

REPORT TO:	STRATEGY AND RESOURCES COMMITTEE
DATE:	THURSDAY 21ST JULY 2009
REPORT NO.	CFO/174/09
REPORTING OFFICER:	CHIEF FIRE OFFICER
CONTACT OFFICER:	IAN CUMMINS, DIRECTOR OF FINANCE ext 4244
OFFICERS CONSULTED:	
SUBJECT:	2009/10 ANNUAL EFFICIENCY STATEMENT – FORWARD LOOK

Appendix A “2009/2010 Annual Efficiency Statement – forward look”

A Glossary of Terms has been provided at the end of this report for your reference

Purpose of Report

1. To present to Members the 2009/10 Annual Efficiency Statement, (AES), “Forward Look”.

Executive Summary

The Chancellor’s Spending Review 2007 (CSR07) set an efficiency target of £110m for all English Fire & Rescue Authorities to achieve by the end of the CSR07 period. Each FRA must complete an annual AES to allow Communities and Local Government, (CLG), to monitor the delivery of this saving. This report seeks to advise the Committee of the 2009/10 AES for MFRA.

Recommendations

2. That Members note the contents of the report.

Introduction and Background

3. The Chancellor’s Spending Review 2007 (CSR07) set an efficiency target of £110m for all English Fire & Rescue Authorities to achieve by the end of the CSR07 period. No target levels were set for individual FRAs but the achievement of the overall efficiency target is monitored by CLG through the completion by of the fire and rescue service specific AES statements.

4. AES are comprised of two parts:
 - **The Forward Looking part** – provides a very brief outline of the strategy for securing efficiency gains during the next year and the cashable efficiency gains that are expected. Deadline for 2009/10 submission 20 July, 2009.
 - **The Backward Looking part** – sets out the cashable efficiency gains achieved in the past financial year. Deadline for 2008/09 submission 20 July 2009, (report CFO/175/09 on this agenda).
5. This report sets out for Members the 2009/10 MFRA Forward Looking AES that, in order to meet the required deadline, has been sent to CLG. Attached as Annexe A to this report is a copy of the AES return for Members information.
6. The statement identifies new permanent cashable efficiency improvements of £3.872m for 2009/10. These saving are taken from the 2009/10 approved budget savings identified in report CFO/021/09 and analysed over the AES saving categories. The table below outlines the 2009/10 budget savings reported in the AES:

2009/10 APPROVED FINANCIAL PLAN

Description	2009/10 £'000	AES Category
Saving Options:		
Effectively Reducing ill health retirements	-200	Reduced ill health
Review management Structures	-400	Other irmp
Non Uniform Support Costs	-150	Coporate
Special Appliance provision/ORC	-280	Revised Shift/Crew
Grey Book/Green Book Review	-250	Other irmp
Further Review of RRT (11 posts)	-400	Revised Shift/Crew
LLAR * 1	-300	Revised Shift/Crew
Procurement Efficiencies Target	-200	Procurement
Self Rostering	-360	Revised Shift/Crew
Reduce R & R team to reflect riding appliances efficiently in line with agreements	-1,332	Revised Shift/Crew
net	<u>-3,872</u>	

Equality & Diversity Implications

7. None arising from this report

Financial Implications & Value for Money

8. None arising from this report.

Health & Safety and Environmental Implications

9. None arising from this report.

Contribution to Achieving the Vision

“To Make Merseyside a Safer, Stronger, Healthier Community”

10. The deliver of efficiencies helps the Authority deliver on its corporate aim of operating efficient and effective organisational functions that will support the core functions of the Authority in a way that provides value for money for the communities of Merseyside.

Glossary of Terms

AES – Annual efficiency statement

Cashable Efficiencies – release cash whilst maintaining outputs and allow the resources that are released to be diverted to other services or to hold down council tax increases.

BACKGROUND PAPERS

Fire and Rescue Circular 31/2009 “Backward Look Annual Efficiency Statements (AESs) for 2008/09 and Forward Look AESs for 2009/10”

Report CFO/021/09 “MFRA Budget and Financial Plan 2009/2010 – 2013/2014” Authority Budget meeting 26th February, 2009.

Annual efficiency statement - Forward Look For Fire & Resilience Services

Local authority Merseyside Fire and Rescue Service
Contact name Ian Cummins
Statement

Comments for actions in 2009/10

The Authority is fully committed to an ongoing modernisation programme of the Fire Service and to delivering an efficient, Best Value Fire Service to the people of Merseyside. The Authority through its integrated Risk Management Plan is redirecting its resources in the best ways to tackle the risks faced by the people of Merseyside. In particular the Authority has reviewed the way it utilises its staffing resource to meet the challenges facing the service with the objective of making communities in Merseyside safer.

In setting its budget in recent years the Authority faced significant financial challenges because of changes in the way central government grants are calculated and the costs of the firefighters pension scheme. This has led to the Authority's income being significantly reduced as these grants represent over 60% of annual income for the Fire Authority. CSR07 announced grant increases for the Authority of +1.0%, +0.5% and 0.5% for 2008/09, 2009/10 and 2010/11, significantly below the forecast pay inflation for this period. This has meant that the Authority had to develop an innovative medium term financial plan that reduced overall expenditure in line with resources available, delivered significant financial efficiencies and kept Council Tax increases to modest levels.

Between 2006/07 and 2011/12 the Authority expects to reduce the cost of its workforce by approximately £9m which is equivalent to over 12% of the 2006/07 gross budget. This saving target is the single most strategic and demanding aspect of the Authority's current medium term financial plan. The Authority has identified this saving target is achievable over the medium term through savings arising from natural turnover rates

Key performance successes achieved by the end of 2008/09 include:-

- Continuing the successful management of accidental dwelling fires, a **51%** reduction in accidental dwelling fires between 2004/05 and 2007/08
- A **35%** reduction in the number of injuries from primary fires between 2004/5 and 2008/09
- Fire deaths (in accidental dwelling fires) remain at half the number that occurred before the programme of home fire safety checks (9 in 2008/09).
- Deliberate primary fires reduced by **60%** between 2004/5 and 2008/09
- Completing a total of 111,000 home fire safety checks within a single year making the total smoke alarms fitted from 1999 to date 760,000
- A reduction of **11%** in the number of calls to false alarms between 2004/5 and 2008/9
- Smoke alarms operated in **78%** of accidental dwelling fires, an improvement from **50%** in 2004/5

- **100%** satisfaction rating from people who had fires in their homes
- Overall staffing arrangements have changed at over a third of fire stations in Merseyside

Revised Shift Systems / Crewing Definitions £2.672m cashable saving reflects the staff efficiency saving coming from modernising the workforce through a review of the current retained resilience capacity, special appliance staffing and the planned roll out of the LLAR programme.

Other IRMP £0.650m saving - A review of the existing management structures in addition to a review of the split of work between firefighter and non-firefighter graded office posts is anticipated to deliver this efficiency saving.







Reduced Ill Health retirements saving £0.200m - over the recent years the Authority has seen a reduction in ill health retirements. This efficiency saving assumes this will continue in future years.

Better Procurement saving £0.200m - by controlling non-employee budgets and cash limiting the spend the Authority expects to deliver the same if not improved level of service at a lower cost.

Corporate Services saving £0.150m - A review of the existing support services is anticipated to deliver this saving

Efficiency gains forecast for the financial year 2009-2010

All figures £'000

	 <u>Quality cross-check (QCC) met</u>	 <u>Capital</u>	 <u>Revenue</u>	 <u>Up front investment cost</u>	 <u>On going investment costs</u>	 <u>Net annual cashable efficiency gain 2009-10</u>	<u>Net cumulative cashable efficiency gains</u>
Revised shift systems/Crewing arrangements (IRMP)	BVPI 143 BVPI 146						
		No	Yes	0	0	2,672	2,981
Other IRMP savings	BVPI 206 BVPI 209 BVPI 142						
		No	Yes	0	0	650	650
Reduced ill-health retirements	IN HOUSE DATABASE						
		No	Yes	0	0	200	200
Sickness reduction	IN HOUSE DATABASE						
		No	Yes	0	0	0	369
Better procurement	INFLATION PROVISION DRAWDOWN						
		No	Yes	0	0	200	200
Corporate services	EXTERNAL REPORTING RETURNS - STATEMENT OF ACCOUNTS						
		No	Yes	0	0	150	150
Total				0	0	3,872	4,550