

## 2006/07 Expenditure Statistics

### Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202.

#### 1 Purpose of Report

This report sets out the comparative financial information for fire authorities, as reported by the Chartered Institute of Public Finance and Accountancy (CIPFA). This will enable the Fire Authority to consider areas for further investigation with the intention of ensuring that any opportunities for improving performance are fully explored.

#### 2 Recommendations

Members are asked to note the report, and request that the Fire Authority assures itself that any potential opportunities for service improvement are followed up, through the Strategy and Resources Committee.

#### 3 Background

CIPFA produces statistics on expenditure, budgets, staffing, appliances and fire stations. Each year summary financial analysis has been presented to Members, usually comparing the Fire Authority's estimates with the average for Shire areas, i.e. Combined Fire Authorities and County Council based brigades.

Such comparisons will be a starting point for auditors and others interested in the performance of fire authorities. Appropriate use of available comparative information is evidence of an open approach to self-assessment.

This report concentrates on financial comparisons. Reports looking at the non-financial aspects will be brought to later meetings



## 4 The Comparison Methodology

The main base for expenditure comparisons is expenditure per 1,000 population. Thus, in 2006/07, Shropshire and Wrekin Fire Authority's (S&WFA's) costs were calculated as follows:

S&WFA Budget	18,296,000	
Less debt charges	419,000	-
Add investment income	53,000	+
Less FRS17 adjustment	121,000	-
Less amending reports	170,000	-
Add contribution from reserves	100,000	+
Less Capital Fund	32,000	-
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	17,707,000	
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The population at June 2006 was estimated at 450,500. The expenditure per 1,000 population is, therefore, £17,707,000 divided by 450.5, i.e. £39,305.

The statistics show expenditure analysed:

- a) Subjectively, i.e. the traditional analysis into employees, transport, premises etc., which is used for budget monitoring and control; and
- b) Objectively, i.e. into the service objectives required for Best Value accounting, notably "Community Fire Safety" and "Firefighting and Rescue", i.e. intervention.

The main difference between the two is that the only cost of using assets in the subjective analysis is leasing of vehicles and equipment, whilst the best value objective analysis includes notional costs of using and occupying capital in the form of depreciation and interest on capital (i.e. capital charges).

Experience this year with "training expenses" has demonstrated that it is vital that returns are made by all authorities on a consistent basis. Although CIPFA and the Audit Commission are aware of this, the figures attached have not been amended and the earliest we can hope for improvements is in 2007/08 returns.

## 5 Conclusion

Appendix A shows S&WFA costs per 1,000 compared firstly with all English fire authorities, but secondly with a more appropriate comparator, that of Shire areas. Thirdly, and perhaps most appropriately, comparisons are made with the Combined Fire Authorities (CFA's). Finally, in order to set in context why the averages vary, averages for London and metropolitan areas are shown.



Appendix B converts the information in Appendix A into indices, i.e. it shows All English Authority figures as 100 and relates other figures to these, e.g. if a comparison showed expenditure 8% below the All Authority figure, then this will be shown as 92. On the other hand, 8% above would be 108.

## **6 Where to Next?**

The report is not intended to provide answers for all the more striking variations. Previous reports have highlighted some, e.g. our use of leasing compared with debt-free CFA's and our policy not to spend money disproportionately purely to increase income. In the past it has often proved difficult to get behind how other authorities have completed their returns, and from time to time discrepancies have arisen from definition reasons rather than having service explanations (e.g. training).

It is recommended, however, that your officers continue to timetable an in-depth analysis of the significant variations and bring the results together with any recommendations to the Fire Authority's Strategy and Resources Committee in order to feed into policy and budget planning for 2008/09.

## **7 Financial Implications**

There are no financial implications arising directly from this report other than those discussed within the report.

## **8 Legal Comment**

There are no legal implications arising from this report.

## **9 Appendices**

### **Appendix A**

2006/07 Budget Analysis: Estimated Expenditure: Spend per 1,000 population

### **Appendix B**

2006/07 Budget Analysis: Estimated Expenditure: Index of Spend per 1,000 population

## **10 Background Papers**

There are no background papers associated with this report.



Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	*
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Initial Equality Impact Assessment Form completed	*

