



## **The Fire Brigade Society**

### **FINANCIAL WORKING PARTY REPORT AUGUST 2017.**

#### **1. Introduction.**

The Financial Working Party (FWP) was formed at the suggestion of the President following the AGM in 2015 in Gloucester and his subsequent survey with the aim of looking at all aspects of The Society's financial matters. It was considered that it was time for a fresh look at the income and expenditure of The Society, in conjunction with the Management review to ensure "best value" for Members. The working party members are: Brian Jackson, (E/A3787) our Treasurer: Steve Dodge (M/B1783) who has much experience of accounting within his workplace; Les Edkins (M/B0279) with a background in insurance at a senior level and lead by Alan Field (M/A0906) who's background is also an accounting one. All are long-standing members who have held, or currently hold, responsible senior posts within The Society, and as members, past or present, of the Committee. The Working Party would like to acknowledge from the start the amount and accuracy of the work done by all The Society's Treasurers from the outset. They have kept us solvent for over 50 years. Any changes, alterations, and recommendations are certainly not to be interpreted as criticisms of past performance. They are an update in methodology that new technology and revised accounting practices allow us to make, to better adapt to the current size of The Society.

#### **2. Existing System.**

After analysis, the indications were that the system in use at the start of the review, which was based on practices inherited from a number of previous Treasurers, was probably no longer giving the management of The Society the feedback in a timely and accurate enough manner for them to make the best decisions on topics that had a financial impact on The Society. Our accounts have become based on income/expenditure model which was kept in strictly calendar format. This has, in the past led to some anomalies in the accounting picture, depending on how soon the renewal cheques are banked, and the exact date on which the "Fire Cover" production and postage charges are recorded. This has previously led to years of "famine or feast" with a good surplus, or a worrying deficit being posted in the annual accounts. It is to be noted, that some of the changes outlined in the following paragraphs have already been implemented, and are already showing positive results.

#### **3. Changes.**

It was quickly established that in order to better inform both the management, and members of The Society it would be necessary to move to a strict financial year, rather than a calendar based system. To this end, the accounts for 2014/15, and 2015/16 were reworked by members of the FWP, and presented in the revised format to the AGM in September 2016, where they were accepted overwhelmingly by the members. It was accepted that the move to this system may produce a much-distorted picture in the first year, depending on the exact dates of the income/expenditure outlined in the previous paragraph which, if misinterpreted, may convey a misleading picture. However, subsequent years should be more accurate and consistent, giving a far clearer picture for all parties. It will certainly be a prerequisite to the revised management system, where the different units will need to be able to set and work to budgets and targets for the coming year. It was also thought to be beneficial for the members, and the less financially literate officers, that presentation of the accounts should be simplified, without distorting their accuracy. New measures introduced and already in place include ensuring Officers' expenses are now submitted quarterly, not randomly, and often after a considerable period which can, and has, swayed costs disproportionately in some years. Additionally, anticipated expenditure is now advised in advance to enable The Treasurer to provide a quarterly report to Committee to ensure awareness of the financial position, thus allowing a response as necessary. Fuller details of the changes implemented are in the following paragraphs.

#### 4. Income.

Our membership has stabilised, though we are aware of a gradual decline in membership over several years. The age profile of The Society is high and an increasing number of non-renewals are due to members' ill health, and, sadly, passing away. Financial constraints have increasingly been cited as a reason for non-renewal, which is perhaps a symptom of the current economic climate. Recruitment drives on various fronts are ongoing, but the younger generation today appear to have alternate leisure activities and interests. The Fire and Rescue Service has always been a somewhat niche interest, but with the reduction in our UK "theatre of interest" (fewer stations, machines, calls and the potential impacts of security matters) it has become more so.

Both the Committee and the FWP are saddened that, despite repeated requests for a Sales Officer, no member has yet applied for this vital post which provides an important income stream to The Society. The FWP draw your attention to the major loss of income that this has caused. Additionally, you are advised that the value of stock held by the Sales unit has now been transferred to The Society's main accounts.

An increase in subscriptions at relatively low level will not greatly assist The Society's current finances, whilst more severe increases may drive away members. An argument has been made previously, that a small, regular increase in subscriptions is better than a "big bang" approach, and we would urge the new management team to revisit subscription rates at an early stage. A carefully managed balancing act is required to ensure a quality product and service to suit the majority is achieved. Current feedback strongly suggests that the product and services offered is more than desirable to the majority of Society members, though the hope of the outgoing Committee is that these will be increased further under the new arrangements. It *is* approaching the time when some increase in subscription fees may be necessary because of overall inflationary pressures. However, the Committee, and both working parties are anxious to allow the cost-saving measures and recruitment initiatives introduced already, together with the revised organisation of The Society, the opportunity to come to fruition, and delay any increase for as long as practical. Therefore, in line with the thoughts of the Treasurer, **no increase in subscription fees is proposed for the 2018-2019 financial year**

#### 5. Operating Costs.

The Committee and FWP are continually monitoring expenditure. The main costs to The Society are the printing and distribution of Fire Cover. The Editorial Team continue to work closely with our printers to innovate and keep costs as low as possible, and Richard Williams, as Distribution Manager, works hard to use the cheapest form of postage. Both teams should be congratulated for their efforts. Further though, we have to prepare for increases in printing and postage costs in the near future. Other expenses have seen The Treasurer discuss with our Insurers the revised level of cover and a reduction of charges by some £900.00 has been achieved from the position two years ago. In addition, considerable time has been spent seeking an alternative bank, in attempt to reduce our bank charges. However, the term "free banking" is clearly not as the advertisements suggest or state relating to our situation and investigations have failed to find a benefit in this regard to The Society. Direct payment of funds into and out of the account by BACS transfer is the preferred method of working, as the cost to The Society for processing cheques is quite significant. We would urge all members to use one of the electronic payment options offered by The Society, if at all possible. It is anticipated that all Society Officers will set an example by, except in exceptional circumstances, submitting their own personal payments and claims electronically, and by accepting re-imburement by bank transfer. For those Officers using bank transfer currently, there have been no issues and only benefits as payment is far quicker and more easily managed by the Treasurer.

#### 6. Operating Expenses.

Tighter controls on, and improved recording of, Officers' expenses have been introduced and costs incurred have to be fully detailed, supported and be "fair and reasonable". Any expense which is out of the ordinary has to be approved in advance, and all expense claims are now fully vetted before payment and are reviewed fully rather than being 'nodded though' as 'goodwill'. It is also reinforced that no Society Officer should ever be out of pocket. Fully justified bona fide expenses will be properly and promptly reimbursed.

The following steps have, or shortly will be, implemented:

- i) No overnight stays will be reimbursed, unless agreed in advance that return travel on the day was impractical or undesirable. The amount must be specified in advance, and officers are expected to book ahead to minimise costs where possible.
- ii) Mileage rates will be set at reasonable level, to ensure fuel costs, for a mid-range car are covered, with a small margin to contribute towards other running costs. These will be reviewed regularly. Claims must state the reason for the journey, any other passengers, (whether Society persons or not) and the mileage, using the shortest practical route as given by AA route finder, Google maps, or similar method.

- iii) Travel claims will only be paid based on the cheapest, practical method of travel; road, rail, air, or local public transport. All non-car claims must be supported by the appropriate receipt or ticket. If an Officer chooses not to use the cheapest form of travel, any additional cost will be at their expense. In the event of rail or air travel being the only practical alternative, Officers will be expected to minimise costs by booking discounted fares in advance.

It is put on record that many of the current Committee Members, as well as the considerable number of hours spent on Society business, and the resulting disruption to domestic, work, and social life, have not claimed expenses to which they are fully entitled. As such, they, and other Officers in similar situations, “donate”, sometimes considerable, sums to the Society. The Treasurer will request that Society Officers advise him voluntarily of the value of non-claimed expenses to demonstrate to members, and to better analyse, the true cost of running The Society. This exercise will also prevent the situation where an officer who is not in a position to forego legitimate expenses is perceived to be costing The Society a lot of money. It is noted that due to the geographical locations of the current Committee Members, the reduction in their numbers and with meetings held centrally to suit, Committee expenses have significantly reduced. It is emphasised that geographic location will **not** be a barrier to holding a position. Immediately prior to the London AGM the Committee were formally asked by a member to report on Committee claimed expenses in the previous two years as they appeared high in the presented Society Accounts.

The FWP lead wrote to all current and past Committee Members as necessary, asking them to review their expenses over the two years prior to 2016, and advise if they considered them “fair and reasonable” and whether there was, on reflection, any over-claiming. The questions asked were;

(i) When attending a Committee Meeting in the periods above (2014-2015, 2015-2016 and 2016-2017), did you attend another Society event, that is; Area Visit(s), Winter meeting(s), etc. immediately before or after the meeting, or did you undertake a private venture of any kind before or after any Committee Meeting in these periods and did you have another guest or Society member (Life, Ordinary or Associate) or friend/family member with you at any time and was any claim made on their behalf included in your expense.

(ii) If your answer is 'yes' to any part of the question above, further comment would be welcomed as to whether your expense claim can therefore be fully classified as 'fair and reasonable' and whether The Society should bear all, some or none of the cost you have claimed, especially of other ventures for your own personal (and others) gain and/or satisfaction were undertaken immediately before, after or 'during' a Society activity?

Detailed responses were received from most claimants, and the Committee advised accordingly. The written responses will be available at the forthcoming AGM for inspection by any member, however the findings did not justify further investigations. The claims were all found to be within the guidelines in place at the time, and a significant amount of the discrepancy was due to ‘costs’ being misreported or ‘misallocated’ as ‘expenses’ under an inappropriate heading and hence a distorted picture. These matters were re-presented correctly at the AGM, and approved by the members present.

The Society needs to be aware of the costs for the long term in managing the website as fees for preventing issues surrounding ‘domain names’, ‘hacking’ and ‘phishing’ will inevitably have to be implemented in the future. As The Society looks to increase the “electronic offering” to members, there will be an inevitable cost increase.

## **7, Other matters.**

### **A) Visits.**

The Committee and FWP advises that all Society visits; local, national, and international plus the AGM are “self-financing” This dictates that at the outset, plans have to be made to ensure projected costs incurred including but not limited to coach fees, presentations to hosts, any necessary catering costs plus any other factors that may have to be considered, and all of this without knowing the number of attendees. Yet attendees need to know costs involved to allow their own budgeting to be made. We are pleased to state that this revised management process in 2016 and to date in 2017 has seen all costs covered. It is not the intention to make a major surplus on events but any surplus will be channelled back into the Society. Well done to all those organisers who have estimated and predicted so accurately over the past years.

### **B) Public Relations**

The post of Public Relations officer was allowed to lapse when the previous incumbent stepped down. Under the current financial circumstances, it is not proposed to re-establish the position. However, certain activities of a PR nature are still ongoing, but under the aegis of different officers. It is important that the financial and other implications of this are recorded.

- Ceasing to send out complimentary copies of “Fire Cover” has been a major saving for The Society, replaced by a ‘low res’ electronic copy to key F&RS officers, distributed by the Editorial Team. The overall effect of the change, regarding visits or supplied information, has been minimal.

- Costs in supporting partner heritage groups should be maintained whilst supporting charity events and our site at The National Arboretum should continue as they provide vital networking, interest and focus on giving something back to the organisation that allows us to enjoy and engage fully our interest.
- The use of past editions of "Fire Cover" as PR material has increased over the past couple of years. The Distribution Manager holds a large stock of surplus "Fire Cover" which is being used for this purpose. These have been acquired as there is a minimum quantity that can be produced by our printers and we almost always get "overs" on top of that. Several boxes, with a membership application form in every magazine, accompanied the library to the Sheffield Museum. Regional Administrators will also be encouraged to use these as hand-outs on visits, though it is stressed that it is the oldest ones that will be issued first, unless there are specific, justifiable, requests. Postage costs, etc., should be factored into the visit set-up costs, and recovered from the attendees in the usual manner.

#### **C) Assets**

It had been noted for some time that The Society had not recorded the value of its assets within its accounts. The Sales unit recorded and accounted for its own stock. No account was taken of old editions of "Fire Cover", Special Publications, and property. The decision was taken to bring the Sales unit stock and the value of Special Publications into the national accounts. It is likely that these will be depreciated in value over the coming years. This will depend on the exact terms of reference of the new Sales Officer, which will be an item for discussion with the candidates. Several attempts to sell the Special Publications as a complete package have been unsuccessful. The attempts to make these sales are applauded. Discussions will continue between the FWP, Treasurer, and other interested parties, as to how the other assets and property of The Society, such as the library stock, are shown on the accounts, and how they will be dealt with in financial terms.

#### **D) Awards**

It is important to acknowledge exceptional effort and achievement of individual Officers and ordinary members of The Society. However, it is also vital to accept that we are operating on a limited budget, and matters that were 'acceptable norm' in the past have become unsustainable. In recent years, we have introduced a "Certificate of Service" to recognise the exceptional contribution made by the individual. There has also been, on occasion, a small financial "thank you", in the form of a Sales Unit gift voucher. Sales unit gift vouchers were also awarded as prizes to Society Members who were successful in the competitions we run. A new "cash" prize of a discounted membership for the following Society year was introduced, capped at no more than one year's full ordinary subscription. This replaced the gift voucher redeemable through the Sales Unit whilst it was not operating. Although the gift voucher may be re-established when the Sales Unit is running again, it is very likely that the overall limit for awards will remain. Consideration of the long-term viability of other Society awards is ongoing, and may be the subject of a later report.

### **8. Ongoing Studies and Conclusions.**

The Accounts for this year will be presented in a format that should provide a clearer and more precise view for members to appreciate. Feedback will be welcomed on the presentation methodology. In future years the presentation will be on a strictly annual basis, with accruals shown where necessary to reflect the true picture. The reporting of all figures should be clear, concise, and unambiguous. Transparency in all matters is vital to ensure Society funds are protected. Quarterly financial reports will be available on the website, though mention must be made of the fact that they will be unaudited snapshots in time, for information only. Taken alone they will not provide the comprehensive picture which will be available in the annual accounts. The FWP are exploring options to reduce and understand expenses. To that end, it is recommended that priority be given to moving towards BACS payments where possible, possibly with a surcharge for those paying by cheque. The treatment of assets in the accounts is to be studied in more depth, in order to assess their true value, and provide a definitive policy for their treatment in the annual figures. Basic figures will be shown in the 2016-2017 accounts. The FWP note and draw your attention to the fact that The Fire Brigade Society Accounts have been independently audited by a qualified professional accountant, and verified as showing a true and accurate picture of The Society finances. The Committee and FWP continue to ensure any proposed expenditure is approved beforehand and there is no impropriety at any level.

The FWP has been asked to stay in post until the revised management structure is in place and fully functional, in order to advise on and scrutinise the financial operations and their future impact on The Society.

Whilst no vote is necessary, the President, and the Financial Working Party commend this report to the members

**Alan Field**  
Financial Working Party Lead

**August 2017**