

<b>WYFRA</b>	<b>FINANCE &amp; RESOURCES COMMITTEE</b>	<b>18 July 2008</b>	<b>ITEM No</b>
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REPORT OF: CHIEF FINANCE OFFICER

PURPOSE OF REPORT: TO REPORT TO THE COMMITTEE ON THE  
PLANNED EFFICIENCY GAINS FOR ACTUAL  
EFFICIENCY GAINS IN 2007/2008 AND  
PLANNED EFFICIENCY GAINS FOR  
2008/2009

RECOMMENDATION: THAT MEMBERS NOTE THE CONTENT OF  
THE REPORT

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**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT DETAILS**

Exemption Category:

Contact Officer: G Maren – 01274 655711  
Chief Finance Officer

Background Papers:

## **1. BACKGROUND**

Fire and Rescue Circulars 8 & 30 2005 required English FRAs to deliver a total of £107m of cashable efficiency savings by the financial year 2006/2007. They have not set any interim targets or any targets for individual Authorities, however they have set indicative milestones of 1.2% in 2005/2006, 3.6% in 2006/2007 and 5% in 2007/2008.

## **2 EFFICIENCY SAVINGS ACHIEVED IN 2007/2008**

The Authority has been required to submit a final summary of efficiency gains achieved in 2007/2008 by 18 June 2008 and a copy of the submission is attached. As can be seen from the attached statement the Authority generated £3.44m of cashable efficiency savings in 2007/2008 bringing the total for the three year period to £13.53m. This represents over 15% of the net revenue budget or three times the government target.

## **3 PLANNED EFFICIENCY SAVINGS FOR 2008/2009**

The Government have changed the method of calculating efficiency gains for 2008/2009 to show only net savings which means that any upfront capital or revenue investment must be offset against any savings claimed. In addition they are now only interested in cashable savings. As with the previous regime they have set a global target for the fire service as a whole of 1.6% per annum with no specific targets for individual authorities.

In previous years the majority of the efficiency savings have been generated through the IRMP. However the 2007/2008 identified the need for an increase in the service provision in North Wakefield and the 2008/2009 IRMP is taking the form of a service review. As a result there are no significant cashable efficiencies currently being identified in this area.

However despite this it is forecast that we will generate further cashable efficiency savings of £2.56m in 2008/2009 in the following areas:-

- The full year effect of the 2007/2008 review of the uniformed establishment of Fire Safety, Operations and Equalities. These savings have been reinvested in the support staff establishment.
- Continuing low levels of ill health retirements
- Savings from reductions in the cost of insurance.
- Savings on the cost of fire appliances through negotiating a fixed price contract with the vehicle builder.

None of these savings have any upfront costs and can therefore be claimed gross.

#### **4 Quality Measures**

In order to qualify as efficiency savings the Authority is required to demonstrate that changes have not affected the quality of service provided in the areas where the savings have been generated. These performance measures are required to be transparent, objective, accurate and capable of independent verification. In the case of savings generated through IRMP these can be the Best Value Performance Indicators such as BVPI 142 number of fires BVPI 143 (deaths and injuries) and BVPI 146. In addition, the performance management reports showing the number of primary and secondary fires show the overall trend that the number of fires are reducing.

#### **5 Summary**

Providing the Authority achieves its efficiency targets in 2008/2009 it will bring the total cashable efficiencies achieved to over £15.60m which represents over 17% of the net revenue budget.