

Financial Benchmarking – Chartered Institute of Public Finance and Accountancy 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 advises Members of an analysis of Fire and Rescue Authorities financial statistics, comments on their value, and seeks guidance over further investigations that might prove helpful.

2 Recommendations

The Committee is asked to:

- a) Note the analysis;
- b) Note the ongoing shortcomings of the statistics; and
- c) Decide whether it wishes any further analysis to be undertaken.

3 Background

The Chartered Institute of Public Finance and Accountancy (CIPFA) publish annually, statistics on actual expenditure for the previous year and on estimated expenditure for the year in question.

Information is usually late – i.e. November and is of limited immediate value to the budget process. However it is one of the few sources of comparative information available, and the Authority has for many years sought to benchmark itself using the data provided.

4 Main Analysis

The statistics show expenditure expressed as an amount per 1,000 population. This is simple, but crude, and does not take into account other local variations, e.g. sparsity. The appendix to the report compares this Authority's estimated spending in 2008/09 per 1,000 population with a number of comparables i.e. all English Fire and Rescue Authorities (FRAs); Combined Fire Authorities (CFAs); Metropolitan Areas and Shire Areas.

The appendix also converts the differences between our spending and those of the comparator groups into cash. This is done by calculating the expenditure that could be saved – in brackets, or could be spent in addition, if this Authority spent exactly at the average level.

This can be demonstrated as follows:-

	2008/09
	£000
Shropshire and Wrekin Fire Authority budget requirement	20,034
Add adjustments (Interest on Balances)	260
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	20,294
	÷ Mid year population (452,600) =
	£44,839

i.e. total spend in 2008/09 is estimated at £44,839 per 1,000 population

If we take comparative figures for Training Expenses in 2008/09, then we spent £2,369 per 1,000 population compared to the All English FRAs average of £973, therefore “statistically” at least we could have saved cash if we reduced our spending to the average, of:-

$$(\pounds 2,369 - \pounds 973) \times 452.6 = \pounds 631,000$$

5 Weakness of this Approach

There are significant weaknesses in this analysis, which are an unfortunate consequence of the way the statistics are compiled. This is because authorities and CIPFA have not combined effectively to set out clear and unambiguous instructions for completing the statistics. Nor, it has to be said, has their compilation been given the care and attention required if they are to be used for dedicated benchmarking. Training Expenses is a case in point. This Authority always includes costs of employees as well as direct training costs. Many other authorities do not. This then shows us as being comparatively costly. Conversely our employees costs will be lower than those authorities who do not allocate out the cost of in-house trainers that they employ. Despite drawing this issue to the attention of the Audit Commission and CIPFA the situation persists.

Nevertheless the overall analysis does serve as a starting point for an understanding of the finances of Authorities, and the statistics do contain some non-financial information which does allow further analysis.

6 Main Headline Conclusions

A brief summary of the main features of the analysis in the appendix is:-

- CIPFA statistics show that the Fire Authority's expenditure on employees and associated costs accounts for 78.6% of its total budget. This is lower than the 80.3% average for 'all English FRAs' or the 79.6% average for CFAs.
- Employee expenditure is lower within Shropshire, mainly due to the relatively low expenditure on wholetime employees, and the much greater use of retained staff.
- As a consequence of the lower than average budget spend on employees, the Fire Authority has a higher percentage spend on non-employee costs.
- The Fire Authority's expenditure on training, transport and supplies and services do not benchmark well when compared against other Groupings.
- The Fire Authority achieves lower income than the average of other Groupings.
- A previous analysis [Fire Authority meeting, 17 October 2007 (Report 16)] of the reasons for increased expenditure on non-employee costs by this Fire Authority highlights that there is a clear link between density of population and numbers of fire stations and fire appliances required, i.e. as population per hectare decreases, the number of fire stations and fire appliances required increases.

7 Other Benchmarking Possibilities

A more fruitful approach could be through developing more targeted benchmarking data, and Officers are pursuing a number of possibilities including the Public Audit Forum which produced benchmark indicators on Finance, Human Resources, Information and Communication Technology, estates management and procurement.

8 Financial Implications

There are no direct financial implications arising from this report.

9 Legal Comment

There are no direct legal implications arising from this report.

10 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

11 Appendix

2008/09 Estimated Expenditure per 1,000 population

12 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		Equality Impact Assessment	*

08/09 Estimated Expenditure per 1,000 population

Traditional Budget Analysis

						Cash equivalent of the difference			
	SWFA	All	CFA's	Metropolitan	Shire	All	CFA's	Metropolitan	Shire
	£	English FRA's £	£	Areas £	Areas £	English FRA's £'000	£'000	Areas £'000	Areas £'000
Wholtime Operational Employees	16,198	21,245	18,545	24,042	17,973	2,285	1,063	3,550	804
Part-time Operational Employees	6,441	2,405	3,406	427	3,641	(1,826)	(1,373)	(2,722)	(1,267)
Control Room	1,388	1,105	1,150	1,051	1,209	(128)	(107)	(152)	(81)
Other Staff	3,794	4,603	4,490	3,918	4,263	366	315	56	212
Pensions	4,342	5,020	4,417	5,363	4,254	307	34	462	(39)
Training Expenses	2,605	1,032	1,247	1,104	1,109	(712)	(615)	(679)	(677)
Other Employee Expenses	473	444	391	484	379	(13)	(37)	5	(42)
Total Employee Expenses	35,239	35,854	33,647	36,389	32,829	277	(717)	518	(1,086)
Premises	1,807	1,898	1,865	1,415	1,689	41	26	(177)	(54)
Transport Related (including leasing)	2,070	1,914	1,927	1,118	1,862	(71)	(65)	(431)	(94)
Supplies and Services	3,968	3,056	3,546	2,666	3,281	(413)	(191)	(589)	(311)
Support Services	550	1,459	226	4,355	810	412	(147)	1,722	118
Other Expenses	124	295	470	633	248	77	157	231	56
Third Party Payments	0	205	221	324	198	93	100	147	89
Income	(457)	(1,825)	(1,326)	(2,688)	(1,219)	(619)	(393)	(1,010)	(345)
Total	43,301	42,856	40,576	44,212	39,696	(202)	(1,230)	410	(1,627)
Capital Charges	1,538	1,773	1,669	1,878	1,753	107	59	154	97
Total including Capital Charges	44,839	44,630	42,244	46,090	41,449	(96)	(1,171)	564	(1,529)

Best Value Accounting

Community Fire Safety	5,303	5,632	5,708	6,420	4,998	149	184	506	(138)
Firefighting & Rescue	38,871	38,240	35,421	39,117	35,555	(285)	(1,561)	112	(1,501)
Emergency Planning/Civil Defence	0	89	87	56	103	40	39	25	47
Corporate & Democratic Core	665	555	843	471	653	(50)	80	(88)	(6)
Unapportionable Central Overheads	0	114	185	26	140	51	84	12	63
Total	44,839	44,630	42,244	46,090	41,449	(95)	(1,174)	566	(1,534)
Reallocated Management and Support Services	6,726	6,703	6,313	6,550	5,934	(10)	(187)	(79)	(358)