

Humberside Fire Authority



Efficiency Plan 2016 - 20

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About the Plan

The Efficiency Plan sets out how the Authority plans to maintain the service it provides whilst managing with reduced real-terms funding levels. This document contains links to other relevant strategic documents and should be read in conjunction with those.

Four Year Plan

The Authority's strategy for the provision of fire and rescue services for the next four years is driven by the approved Strategic Plan and Integrated Risk Management Plan for 2017/2020. The Plans have been developed in accordance with Government guidance in these areas.

The Strategic Plan and Integrated Risk Management Plan for 2017/2020 can be viewed here:

<http://www.humbersidefire.gov.uk/about-us/our-vision/our-plans>

The Strategic Plan and Integrated Risk Management Plan 2017/2020 are supported by the Medium Term Financial Plan (MTFP), which sets out how the Authority will fund the plan. The MTFP is based on a number of assumptions, which are detailed within this Efficiency Plan.

The MTFP can be viewed here:

<http://www.humbersidefire.gov.uk/about-us/financial-information/medium-term-financial-plan>

Funding Assumptions

The following table sets out the assumptions the Authority is making about funding up to 2019-20. The Government has offered Authorities a guaranteed four year funding settlement in order to provide increased certainty and to aid planning. However, this only guarantees the minimum amount of revenue support grant (RSG) receivable. Business rates receivable are not guaranteed and are subject to volatility depending on factors such as the level of growth and appeals against valuations.

Settlement Funding Assessment <i>(All figures are £000 unless stated)</i>	2015-16	2016-17	2017-18	2018-19	2019-20
Baseline Funding - Business Rates / Top Up	11,603	11,700	11,930	12,282	12,674
RSG	11,342	11,021	9,021	7,918	7,220
Settlement Funding Assessment Total	22,945	22,721	20,951	20,200	19,894
Adjustment for Local Business Rate share (NNDR1) to DCLG Figure	262	333	323	280	226
Council Tax Forecast					
Band D Council Tax (£)	77.92	78.89	78.89	78.89	78.89
Actual / Assumed Council Tax base increase on previous year	337	539	279	307	312
Yearly Council Tax Precept Increase	-	248	-	-	-
Collection Fund (council tax & business rates)	253	612	100	100	100
Estimated Total Council Tax Income	19,659	20,806	20,573	20,880	21,192
Council Tax Band D Precept Increase (%)	0.00%	1.25%	0.00%	0.00%	0.00%
Growth in Council Tax Base Yield to Previous Year (%)	1.77%	2.78%	1.39%	1.50%	1.50%
TOTAL	42,866	43,860	41,847	41,360	41,312

The level of RSG the Authority receives will decrease by 36% between 2015-16 and 2019-20. The Authority froze council tax between 2011-12 and 2015-16 and increased it by 1.25% in 2016/17.

Budget Assumptions

The following table sets out the expected costs pressures facing the Authority alongside other income it expects to receive.

Employee Cost Pressures (£'000) <i>(All figures are £000 unless stated)</i>	2015-16	2016-17	2017-18	2018-19	2019-20
Pay Award	224	250	236	236	233
Transition RDS Funding	-	150	(75)	(75)	-
Total Employee Costs	37,409	35,657	33,804	32,377	31,849
Cost Pressures (£'000)					
Non Pay Inflation	126	118	148	155	162
Non Pay Pressures	98	370	-	-	-
Increased Prevention Work					
Total Non Pay Bill Costs	9,668	10,984	9,631	9,929	10,242
INCOME					
Section 31 Grants					
Council Tax Freeze Grant	(1,225)	0	0	0	0
Fire Revenue Grant	(114)	(114)	(114)	(114)	(114)
NNDR	(183)	-	-	-	-
Other Service Income					
Interest on Balances	(80)	(80)	(80)	(80)	(80)
Aerial Site Income	(100)	(100)	(100)	(100)	(100)
Fire Extinguisher Maintenance	(62)	(62)	(63)	(64)	(64)
Other Contributions	(184)	(175)	(176)	(176)	(177)
Total Income	(1,948)	(531)	(533)	(534)	(535)
Budget Requirement	45,129	46,110	42,902	41,772	41,556
Financial Challenge Before Efficiencies	2,263	2,250	1,055	412	244

Within employee costs there are a number of cost pressures that are outside of the Authority's control. These increase the level of savings that the Authority is required to find between now and 2019-20.

Cashable and Non-Cashable Savings

The four year plan shown in the previous section contains a number of cashable savings. Many of the projects will also deliver non-cashable savings to the Authority and other local public sector partners.

The efficiency savings shown below for 2015/16, 2016/17 and 2017/18 are based on decisions already agreed and implemented by the Authority. The savings relating to 2018/19 and 2019/20 will be delivered as part of the Authority's ongoing Service Redesign Programme.

Efficiency Savings Assumptions <i>(All figures are £000 unless stated)</i>	2015-16	2016-17	2017-18	2018-19	2019-20
Operational Staff Savings	(1,800)	(1,808)	(1,333)	-	-
Non-Operational Staff Changes	-	-	(275)	-	-
CMT Restructure	(127)	(102)	-	-	-
Discretionary Spend Savings	(337)	(628)	-	-	-
SRP Reviews	-	-	-	(350)	(150)
Total	(2,264)	(2,538)	(1,608)	(350)	(150)

The largest savings relate to operational staffing. Despite the large reductions in cost the Authority plans to maintain its current response standards.

Since 2015 the Authority's Service Redesign Programme has realised financial and structural efficiencies of circa £2.5m through reviews of Service support and non-front line delivery. This review activity is planned to continue throughout 2016 - 17, where further opportunities to realise efficiencies of circa £500k are potentially achievable, arising from pending reviews of:

- Community and Business Safety
- Corporate Planning and Communications
- Fleet and Equipment
- Training
- Strategic Estates

Increasing income generation, through levying charges for some non-statutory functions, is under review for appropriate areas of service delivery and is a consideration within the Service Redesign Programme.

Capital Expenditure

As well as ensuring that the revenue budget is affordable over the medium term, the Authority also needs to ensure money is available to purchase new assets (e.g. buildings, vehicles, equipment). The planned capital programme is shown in the table below.

Estimated Capital Expenditure <i>(All figures are £000 unless stated)</i>	2015-16	2016-17	2017-18	2018-19	2019-20
Capital Expenditure	1,331	1,901	2,436	2,713	2,899
Capital Expenditure Financing					
Capital Receipts	-	-	-	-	-
Reserves	-	-	-	-	-
Government grants & other contributions	995	-	-	-	-
Direct Revenue Contributions	250	1,000	-	-	-
Unsupported / Prudential Borrowing	86	901	2,436	2,713	2,899

The majority of capital expenditure in 2016-17 relates to the construction of the new Fire Stations for Brough in East Yorkshire and Central in Hull. The capital programme also includes £3.07m to replace frontline pumping appliances over the next four years.

Collaboration

A Humberside Fire and Rescue Service / Humberside Police Service Transformation Board has been formed to identify and assess opportunities to deliver services through collaborative or shared approaches. Our close working relationship with Humberside Police has already led to the formation of the Emergency Services Fleet Management Workshop (ESFM), which is a shared vehicle and equipment maintenance facility. The Service Redesign Programme will also consider opportunities to work in collaboration with the Police and other partner organisations. Opportunities currently under consideration include:

- Shared Strategic Estates Management
- Shared Health and Safety Management
- Increasing the role of ESFM in Fleet and Equipment Management
- An opportunity scoping exercise is being undertaken with North Yorkshire Fire and Rescue Service to assess the feasibility and viability of a combined service.

Performance Information

Humberside Fire Authority is committed to the publication of transparent performance information via the Humberside Fire and Rescue Service website www.humbersidefire.gov.uk. This includes but is not limited to:

- Strategic Plan
- IRMP
- Annual Performance Report
- Budget monitoring reports (revenue, capital and treasury)
- Annual Statement of Accounts
- Medium Term Financial Plan
- Annual Governance Statement and Assurance Map
- Annual Internal Audit Plan
- Annual Statement of Assurance
- Customer Services Excellence Report
- Information required in compliance with the Local Government Transparency Code

Use of Reserves

Reserves are an essential part of good financial management. They allow Authorities to manage unpredictable financial pressures and plan for their future spending. The level, purpose and planned use of reserves are important factors for Members to consider in developing medium-term financial plans (MTFP) and setting annual budgets. Reserves are held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves
- a means of building up funds (often referred to as earmarked reserves) to meet known or predicted requirements

Within the existing statutory and regulatory framework, it is the responsibility of the Chief Finance Officer to advise the Authority about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use.

The projected balance of reserves for the period is shown in the following table.

Estimated Financial Reserves Levels <i>(All figures are £000 unless stated)</i>	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund Balance	5,706	5,495	5,783	6,336	5,924
Earmarked General Fund Reserves	9,527	9,759	6,010	4,704	4,704
Expected Use of Earmarked Reserves	3,866	3,749	1,306	-	-

Progress of the Efficiency Plan

Humberside Fire Authority commits to publishing an annual report on the progress of the Efficiency Plan. This will be published at www.humbersidefire.gov.uk/fire-authority/authority-documents/statement-of-assurance, alongside our Annual Statement of Assurance, in July of each year.