

Report to	North Wales Fire and Rescue Authority
Date	17 December 2018
Lead Officer	Ken Finch – Treasurer
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Subject	Provisional Outturn 2018/19



PURPOSE OF REPORT

- 1 This report is to provide Members with an estimate of North Wales Fire and Rescue Authority's provisional outturn for the financial year 2018/19.

EXECUTIVE SUMMARY

- 2 North Wales Fire and Rescue Authority (the Authority) approved a revenue budget of £34.1m at its meeting on 18 December 2017. This included a contribution from reserves of £646,700. As at 30 November 2018 the current forecast is that the full budget allocation will be required including the contribution from reserves. The increased activity over the summer months has resulted in an overspend in firefighter costs. This is being addressed through reduced capital financing costs and the careful management of vacancies and non-pay expenditure. The current forecast is subject to activity remaining at normal levels during the winter months. The detailed breakdown is provided in appendix A.
- 3 The Authority approved a capital budget of £4.9m in December 2017 which increased to £5.9m to accommodate projects outstanding from 2017/18. The full year capital expenditure forecast is £2.7m, reflecting the re-profiling of the timing of delivery of a number of projects.

RECOMMENDATIONS

- 4 Members are asked to note that the Authority is:
 - (i) currently forecasting to fully utilise its revenue budget of £34.1m in 2018/19; and
 - (ii) forecasting capital expenditure of £2.7m during 2018/19 against the plan of £5.9m.

BACKGROUND

- 5 This report covers the actual expenditure and income up to the end of November 2018 and estimates the expenditure and income up to March 2019.

- 6 Grants that have been awarded in-year are detailed within this report and have been excluded from the figures in appendix A.

INFORMATION

Variances to Budget

Employee Costs

- 7 Significant pressures have been experienced within this area of expenditure due to increased activity relating to grass and moorland fires during the summer months. A full year overspend of £323k is forecast which anticipates that activity will remain at normal levels for the remainder of the financial year.
- 8 The current estimate is that there will be an overspend of £448k for firefighter costs due to the increased summer activity and increased pension costs. This overspend is being managed through reduced capital financing costs and the careful management of vacancies and non-pay costs.
- 9 For support staff there is an estimated underspend due to a number of vacant posts.
- 10 The cost of training is expected to be higher than the budget set due to additional costs associated with training of recently recruited retained personnel and first aid training for operational personnel.

Premises

- 11 The full year forecast is an overspend of £99k. This reflects additional cost pressures within repairs and maintenance of buildings and energy costs. This increase is partially offset through additional recharges for jointly occupied buildings and this is reflected within income. The forecast overspend in energy costs relate to increases in the tariffs and work is ongoing to further reduce usage across the estate.

Transport

- 12 Overall the transport budget is estimated to be overspent by £31k due to costs arising from increases in fuel price and the recent activity levels.

Supplies

- 13 The budget for supplies is forecast to be overspent by £72k reflecting cost and activity pressures in a number of headings. In particular, pressures are being experienced within ICT due to costs associated with maintaining essential operational applications and servers.
- 14 The communications budget will be underspent due to a number of factors which include a reduction in the cost of line rental and costs associated with mobile phones due to changes in the contract arrangements and the introduction of the new VoIP (voice over IP) phones.

Capital Financing

- 15 The charges to the revenue budget for funding the capital programme are less than budgeted because capital receipts, mainly the proceeds from the sale of the former Wrexham fire station, were utilised in 2017/18.

INCOME

- 16 Income is forecast to be £188k higher than the original budget. This is mainly due to income from a secondment to the Wylfa Newydd project and additional income arising from jointly occupied sites.

GRANT INCOME

- 17 The Authority receives a number of grants which are summarised below:-

Firelink	£415,600
Arson Reduction Team	£156,464
Interventions	£223,300
National Resilience	£233,386
Phoenix	£165,000
Local Resilience Forum	£ 55,000

- 18 The grant income will be fully utilised in year in line with the grant terms and conditions. Grant expenditure is above the budget approved by the Authority and is excluded from the figures provided within appendix A.

CAPITAL PROGRAMME

- 19 The Authority approved a capital programme of £4.9m which increased to £5.9m to accommodate projects outstanding from 2017/18. Appendix B provides a breakdown of schemes and the full year outturn expenditure forecast is £2.7m.

- 20 The full year forecast reflects that a number of projects, including the replacement of white fleet, water tenders, IT equipment and fire kit, have been re-profiled into future periods.
- 21 An estates condition survey is currently being undertaken which will inform the future capital expenditure on premises. The Authority works collaboratively with public sector partners to ensure the maximum benefit to the communities from each of its buildings.

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 in to 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	Income and expenditure is closely monitored to ensure the Authority has sufficient funds to set a balanced budget. If demands on the Service are high over a sustained period then additional funding may be required to maintain service delivery.