not shown in the budget outturn statement.

IMPLICATIONS

Wellbeing Objectives	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 into the future.
Budget	Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work.

Legal	It is a legal requirement that the Authority sets a balanced budget and any deviations are reported to those charged with Governance.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	If demands on the service are high over a sustained period then additional funding may be required to maintain service delivery.