



AGENDA ITEM: 10

NORTH WALES FIRE AND RESCUE AUTHORITY

19 March 2012

PROVISIONAL OUTTURN 2011-2012

Report by Ken Finch, Treasurer

Purpose of Report

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2011-2012.

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 £634,731. The detailed breakdown is contained in Appendix A, any underspends are shown with a minus (-) sign.
- 3 The underspend has been carefully managed to ensure there will be sufficient funds available to cover the short term transitional costs as part of the introduction of a rostering system in 2012-13. Staffing costs have been reduced where possible in 2011-12 in preparation for achieving the savings targets that have been set for the 2012-13 budget as agreed by members in December. It was also agreed by Members that £68,000 of any underspend be used to pay the stamp duty and fees for the proposed purchase of Headquarters. It is therefore recommended that Members note the underspend.

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 Included in the budget for Firefighters–Wholetime is a savings target of £450k which was agreed by Members during the budget setting process. The estimated outturn confirms that the saving will be met and there will be additional savings over and above the original target. This will be achieved through known retirements during the year in conjunction with no wholetime recruitment and overtime being less than was budgeted.
- 6 The underspend on Support Staff can be attributed to the budgeted establishment being greater than the actual establishment; this is due to a re-structuring exercise which has resulted in vacant posts not being filled at this time and the need to make savings in future years which will result in the deletion of a number of these vacant posts.
- 7 The estimated underspend on retained firefighters is fairly modest at £163k. This is due to a drop in incident fees over the last couple of months and a reduction in the number of retained firefighters employed by the Authority.
- 8 The overspend on the Miscellaneous budget heading is due to redundancy payments that will be incurred in the year that have not been budgeted for; the costs will be offset against savings that will be realised in future years due to a reduction in support staff posts.
- 9 The costs included under the Firefighter Pensions heading are pension costs that can not be charged to the Pension Fund and include; injury pension payments; retained ill-health pensions; and injury lump sum payments for retained. Part of the estimated overspend is due to a large injury lump sum payment of £75k. The additional overspend can be managed within the current budget given the outturn position but if circumstances change then the overspend could be met from the pension reserve.

Transport

- 10 Overall the Transport budget is estimated to be overspent by £48k. This is due to the increase in fuel costs and vehicle insurance from when the original budget was set back in December 2010 resulting in insufficient budget to cover the actual expenditure.

Supplies

- 11 Under the Supplies and Services heading it is currently estimated that there will be an underspend on Communications costs due to a delay in the roll out of the development work which has resulted in a saving in telephone rental costs in the current year.
- 12 The overspend on Computer Costs is due to the replacement of the Unix system and includes the costs of the new hardware. The decision was taken to update the system in order to produce long term savings; the new system will require less maintenance and less labour intensive inputs which will produce savings on staff costs.
- 13 Expenditure on Printing and Stationery has reduced due to changes in working practices and smarter procurement. Fire Safety costs have also reduced due to hydrant repairs being less than anticipated due to an overpayment in the previous year.
- 14 Conference and Subsistence expenses have reduced due to the control measures that have been put in place in order to reduce spend in this area.

Agency

- 15 Under Agency the cost of building cleaning and grounds maintenance has increased due to the change in the specification of cleaning and maintenance contracts.

Support Services

- 16 The estimated overspend on Facilities Management will be offset by an increase in income from capital fees which is shown in the income section on the last page of the appendix.

Capital Financing

- 17 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 making the cost of borrowing less than had been previously estimated.

Income

- 18 The income for Special Service Calls is less than budget due to a reduction in the number of incidents the Authority raises invoices for. There has also been a decrease in income earned from outside training courses as a decision was taken that a more effective use of the resources is to deliver the community fire safety message. Emergency Planning is showing a reduction in income on the revenue budget as the funding from the Welsh Government has been re-allocated to the New Dimensions project which is managed through a holding account so is not shown in the revenue budget.
- 19 Sales income has increased due to the sale of a number of vehicles that have been de-commissioned.

Recommendation

- 20 That Members note the estimated underspend.