

# LANCASHIRE COMBINED FIRE AUTHORITY DEVOLVED FINANCIAL MANAGEMENT (DFM)

## 1. GENERAL INFORMATION

1.1 The overall responsibility for the control of the budget within the overall policy framework determined by the Combined Fire Authority will be delegated to the Chief Fire Officer. Although areas of the budget will be devolved further to individual accountable officers, this is within the overall framework whereby the Chief Fire Officer, being ultimately responsible for the Fire and Rescue Service in Lancashire, may transfer monies between individual DFM Schemes if he considers it to be in the interests of the operational efficiency of the service to do so. The Chief Fire Officer in conjunction with the Treasurer to the Combined Fire Authority will also be responsible for ensuring that adequate systems of monitoring are in force.

1.2 The overall budget (with the exception of the general contingency provision) will be converted to outturn prices, using the pay and price assumptions made when setting the overall inflation contingency in the budget process.

1.3 The Chief Fire Officer may operate DFM schemes whereby certain budget headings are allocated to individual accountable officers as he/she sees fit

The Chief Fire Officer will be the designated accountable officer for DFM purposes for the remainder of the budget which, for the time being, will be controlled centrally. The overall Combined Fire Authority budget in any event will remain the responsibility of the Chief Fire Officer

1.4 The Director of Finance of the Fire and Rescue Service will be responsible for monitoring expenditure in conjunction with the Treasurer in an overall monitoring role.

## 2 FINANCE GROUND RULES

### 2.1 Revenue Expenditure

The Chief Fire Officer may incur expenditure within the approved estimates subject to compliance with the Standing Orders and Financial Regulations of the Combined Fire Authority.

### 2.2 Virement

Virement between votes will be allowed as follows:

- Up to £75,000 subject to the approval of Chief Fire Officer.

- £75,000 to £100,000 subject to the approval of Chief Fire Officer in consultation with the Treasurer
- Over £100,000 Combined Fire Authority

The amount approved for the Chief Fire Officer will be delegated to individual officers as follows:

Virement between:

£15,000 - £50,000 delegated to Accountable Officer in Consultation with the Director of Finance of the Fire and Rescue Service.

Up to £15,000 delegated to Accountable Officers

Where virement is made/approved records of authorisation/transfers must be maintained.

Any proposals for virement which would result in continuing changes to current policies and objectives should be submitted to the Combined Fire Authority for approval. This would ensure that future years financial implications can be taken into account and receive Combined Fire Authority approval.

### 2.3 Price Base Cash Limit

2.3.1 The budgets will be set and controlled on the basis of an outturn - priced cash limit. Pay and price assumptions made for the purposes of setting the Combined Fire Authority's overall inflation contingency will be built into the budget from the outset. No further adjustments to the budget for inflation will be made except in the most exceptional circumstances and would require the consent of the Combined Fire Authority.

### 2.4 Deficits/Carry Forwards

2.4.1 Deficits will not be allowed on individual DFM schemes, therefore the budget holder must not plan to incur a deficit. However, if an unplanned deficit should occur in exceptional circumstances, this would become a first charge on any accrued surpluses with any residual deficit falling as a first charge on the following years budget.

2.4.2 Underspends are subject to the demands that may arise on the total resources of the CFA however, generally, on individual DFM schemes they would be allowed to be carried forward on the basis of 50% of any surplus arising

from one year's activity being carried forward in the DFM scheme (the DFM share), the remaining 50% to be transferred to the Combined Fire Authority's Fund balance. Any potential overspend of the Combined Fire Authority's resources will be given first consideration before the carry forward of underspends on individual DFM schemes can be confirmed. In normal circumstances the DFM share will be used in the following order:

- (a) meeting any unplanned deficits from the previous year;
- (b) meeting any shortfall during a year between planned/actual inflation;
- (c) meeting any planned and approved growth.

The level of surplus to be carried forward will be subject to review in the light of experience

## 2.5 Income

2.5.1 Income from external bodies has been included in the scheme to provide incentives to maximise external income which can make a contribution to overheads as well as any additional expenditure incurred.

2.5.2 Excess and additional income accruing to individual DFM schemes primarily arising from work undertaken for outside organisations can be utilised at the Chief Fire Officer's discretion.

## 2.6 Charging Policy

Responsibility for setting charges is devolved to the budget holder in consultation, where appropriate, with the Treasurer, within the overall policy framework set down by the Combined Fire Authority and any national/regional charging structure.

## 2.7 Role of Treasurer

2.7.1 The Treasurer and the Fire and Rescue Service Director of Finance will continue to exercise a central role in the overall financial management of the scheme and will provide information and advice, system support and any perceived training needs for DFM.

2.7.2 The Treasurer will be informed and consulted as required of his responsibilities to the Authority.

### **3 PERSONNEL GROUND RULES**

- 3.1 Terms and Conditions of employment of employees covered by DFM schemes are continued without change.
- 3.2 The Fire and Rescue Service Director of Human Resources will be consulted in relation to personnel matters to ensure compliance with approved policies.

### **4 RESOURCES**

- 4.1 The financial information system required to operate Devolved Financial Management and to monitor expenditure effectively will be established in conjunction with and approval of the Treasurer. It is expected that as a minimum a monthly monitoring statement will be provided to the budget holder.
- 4.2 Information maintained on any 'stand alone' system will be reconciled to the central accounting system which will be the definitive record in providing the financial position during the year and at year end.
- 4.3 Training on the implications and operation of the scheme will be provided to individual budget holders, where necessary.

### **5. OTHER MATTERS**

- 5.1 The budget will be delegated on the basis of current criteria, and estimated requirements derived from provision made within the Combined Fire Authority budget.
- 5.2 An amount to be delegated (to each budget holder) will be ascertained and notified to each budget holder before the beginning of the financial year.
- 5.3 Financial performance will be monitored:
  - on a monthly basis by the accountable officer
  - on a quarterly basis by the relevant Principal Officer
  - continually by the Director of Finance of the Fire and Rescue Service