



AGENDA ITEM: 7

NORTH WALES FIRE AND RESCUE AUTHORITY

19th March 2007

PROVISIONAL OUTTURN 2006 - 2007

**Report by Ken Finch,
Treasurer to the Authority**

Purpose of Report

- 1.** This report is to provide Members with an estimated provisional outturn for the financial year 2006-2007.

Introduction

- 2.** The last outturn report presented to Members in December 2006 reported that there would be an underspend in the region of £195,000. However, since the report it has been necessary to incur additional expenditure due to identified Health and Safety issues in some premises and to allocate extra resources to Community Fire Safety work. Current indications are that there will be an overspend of £143,385. The detailed breakdown is contained in Appendix A, any underspends are shown in brackets ().



Variances to Budget

- 3.** In previous years a large proportion of the underspend was on pay due to the budget for retained incident fees not being fully utilised due to low activity levels. However, this year it is estimated that due to the high levels of activity during the summer months the budget for retained incident fees will be fully utilised and may even overspend. The underspend on pay can mainly be attributed to under establishment on retained; savings on day crewing incident fees; and the time lag between staff leaving and new staff being employed.
- 4.** The new Service Level Agreement (SLA) for Facilities Management (FM) commenced on 1 June 2006 and became fully operational later in the year. The set up costs for FM are higher than anticipated primarily through recruitment advertising but the additional expenditure was to be funded from the expected additional income on investments.
- 5.** FM was allocated a budget to manage the Authority's property portfolio. However, in the late part of 2006 they identified some health and safety concerns (heating boilers and water quality) with some buildings and it was necessary to allocate additional budget of £100k to the department to rectify these issues. The additional budget was to be funded from the anticipated savings on Debt Charges.
- 6.** The budget for fuel is anticipated to be overspent due to increased prices and activity levels in the Summer.
- 7.** Under the Supplies and Services head the estimated overspend is £119k. The main areas of overspend are on Community Fire Safety and Communications headings where additional resources have been deployed to improve services.



Variances to Budget *(continued)*

8. Debt charges will be under spent by £96k mainly due to borrowing taking place later in the year than budgeted due to slippage on the capital programme.
9. The table below summarises the position:-

Over spends £,000		Under spends £'000	
Premises	100	Debt charges	96
F M set up	19	Investment Income	30
Fuel	33		
Community Fire Safety	49		
Corporate Comms	44		
Other	24		
Total	269		126
Net Overspend			143

Financing the Overspend

10. Members will recall that a provision of £45k was set aside to finance some consultancy advice with regard to the Statement of Internal Control. The likely cost of this work, which is about to be completed, is £7k. The balance of the provision can be taken to offset part of the overspend. Also, £300k was set aside to cover any possible calls on the Pension Provision in 2006-2007. Current indications are that calls on the provision in 2006-2007 will not exceed £150,000 so there will be sufficient balance to offset the remainder of the overspend. It will not be necessary to ask the Unitary Authorities to contribute further funds.

RECOMMENDATION

11. It is recommended that the projected overspend at this time be noted and as set out in paragraph 10 the overspend be covered by the funds available in the provisions.

