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| Report to        | <b>North Wales Fire and Rescue Authority</b> |
| Date             | <b>19 March 2018</b>                         |
| Lead Officer     | <b>Ken Finch - Treasurer</b>                 |
| Contact Officers | <b>Sandra Forrest/Julie Brown</b>            |
| Subject          | <b>Provisional Outturn 2017-2018</b>         |



## **PURPOSE OF REPORT**

- 1 This report is to provide Members with an estimated provisional outturn for the financial year 2017-2018.

## **EXECUTIVE SUMMARY**

- 2 Current indications are that there will be no underspend and £215,385 of reserves will be needed to support the budget for 2017-2018 this includes the revision to the MRP policy that was approved by Members at the December meeting of the Fire Authority. During the budget setting process it was estimated that £414,223 of reserves would be required to set a balanced budget. The detailed breakdown is contained in Appendix A, any underspends are shown with a minus (-) sign.

## **RECOMMENDATION**

- 3 Members note the financial position of the Authority.

## **BACKGROUND**

- 4 The report covers the actual expenditure and income up to the end of February and estimates the expenditure and income up to March 2018.
- 5 Some grants that have been awarded in year are detailed within the report and not included in the figures in Appendix A.

## **INFORMATION**

### **Variances to Budget**

#### **Employee Costs**

- 6 Overall it is expected that expenditure on pay will exceed the budget set by £455k.
- 7 The current estimate is that there will be an overspend on the wholetime firefighters' budget. During the budget setting process it was estimated that the pay award would be 1%. Current indications are that the pay award will be higher so this has been factored into the outturn position with a revised estimate of a 2% increase, the estimated overspend will be £122k.
- 8 The additional costs for RDS firefighters takes into account new staff that have just joined the service following the recent recruitment drive. The budget was set based on 390 personnel but this has now increased to over 440 which has impacted on costs. This has been necessary to ensure there is sufficient fire cover across North Wales by increasing the availability of RDS stations to respond to calls.
- 9 For support staff, included in the outturn figure are the additional costs for the newly formed Community Assistance Team. Some of these costs have been met by a contribution from Welsh Government and income from a local authority that is in receipt of their services. However, any other additional costs not covered by income are offset by a number of vacant support staff posts and savings on the lump sum payment into the local government pension scheme.
- 10 The cost of training is expected to be higher than the budget set due to the number of new RDS recruits and apprentice positions that have been filled. However, officers have secured some funding from Welsh Government towards the cost of apprentice training.
- 11 Pension costs are expected to be higher than budget due to the revenue contributions into the pension fund for ill health retirements. If there is an overall budget shortfall then this can be met from the earmarked reserve set aside to cover these additional payments.

#### **Premises**

- 12 Overall the premises budget will be overspent by £146k. The significant variances are on the repairs and maintenance budget due to a number of schemes that had been estimated to be part of the capital programme but due to the type of expenditure need to be classified

as revenue expenditure. The rates budget now includes the full year costs of the new Wrexham Fire Station which was unknown at the time of setting the budget.

## **Transport**

- 13 Overall the transport budget is estimated to be underspent by £181k. Current indications are that fuel costs and travel expenses will be less than the original budget due to the reduction in fuel prices and the current activity levels. The Service has also managed to negotiate a reduction in insurance for motor vehicles, included under the 'running expenses' budget head, this has contributed over £85k to the underspend.

## **Supplies**

- 14 The overspend on uniforms and laundry relates to the increase in the contract costs for managing personal protective equipment (PPE) and the additional costs of providing uniform and equipment for new staff following the recruitment drive.
- 15 It is currently estimated that there will be an overspend on computer costs. The majority of the overspend is due to the additional costs associated with the new national contract for radio communication. Members will be aware of the project and the risks involved. In 2015-2016 £300k was set aside to cover some of the additional costs of the transition but at this stage in the year the additional costs will partially be offset by the savings on the communications budget and other savings elsewhere in the budget. If there is an overall budget shortfall then this can be met from the earmarked reserve set aside to cover the project.
- 16 The communications budget will be underspent due to a number of factors which include a reduction in the cost of line rentals and mobile phone costs due to changes in the contract arrangements. It is also anticipated that the budget for communications hardware repairs and maintenance will not be fully utilised.
- 17 The re-negotiation of the insurance contract has also resulted in savings on public liability insurance which has contributed £26k to the underspend.

## Capital Financing

- 18 The charges to the revenue budget for funding the capital programme are less than budgeted due to the rollover of some projects from 2016-17 to 2017-18. The reduced expenditure in 2016-17 has also meant that there has been less debt to furnish. Approval of the change in the MRP policy will result in additional savings of £366k on the capital financing charges for 2017/18 as well as providing reduced charges for future budgets.

## INCOME

- 19 Overall it is estimated that income will be higher than the original budget. The Welsh Government contributions heading includes additional funding that has been secured by officers towards apprentice training and the Community Assistance Team, the original budget of £25k was for emergency planning which is now shown as part of the national resilience grant.
- 20 The additional income from sales is due to the disposal of vehicles and equipment as they are replaced or are no longer required.
- 21 The miscellaneous budget heading includes income for a secondment to National Resources Wales which was not included in the original budget set.
- 22 The professional charges budget head is new income in year. The income received is for professional services provided to the Wylfa project and services provided by the Community Assistance Team.
- 23 Income from capital fees has decreased in line with expenditure incurred on the capital programme and the re-alignment of the capital budget.

## GRANT INCOME

- 24 The grants that have been awarded so far this financial year are as follows:-

Firelink - £415,600 (included in the outturn figures)  
Arson Reduction Team - £156,464  
Interventions - £223,300  
National Resilience Wales - £2,000,000  
National Resilience Flood Response and Water Rescue - £1,000,000  
Phoenix - £165,000  
Local Resilience Forum - £53,142

- 25 Any additional expenditure incurred by the Authority in order to meet the terms of the grant will be covered by the grant income, this expenditure is not shown in the budget outturn statement.

## IMPLICATIONS

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| <b>Wellbeing Objectives</b>                   | 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. |
| <b>Budget</b>                                 | Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work.   |
| <b>Legal</b>                                  | It is a legal requirement that the Authority sets a balanced budget and any deviations are reported to those charged with Governance.  |
| <b>Staffing</b>                               | None   |
| <b>Equalities/Human Rights/Welsh Language</b> | None   |
| <b>Risks</b>                                  | If demands on the service are high over a sustained period then additional funding may be required to maintain service delivery.   |