

# Draft Efficiency Plan

2016/17-2019/20

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## About the Plan

The Efficiency Plan sets out how East Sussex Fire Authority plans to improve the service it provides to the communities of East Sussex and Brighton & Hove, whilst managing with reducing real-terms funding levels. This document contains links to other relevant documents and websites and should be read in conjunction with those. The tables in the Efficiency Plan are in the format required by the Home Office and there are presentational differences to the Authority's own financial reports.

## Four Year Plan

The Authority's strategy for the provision of fire and rescue services in its area is driven by the approved Integrated Risk Management Plan (IRMP) 2014/15-2016/17. The IRMP has been developed in line with the Government's guidance which is set out in the Fire and Rescue National Framework for England.

The IRMP 2014/15-2016/17 can be viewed here:

<http://www.esfrs.org/about-us/community-risk-management/integrated-risk-management-planning/>

We are currently reviewing the Authority's IRMP and will be consulting the public and other stakeholders on our proposals for 2017/18 – 2019/20 over the autumn. To find out more and get involved visit our consultation webpage:

**Insert web link to IRMP consultation here**

The Authority's IRMP is focused on improving public safety, reducing the number of incidents and saving lives through a dynamic and holistic approach to risk analysis and assessment, whilst considering the changing needs of our communities.

The IRMP is supported by the Medium Term Financial Plan (MTFP), which sets out how the Authority will fund the Service. The MTFP is based on a number of financial assumptions, which are detailed within this Efficiency Plan.

## Funding Assumptions

The following table sets out the assumptions the Authority is making about its 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 local 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.

<b>Settlement Funding Assessment</b> <i>(All figures are £'000 unless stated)</i>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Baseline Funding - Business Rates / Top Up	7290	7273	7320	7537	7773
RSG	7514	6196	4524	3660	3157
<b>Settlement Funding Assessment Total</b>	<b>14804</b>	<b>13469</b>	<b>11844</b>	<b>11197</b>	<b>10930</b>
Adjustment for Local Business Rate share (NNDR1) to DCLG Figure (Memo item – not included in total below)	244	168	75	78	76
<b>Council Tax Forecast</b>					
Band D Council Tax (£)	85.07	86.72	88.40	90.11	91.86
Actual / Assumed Council Tax base increase on previous year	423	648	327	169	173
Yearly Council Tax Precept Increase	864	1110	804	657	677
Collection Fund (council tax & business rates)	377	369	50	0	0
<b>Estimated Total Council Tax Income</b>	<b>23547</b>	<b>24649</b>	<b>25134</b>	<b>25741</b>	<b>26418</b>
Council Tax Band D Precept Increase (%)	1.94%	1.94%	1.94%	1.94%	1.94%
Growth in Council Tax Base Yield to Previous Year (%)	1.89%	2.80%	1.35%	0.67%	0.67%
<b>TOTAL</b>	<b>38351</b>	<b>38118</b>	<b>36978</b>	<b>36938</b>	<b>37348</b>

Source: MTFP Update September 2016; Revenue Budget 2016/17 and Capital Strategy 2016/17 – 2020/21; Revenue Budget and Capital Outturn 2015/16

The level of RSG the Authority receives will decrease by 58% or £4.357m between 2015-16 and 2019-20 and this continues to lead to an increased reliance on the money the Authority raises from local council taxpayers to support our activities. The Authority had frozen council tax between 2010-11 and 2013-14 but has had to increase the amount it charges to council taxpayers by 1.94% in each of the last 3 years in order ensure the Service can balance its budget and remain sustainable against the Authority's IRMP over the medium term. The Authority currently expects to have to increase council tax by 1.94% in each remaining year of the Efficiency Plan.

### Budget Assumptions

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

<b>Employee Cost Pressures (£'000)</b> <i>(All figures are £'000 unless stated)</i>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Pay Award	192	480	485	473	473
End of Contracting Out of Second State Pension		528			
LGPS Employer Pension Contributions	22	26	56	56	57
FF Employer Pension Contributions	-26	55	-54	-32	-13
Public sector pension pressure FPS					231
Other employee cost changes	-183	510	-232	-150	-145
<b>Total Employee Costs</b>	<b>29237</b>	<b>29732</b>	<b>28620</b>	<b>27983</b>	<b>28175</b>
<b>Cost Pressures (£'000)</b>					
Inflation	237	112	258	259	252
Additional Running Costs	664	-20	-324	-652	-216
<b>Total Non-Pay Bill Costs</b>	<b>12410</b>	<b>12225</b>	<b>11239</b>	<b>11112</b>	<b>11093</b>

<b>INCOME</b>					
<b>Section 31 Grants</b>					
Transition Grant	0	97	122	0	0
Fire Revenue Grant	211	213	215	193	174
NDR	276	217	222	229	236
<b>Other Service Income</b>					
Interest on Balances	75	75	75	75	75
Sussex Control Centre	991	1001	1026	1052	1078
Other	720	373	383	394	404
<b>Total Income</b>	<b>2273</b>	<b>1976</b>	<b>2043</b>	<b>1943</b>	<b>1967</b>
<b>Budget Requirement</b>	<b>39374</b>	<b>39980</b>	<b>38241</b>	<b>36997</b>	<b>37108</b>
<b>Financial Challenge Before Efficiencies</b>	<b>1023</b>	<b>1862</b>	<b>838</b>	<b>214</b>	<b>-47</b>

Source: MTFP Update September 2016; Revenue Budget 2016/17 and Capital Strategy 2016/17 – 2020/21; Revenue Budget and Capital Outturn 2015/16

There are a number of employee cost pressures that are outside of the Authority's control, primarily related to pay awards, pension valuations and legislative changes. These pressures increase the level of savings that the Authority is required to find between now and 2019-20. As part of the IRMP process the Authority has identified how it can change the services it delivers and the way it delivers them to respond to changing risks. Some of the IRMP proposals will require one off investment or lead to increased costs and we need to ensure that we can find the funding to achieve better outcomes for the public. This Efficiency Plan and our MTFP will need to be updated to reflect the financial implications of any proposals in our new IRMP when it is agreed by the Fire Authority. Through good financial management the Authority has already identified some funding to support this.

### Cashable and Non-Cashable Savings

The Authority has already identified and delivered a significant level of cashable savings (£4.846m between 2010/11 and 2015/16) to allow it to balance its budget over the medium term and allow continued investment in the service we provide to the local community. Most recently these savings have been the result of the Changing the Service, Shaping our Future programme. We also have a range projects underway, some of them with other local public sector partners, to identify further cashable savings and other efficiencies for example through sharing a headquarters with Sussex Police from April 2017 and

collaborating closely with other local emergency services across Surrey and Sussex on transport (including jointly managing and maintaining our vehicles). We are also reviewing all our other support services.

In order to meet the financial challenge detailed above a number of efficiency savings need to be found. The savings already achieved in 2015-16 and those planned for the current and future years are detailed in the table below.

<b>Efficiency Savings Assumptions</b> <i>(All figures are £'000 unless stated)</i>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Changing the Service, Shaping our Future Savings	781	1005	73	0	0
Mobilisation Savings - Sussex Control Centre	158	0	0	0	0
Management restructure	0	0	254	29	30
Revenue contributions to reserves	0	250	250	0	0
Reduced provision for pay awards	0	118	123	125	0
Riding at Standard	0	280	560	280	0
Other non-operational savings	84	210	3	49	0
<b>Total</b>	<b>1023</b>	<b>1862</b>	<b>1263</b>	<b>483</b>	<b>30</b>

Source: MTFP Update September 2016; Revenue Budget 2016/17 and Capital Strategy 2016/17 – 2020/21; Revenue Budget and Capital Outturn 2015/16

Because of the scale of the financial challenge we continue to face we have had to make significant savings from both our operational and support services. In spite of this the Authority plans to retain the same number of fire stations but has made the difficult decision to reduce the number of appliances available to respond by one wholetime appliance and one retained duty system appliance bringing the total number of frontline firefighting appliances down to 33. We have been able to do this, without affecting our response and resilience performance, by making changes to the way we crew appliances at the same time as we continue to introduce new innovations in our prevention and protection work. We will be consulting on our response standards and the impact of significant housing growth across our communities as part of the IRMP this autumn.

Assuming all of the above savings can be achieved, the Authority will have a small amount of flexibility over the period of this plan to invest in new service developments that we expect will result from our IRMP review and should still be able to set a balanced budget each year. The risks and mitigation strategies in relation to the major efficiency savings required is shown in the table below.

Efficiency Savings Assumptions	Risks	Mitigation
Changing the Service, Shaping our Future Savings	Staff numbers not sufficient to meet prevention, protection and response requirements set by the Fire Authority.	Changes in crewing arrangements and improved focussing of resources on outcomes.
Management Restructure	Insufficient management capacity to deliver transformation projects and manage day to day business to deliver expected outcomes.	Clearer reporting lines and improved decision making linked to budgets. Use of reserves to fund one off capacity to support projects and programmes. Improved programme and project management
Revenue contributions to reserves	Level of reserve not sufficient to fund future capital programme and revenue budget risks.	Review of Capital Asset Strategy to better prioritised future investment. Sale of surplus capital assets to generate funding for capital programme. Review of general balances provision to ensure adequacy.
Reduced provision for pay awards	Reduced provision is insufficient to meet cost of pay award and incremental progression	Provision still at level to accommodate Government's average public sector pay cap.
Mobilisation Savings - Sussex Control Centre	Delay in implementation of single mobilising system places pressure on new staffing structure and causes cost pressures elsewhere in the budget e.g. legacy system support and project team	Funding for temporary additional staffing resource, legacy system support costs and maintenance of project team made available from reserves / one off funding through revenue budget.
Other non-operational savings	Insufficient revenue budget to meet demands	Improved budget monitoring to identify in year pressures and action agreed by Corporate Management Team.



## Capital Expenditure

As well as ensuring that the revenue budget is affordable over the medium term, the Authority also needs to plan to purchase new assets (e.g. buildings, vehicles, equipment) and make sure it has the money to pay for them. The planned capital programme is shown in the table below.

<b>Estimated Capital Expenditure</b> <i>(All figures are £'000 unless stated)</i>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Capital Expenditure	3,241	4,566	2,185	2,545	2,559
<b>Capital Expenditure Financing</b>					
Capital Receipts	1,044	2,264	1,605	1,882	2,128
Reserves	123	750	0	0	0
Government grants & other contributions	682	618	0	0	0
Direct Revenue Contributions	1,097	495	341	232	0
Unsupported / Prudential Borrowing	0	0	0	0	0
Internally funded	295	439	239	431	431

Source: MTFP Update September 2016; Revenue Budget 2016/17 and Capital Strategy 2016/17 – 2020/21; Revenue Budget and Capital Outturn 2015/16

The Authority's Capital Asset Strategy sets out our planned investment in our property, IT and vehicles / equipment. 2015/16 saw the opening of Saxon House in Newhaven (see below under collaboration) at a cost of £3.6m. In 2016/17 we will be investing in the maintenance of our fire stations and the relocation of our HQ (see below under collaboration), the purchase of a new mobilising system (funded by central government grant) and our fleet including 3 new fire appliances. We will also be investing in firefighter safety through the purchase of new breathing apparatus (BA) and refurbishment of our BA training facilities.

## Collaboration

The Authority is committed to increasing collaboration with the Sussex Police and other local public sector partners.

We have established a joint control centre with West Sussex Fire & Rescue Service which will deliver savings and improved services when a new mobilising system is implemented.

We will be moving to a shared headquarters with Sussex Police during 2017 and we expect that this will enable us to collaborate further on operational and support services. It will also allow us to dispose of our current headquarters and generate a capital receipt.

We are working closely with local public sector partners to make best use of our existing buildings through the SPACES (Strategic Property Asset Collaboration in East Sussex) initiative and have recently opened Saxon House in Newhaven which includes a new fire station and accommodation for Sussex Police and Lewes District Council. This has allowed us to release the old fire station for sale to generate a capital receipt.

We have signed a memorandum of understanding with Surrey and Sussex Police to support their search and rescue activities.

We are working closely with Brighton & Hove and East Sussex Social Services and local Clinical Commissioning Groups to share data on the most vulnerable in our communities, to ensure we can focus our community safety activities where they will have the greatest impact.

We are expanding the scope our home safety visits to cover a wider range of prevention activities as part of the Safe & Well initiative. This includes a pilot funded by the NHS working with a local voluntary organisation, 3VA, and a contract with East Sussex Public Health to deliver child safety adaptations. As part of our IRMP review we will be consulting on proposals to support local health partners by using our firefighters to provide emergency medical response (EMR) in certain specific types of incidents.

We work closely with the Sussex Safer Roads Partnership and have recently seconded two of our operational staff into their teams to work closely with them on Road Safety initiatives. We are also jointly funding a project with Wealden District Council to use 'behavioural insights' to improve road safety messages with a view to reducing those killed and seriously injured in road traffic accidents.

We are part of the Emergency Services Collaboration Programme with Surrey and Sussex Police, Surrey and West Sussex Fire Services and South East Coast Ambulance (SECamb). Our main focus is on work to deliver savings and other efficiencies through integrating our transport functions with the support of almost £6m of grant from central government. We have recently agreed a business case for joint fuel procurement and shared access to stored fuel at our fire stations.

We have worked hard with local councils to protect our income from council tax and business rates, for example through reviews of those claiming discounts for single persons and empty homes. We have also been part of the East Sussex Business Rates Pool which has ensured that more growth in business rates income is retained locally. We are using the additional income we receive to support initiatives to improve business safety through engagement with the local business community.

We are working with local social housing providers to deliver the installation of sprinkler systems in high rise / high risk premises and have provided match funding to pump prime this initiative in Brighton, Eastbourne and Hastings.

We collaborate extensively on procurement to ensure we get the best value for money we can. As well as the joint fuel procurement mentioned above we are collaborating with other fire services to procure a new contract for the protective equipment and clothing our firefighters wear. We will be reviewing the data on how much different fire services spend on common purchases, recently published by the Home Office, to identify ways we can make further savings without compromising firefighter safety.

We are working with Sussex Police to see how we can expand and develop our Volunteer Scheme across both services. As well as supporting our community safety initiatives our volunteers have worked with partners in Wealden to deliver flood protection advice and with Sussex Police and parish councils to carry out speed watch checks.

## **Flexible Working**

Twelve of the Authority's twenty four fire stations are staffed by on call firefighters (also known as retained duty system or RDS) with a further six day crewed stations supported by on call firefighters. They remain a key part of the Authority's prevention, protection and response service, particularly in the rural parts of our community. They also provide essential resilience across the whole of our area. Planned changes to the way we manage our on call firefighters will allow us greater flexibility to combine crews in periods where we receive high numbers of call, further improving resilience. We are also considering other ways in which on call firefighters could contribute to improving our service, for example by providing emergency medical response in rural areas.

## **Performance Information**

The Authority commits to publication of transparent performance information. This includes but is not limited to:

- Budget monitoring reports (revenue, capital and treasury)
- Quarterly performance, project and risk monitoring
- Statement of Accounts
- Annual Governance Statement
- Statement of Assurance
- Information required by the prevailing Local Government Transparency Code

This information can be found on our website at:

<http://www.esfrs.org/about-us/freedom-of-information/data-transparency/>

<http://www.esfrs.org/about-us/financial-information/>

<http://www.esfrs.org/about-us/east-sussex-fire-authority/>

## 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 Treasurer 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.

<b>Estimated Financial Reserves Levels</b> <i>(All figures are £'000 unless stated)</i>	<b>31/03/2015</b>	<b>31/03/2016</b>	<b>31/03/2017</b>	<b>31/03/2018</b>	<b>31/03/2019</b>	<b>31/03/2020</b>
General Fund Balance	3753	3142	3142	3142	3142	3142
Earmarked General Fund Reserves	8809	9990	8341	7104	6699	7199
Expected Use of Earmarked Reserves			1650	1237	405	-500

Source: MTFP Update September 2016; Revenue Budget 2016/17 and Capital Strategy 2016/17 – 2020/21; Revenue Budget and Capital Outturn 2015/16

The Authority's Earmarked General Fund Reserves are used for two main purposes:

- to finance the Capital Asset Strategy without the need to borrow (and incur associated costs such as interest)
- to fund specific projects or initiatives that often run over more than one financial year including funds set aside for sprinkler installation and business safety initiatives (see above under collaboration)

We also hold capital reserves which comprise income from the sale of surplus buildings or equipment (capital receipts) and grants or contributions from partners toward specific capital projects. Capital reserves can only be used to fund our Capital Asset Strategy.

**Progress of the Efficiency Plan**

The Authority commits to publishing an annual report on the progress of the Efficiency Plan. This will be published alongside our annual Statement of Assurance on our website.