



AGENDA ITEM: 9

NORTH WALES FIRE AND RESCUE AUTHORITY

22 September 2014

PROVISIONAL OUTTURN 2014-2015

Report by Ken Finch, Treasurer

Purpose of Report

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2014-2015.

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 £381,218. 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 August and estimates the expenditure for the final 7 months of the year. Incident levels are comparable to the previous year but there are still 7 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 wholetime firefighters and is currently estimated to be £472k. Various factors have contributed to an underspend being reported for wholetime firefighters and include:-
 - a number of staff that are part of the establishment but have not received full salary due to sickness or maternity leave;
 - absence cover being provided by the new Wholetime Duty System (WDS) Rural firefighters resulting in savings on overtime costs;
 - and reduced working hours due to strike action.
- 6 The estimated underspend on retained firefighters is £77k. Some of this budget has been used to pilot a group of 18 flexible firefighters to improve fire cover, called WDS rural firefighters.
- 7 The underspend on the Chief Officers budget relates to the currently vacant Assistant Chief Fire Officer post.
- 8 The underspend on Support Staff can be attributed to a number of vacant posts being filled later than estimated.
- 9 The Training budget was set on the expectation that a WG grant would be paid to offset some of the expenditure. However, this grant has been removed at short notice so the outturn is higher to reflect the expected costs.
- 10 The overspend on Firefighter Pensions is due to an additional injury payment made during the year that was not known when the budget was set.

Premises

- 11 On the premises budget there will be an underspend on National Non Domestic Rates. The reduction in costs is due to changes to the rateable values of a number of premises following commissioning an external specialist to carry out a re-evaluation exercise. This was very beneficial with some refunds being backdated to 2010.

Transport

- 12 Overall the Transport budget is estimated to be overspent by £91k. These are additional costs associated with trialling the use of flexible WDS rural firefighters to provide cover over a number of stations.

Supplies

- 13 Due to the increase in the number of firefighters it is expected that it will be necessary to purchase additional PPE, this has been reflected as an overspend in the Uniforms and Laundry budget head.
- 14 It is currently estimated that there will be an underspend on Computer costs due to the renegotiation of licences and maintenance contracts which has resulted in reduced costs compared to the original budget.
- 15 The overspend on Communication costs is due to the costs for Firelink being higher than anticipated due to an unexpected indexation charge which has been disputed.
- 16 Conference and subsistence expenses will be overspent due partly to 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 £18k. There is also an increase in the eligibility for subsistence claims due to the additional distances travelled and hours worked by firefighters providing cover for rural stations. The subsistence budget is expected to be overspent by £7k.

Support Services

- 17 The cost to the Authority for Facilities Management will increase this year. Due to the increase in the capital projects managed by the team an additional Project Manager has been assigned to the Fire and Rescue Service. However, the increase in costs will be covered by additional income as these costs are charged to the capital programme as fees.

Capital Financing

- 18 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 necessary delay on the Wrexham Fire and Ambulance project and the planned rescheduling of the Tywyn and Nefyn projects.

Income

- 19 Overall it is estimated that income will be slightly higher than the original budget. There has been a welcome reduction in special service calls but this has resulted in less income being raised than anticipated when the budget was set. A reduction in the Emergency Planning grant is offset by a reduction in costs under the JESG budget heading. And as mentioned previously income from Capital Fees has increased in line with expenditure incurred.

Underspend

- 20 Following an analysis of fire cover patterns a number of new posts have been created (paragraph 6) to provide cover across North Wales. Operationally it has been necessary to provide a vehicle that is large enough to carry the equipment that is required for 'mobile' firefighters. Currently 15 vehicles have been hired for this purpose. However, it is more beneficial both operationally and financially to purchase the vehicles and any additional equipment that may be required through the capital programme, the estimated cost is £300k. In order to reduce future debt charges it is recommended that the costs of the vehicles and equipment is funded from the underspend in the current year.

Recommendation

- 21 Members note the estimated underspend and agree to set money aside to finance capital expenditure, to reduce future debt charges.