



AGENDA ITEM: 8

NORTH WALES FIRE AND RESCUE AUTHORITY

16 December 2013

PROVISIONAL OUTTURN 2013-2014

Report by Ken Finch, Treasurer

Purpose of Report

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2013-2014.

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 £357,681. 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 and estimates the expenditure for the final 4 months of the year. Incident levels are down on previous years but there are still 4 months of the year to go and a spate of bad weather could mean additional resources will be needed to fund call out fees.

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 and is currently estimated to be £508k. Members will recall extensive presentations about the difficulty of recruiting firefighters to work the retained duty system. Despite a recent recruitment drive the establishment is still less than budgeted, resulting in savings on retaining and drill fees. To mitigate the impact the Fire and Rescue Service has been piloting a new flexible system where cover on some retained stations is being supplemented by wholetime firefighters providing additional hours as and when required. However, there is still a risk that if there are a number of major incidents over the next four months then the underspend could be less than estimated.
- 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 all.
- 7 The overspend on Local Government pensions is due to an additional injury payment made during the year that was not provided for in the original budget.

Premises

- 8 On the premises budget the main area of overspend will be on repair and maintenance costs. The overspend is due to the fact that the annual maintenance contracts were due to be re-tendered after the budget setting process so it was not possible to predict inflationary pressures due to market conditions. The contracts are necessary to ensure the property portfolio is maintained to a required standard and comply with health and safety legislation.

Transport

- 9 By prudently extending the lease term on vehicles in the car hire scheme there has been a reduction in the annual lease payments which contributes to the overall underspend of £15k on the transport budget.

Supplies

- 10 Operational equipment will be overspent due to the cost of external hydraulic contracts. Next year the work will be undertaken in-house to reduce the cost.
- 11 There will be an underspend on communications costs due to re-negotiating the communications contracts, this has resulted in a saving on Firelink costs and line rentals in the current year.
- 12 The overspend on computer costs is due to the software development costs associated with the new Fleetwave system, which can be covered from underspends in Communications.
- 13 The Welsh Fire and Rescue Services' National Issues Committee (NIC) was established in 2012 to improve collaborative working, service delivery and sustained service improvement. The Authority as part of the group has agreed to contribute towards the cost of the NIC co-ordinator's salary which will be offset against the savings generated by the NIC.
- 14 Conference and subsistence expenses appear to be overspent because of 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 £8k.

Agency

- 15 The underspend on grounds maintenance costs is due to the re-tendering of the contract in partnership with North Wales Police resulting in lower costs.

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 fire and ambulance station.

Income

- 17 Overall it is estimated that income will be slightly under budget. Income from joint sites will be less than budget as the budget was based on the previous year's activity. There has also been a welcome reduction in special service calls which has resulted in less income being raised than anticipated when the budget was set.

Contribution to Reserves

- 18 Members are aware of the financial challenges that face the public sector in Wales so officers have been looking for opportunities in the short term to reduce the budget in coming years. One opportunity that has presented itself is to use revenue budget to finance part of the capital programme in the current year which will reduce the future debt charges arising from the current programme.
- 19 In previous years Members have agreed to build up a general reserve to provide some assurance that there are funds available to assist in future years and will mean that the Authority can draw on these funds rather than having to request supplementary contributions from the constituent authorities. Any underspend will as in previous years be set aside in to the general reserve to offset future liabilities.

Recommendation

- 20 Members note the estimated underspend and agree in principle to set money aside from revenue to fund the capital programme.