

REPORT OF THE TREASURER

2005/06 EXPENDITURE STATISTICS

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, appliances and fire stations. Each year summary 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.

4 The Comparison Methodology

The main base for expenditure comparisons is expenditure per 1,000 population. Thus in 2005/06 Shropshire and Wrekin Fire Authority's (SWFA) costs were calculated as follows:

	£
SWFA Budget	17,948,000
<u>Less</u> Debt Charges	251,000 -
<u>Add</u> FRS17/Pension Adjustment	530,000
	<u>18,227,000</u>



The population at June 2005 was estimated at 447,000. The expenditure per 1,000 population is, therefore, £18,227,000 divided by 447, i.e. £40,776.

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 depreciation and interest on capital (i.e. capital charges).

5 Conclusion

Appendix A shows SWFA costs per 1,000 compared firstly with all 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 metropolitan areas are shown.

Appendix B converts the information in Appendix A into indices, i.e. it shows All 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. 8% above on the other hand 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, 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.

It is recommended, however, that your officers 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 2007/08.

7 Legal Comment

There are no legal implications arising from this report.

8 Financial Implications

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



9 Equality and Diversity Implications

There are no equality or diversity implications arising directly from this report.

10 Appendices

Appendix A - Traditional Budget Analysis

Appendix B - Traditional Budget Analysis

2005/06 Estimated Expenditure: Index of Spend per 1,000 population
(All authorities = 100)

11 Background Papers

There are no background papers associated with this report.

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



Traditional Budget Analysis

	SWFA Original	SWFA Revised	All Authorities	Shire Areas	CFA's	Metropolitan Areas
	£	£	£	£	£	£
Employees						
Wholetime	14,546	14,584	21,510	17,433	18,198	26,232
Part-time	4,633	5,004	2,591	3,283	3,080	284
Control Room	1,219	1,260	1,064	1,093	1,050	979
Other Staff	2,689	2,919	3,361	3,239	3,295	2,461
Sub Total	23,087	23,767	28,526	25,048	25,623	29,956
Pensions Deficit	5,669	5,376	7,350	5,719	5,748	9,087
Training Expenses	1,794	1,678	1,038	1,120	1,340	1,380
Other Employee Expenses	36	273	368	346	365	401
Premises	1,694	1,812	1,759	1,567	1,503	1,322
Transport Related (including leasing)	2,595	2,512	1,805	1,749	1,861	1,399
Supplies and Services	3,413	3,852	2,577	2,837	2,971	1,884
Support Services	461	349	722	592	430	1,335
Other Expenses (includes cont. to reserves)	2,309	1,577	183	330	391	173
Third Party Payments		0	159	128	156	227
Income	(282)	(548)	(1,035)	(885)	(820)	(1,030)
Total	40,776	40,649	43,452	38,551	39,568	46,134



Best Value Accounting

	SWFA Original	SWFA Revised	All Authorities	Shire Areas	CFA's	Metropolitan Areas
	£	£	£	£	£	£
Community Fire Safety	3,758	3,758	6,980	3,975	4,656	4,478
Firefighting and Rescue	37,701	37,701	37,941	35,878	36,238	43,149
Emergency Planning/Civil Defence			113	177	45	39
Corporate and Democratic Core	1,409	1,409	591	769	810	486
Unapportionable Central Overheads			439	258	162	88
Total	42,868	42,868	46,064	41,057	41,911	48,240
Less capital charges	(2,092)	(2,219)	(2,612)	(2,506)	(2,343)	(2,106)
Total	40,776	40,649	43,452	38,551	39,568	46,134



**2005/06 Estimated Expenditure: Index of Spend per 1,000 population (All authorities = 100)
Traditional Budget Analysis**

	SWFA Original	SWFA Revised	All Authorities	Shire Areas	CFA's	Metropolitan Areas
	£	£	£	£	£	£
Employees						
Wholetime	68	68	100	81	85	122
Part-time	179	193	100	127	119	11
Control Room	115	118	100	103	99	92
Other Staff	80	87	100	96	98	73
Sub Total	81	83	100	88	90	105
Pensions Deficit	77	73	100	78	78	124
Training Expenses	173	162	100	108	129	133
Other Employee Expenses	10	74	100	94	99	109
Premises	96	103	100	89	85	75
Transport Related (including leasing)	144	139	100	97	103	78
Supplies and Services	132	149	100	110	115	73
Support Services	64	48	100	82	60	185
Other Expenses (includes cont. to reserves)	1,262	862	100	180	214	95
Third Party Payments	0	0	100	81	98	143
Income	27	53	100	86	79	100
Total	94	94	100	89	91	106



Best Value Accounting

	SWFA Original	SWFA Revised	All Authorities	Shire Areas	CFA's	Metropolitan Areas
	£	£	£	£	£	£
Community Fire Safety	54	54	100	57	67	64
Firefighting and Rescue	99	99	100	95	96	114
Emergency Planning/Civil Defense			100	157	40	35
Corporate and Democratic Core	238	238	100	130	137	82
Unapportionable Central Overheads			100	59	37	20
Total	93	93	100	89	91	105
Less capital charges	80	85	100	96	90	81
Total	94	94	100	89	91	106

