

REPORT OF THE TREASURER

ANNUAL EFFICIENCY STATEMENTS

1 Purpose of Report

This report informs the Fire Authority of the latest requirements of the Department for Communities and Local Government (DCLG) for submitting annual efficiency statements (AESs) and seeks approval for the Strategy and Resources Committee to agree the next submission.

2 Recommendations

The Fire Authority is asked to:

- a) Delegate final consideration of the submission to the Strategy and Resources Committee; and
- b) Note the latest DCLG requirements and the efficiencies now being reported for 2006/07.

3 Background

AESs are required by the DCLG to monitor progress against the Fire Service target of 5.67% efficiencies based on 2004/05 actual expenditure. This target, if averaged to ourselves, is equivalent to about £930,000. At the Annual Meeting of the Fire Authority in July it was reported that our AESs were as follows:

		£ 000
2004/05	Actual (Backward Looking)	167
2005/06	Actual (Backward Looking)	203
2006/07	Estimate (Forward Looking)	308
		----- 678 -----

£252,000 would, therefore, need to be found in 2007/08 to equate to the national average.

The DCLG has issued its latest Circular (FRC 59 – 2006 25 September) on “Mid-Year update AES”, which must be submitted by 17 November 2006.



This now requires a “Backward Looking” update for the period to 30 September, i.e. achieved efficiencies; and a “Forward Looking” update for October to 31 March, i.e. planned efficiencies. The Circular is accompanied by an updated 26 page guide to completing AESs.

The changes to the guide are the statements:

- i “Fire and Rescue Authorities (FRAs) should state explicitly in the backward looking AES, where gains reported in the forward looking AES have not been achieved, and whether they are likely to be achieved in future years. FRAs should notify the DCLG of likely revisions to their forecast at the earliest opportunity”

This is intended to emphasise the need to join up AESs and notify the DCLG of revised forecasts.

- ii “We (DCLG) recognize that providing Best Value Performance Indicator (BVPI) quality crosschecks to evidence procurement gains can be difficult. In these instances, it is acceptable for FRAs to provide a footnote rather than a crosscheck as evidence of the gain. For example, for simple efficiency gains such as procuring stationery, it is adequate to simply state that the products were brought to same specification but for less money. For more complex procurement gains, FRAs should explain what the situation was pre and post the efficiency action and what the efficiency actions itself is”

This has been introduced because of concern from FRAs that the DCLG would only allow an efficiency, if, not only was there evidence of cashable saving, but also evidence that service levels had been maintained. This requirement is very difficult to prove for many relatively small “good-housekeeping” savings, when the service level evidence expected was high-level BVPIs.

Finally the guidance emphasizes the need for good governance and scrutiny arrangements for challenging efficiencies and, therefore, it is good practice to report progress to the Fire Authority.

4 2006/07 Estimate

The original estimates for 2006/07 were:

		Amount £ 000	Latest Position
i	Aerial Appliance Crewing Arrangements	259.0	Delivered
ii	Procurement	10.0	In progress
iii	Plant and Equipment	14.5	In progress
iv	Fire Safety Inspectors – posts converted to non-uniformed officers	25.0	Delivered
		----- 308.5 -----	

i.e. items i and iv can be reported as achieved in the first six months, but items ii and iii should be recorded as planned.



5 Latest Developments

Officers continuously investigate where efficiencies might be secured. Two areas have come up so far during the year:

- i Procurement of wholetime firefighter recruit training. Ongoing savings of £25,000 by reviewing providers and developing a flexible approach with Staffordshire and Hereford and Worcester Fire Authorities.
- ii One-off efficiencies will be achieved by absorbing work required and paid for by DCLG, without reducing service levels - £17,500.

6 Summary

The latest position is therefore:

	2006/07	Ongoing
	£ 000	£ 000
2004/05	167.0	167.0
2005/06	203.0	203.0
2006/07 – Achieved	284.0	284.0
– Planned	67.0	49.5
	----- 721.0	----- 703.5

7 Legal Comment

There are no legal implications arising from this report.

8 Appendices

There are no appendices attached to this report.

9 Background Papers

Department for Communities and Local Government Circular FRC 59 – 2006, 25 September, Mid-Year Update AES



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.

Balance Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Equality and Diversity		Retained	
Efficiency Savings	*	Risk and Insurance	
Environmental		Staff	
Financial	*	Strategic Planning	
Fire Control/Fire Link		West Midlands Regional Management Board	

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