

## Agenda Item: 8

### NORTH WALES FIRE & RESCUE SERVICE

<b>COMMITTEE:</b>	NORTH WALES FIRE AND RESCUE AUTHORITY
<b>DATE:</b>	27 MARCH 2006
<b>REPORT OF:</b>	TREASURER
<b>SUBJECT:</b>	PROVISIONAL OUTTURN 2005-2006

1. The attached schedule contains the estimated provisional outturn for the financial year 2005-2006 indicating that there will be an underspend of £320,032. At the Fire Authority meeting on 19 December 2005, it was agreed that £250,000 of the underspend from 2005-2006 be used to fund budget increases for 2006-2007.
2. The main area of underspend is on pay, £175,619, primarily in relation to Retained Fire-Fighters. In previous years the reported underspend on pay could be as much as £900,000. Members will be aware that funding of the retained budget was previously based on a full establishment being achieved. This is the first year that the budget has been based on expected levels of activity with a margin built in for unforeseen circumstances such as extreme weather conditions.
3. The following areas are highlighted for Members showing large overspends which are beyond the control of the Fire and Rescue Service:
  - Local Taxation has increased due to the revaluation of Fire Service properties. Appeals have been made against 25 increases but these will take time to finalise.
  - There has been a general increase in Fuel costs.
  - Advertising for staff is showing a large overspend due to an increase in the recruitment drive for Retained Fire-Fighters and a higher than normal rate of recruitment for support staff due to staff turnover and new posts.
  - Computer costs are also showing an overspend due mainly to an overhaul of the computer maintenance contracts.
  - Leasing charges will also be overspent due to some leases coming to the end of the primary leasing period and the equipment being retained by the service - the budget allows only for the primary lease period as it is expected that the equipment will be returned.
4. Additional income has accrued:
  - Interest on balances is showing additional income of £95,000 due to the high levels of provisions held by the Authority.
  - Training Courses income has increased significantly, £52,594, due to the transfer of the income of the Commercial Fire Safety Team from a trading account in to the revenue account.
5. Members will recall that, at its meeting on 13 December 2005, the Executive Panel agreed to make 2 posts redundant. Some of the costs arising as a consequence will fall to be paid in 2006/2007, and it is recommended that the balance of the underspend be carried forward to meet these costs.

6. Members will be aware that there has been a long running legal case regarding the Retained Fire-Fighters and the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations which came into effect on 1 July 2000. The Fire Brigades National Employers, after taking legal advice, were of the opinion that the Regulations did not give Retained Fire-Fighters any entitlement to be treated the same as whole-time Fire-Fighters. The FBU disputed this view and on 1 March 2006 the Law Lords upheld the appeal brought by the FBU. However, the House of Lords has decided that the claim should return to the Employment Tribunal to further consider the issues based on guidance given by the House of Lords. This could entitle personnel on the retained duty system to the same conditions of service as whole-time Fire-Fighters; that is, same pension rights, sick pay, annual leave and rate of pay.

At the time of writing this report the financial consequences cannot be calculated as all the facts of the ruling are as yet unknown. When details of the ruling are clear a report will be taken to Members outlining the financial consequences to the Fire Authority.

7. **RECOMMENDATION**

**That £70,000 be set aside from the underspend in 2005-2006 to create a Provision for Redundancy.**

K W Finch  
**TREASURER**

**10 March 2006**

(PAS06 : Fire Authority – Outturn Report)