



Lancashire Fire
and Rescue Service

EFFICIENCY PLAN
2017/18

Efficiency Plan 2017/18-2019/20 (Including Outturn for 16/17)

This efficiency plan is based on the Authority's 2017/18-2021/22 revenue budget/medium term financial strategy, as contained in its budget booklet.

Revenue Budget Strategy

In considering its council tax requirements the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

- deliver services as outlined in the Risk Management Plan and other plans
- maintain future council tax increases at reasonable levels
- continue to deliver efficiencies in line with targets
- continue to invest in improvements in service delivery and facilities
- set a robust budget that takes account of known and anticipated pressures
- maintain an adequate level of reserves

Government Funding

The Government has confirmed that the multi-year settlement offers have been agreed with all single purpose fire and rescue authorities. Hence, barring exceptional circumstances, and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these amounts to be presented to Parliament each year.

Future settlements form part of the multi-year settlement referred to above.

		Reduction	
2015/16	£29.4m		
2016/17	£27.6m	£1.8m	6.4%
2017/18	£25.3m	£2.3m	8.2%
2018/19	£24.4m	£0.9m	3.7%
2019/20	£24.0m	£0.4m	1.4%
		£5.5m	

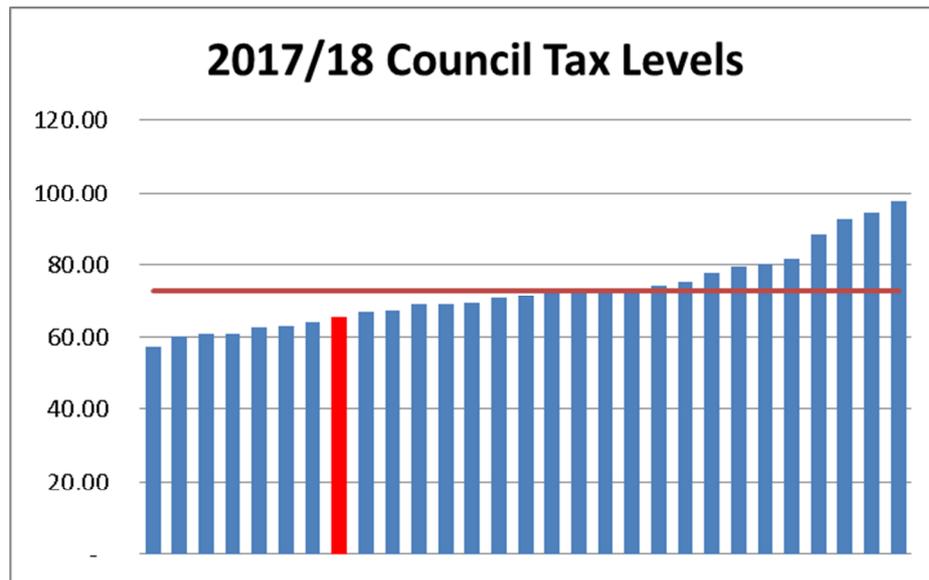
The Autumn Statement reaffirmed that Departmental spending will grow with inflation in 2021/22. However there will be significant variation between departments due to how the overall funding is distributed, and the level of protection afforded to some Departments, hence we have assumed funding will be frozen beyond the current four year settlement period.

Council Tax

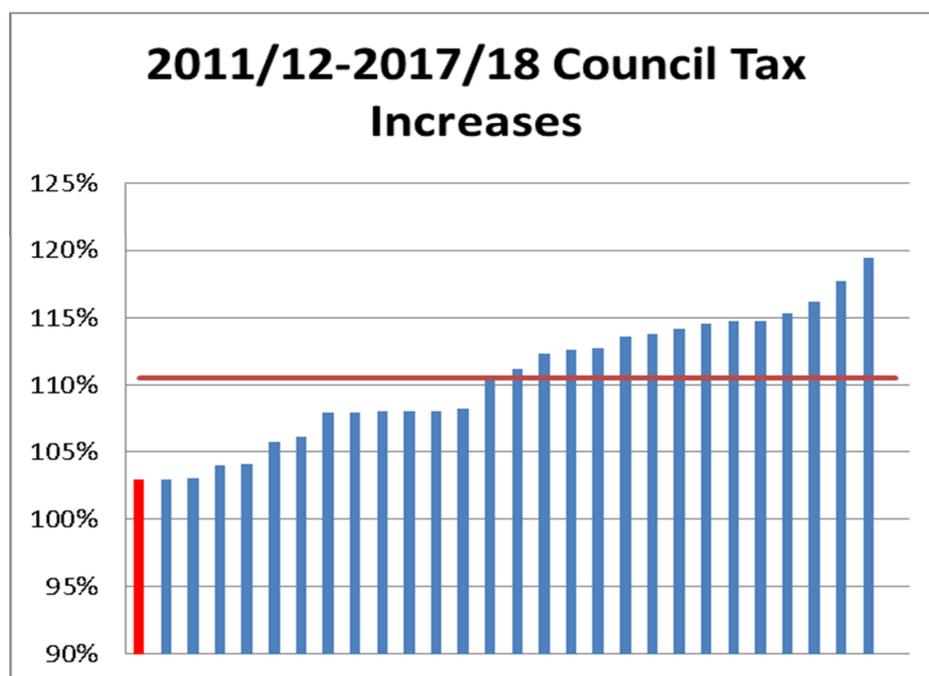
In setting the council tax, the Authority aims to balance the public's requirement for our services with the cost of providing this. As such the underlying principle of any increase in council tax is that this must be seen as reasonable within the context of service provision.

Council tax increases, and hence budget increases, have been constrained by our desire to deliver value for money services and by capping or the current referendum thresholds set by the Government.

This culminated in a council tax freeze between 2011/12-2014/15, one of only 7 Fire Authorities. Our increases in 2015/16 and 2016/17 were just 1.9% and 1.0% respectively, and in 2017/18 we again froze council tax, the only Fire Authority to do so. Our council tax of £65.50 puts us in the bottom quartile of council tax levels, compared with a national average of £72.80.



Our council tax increase of just 2.9% since 2010/11 is the lowest of any Fire Authority, and compares with an average increase of 10.5% over the same period.



Cashable Savings

The Authority has a good track record of delivering efficiency savings, achieving £5.5m of savings between 2011 and 2013.

In February 2013 the Authority set a target of an additional £10m of savings to be delivered by March 2017. By the end of 2015/16 we had delivered £8.5m of this target. During the 2016/17 budget setting process we identified savings of £2.5m. Our Revenue outturn report showed that we actually delivered savings of £3.9m in year, therefore exceeding our target by £1.4m. As can be seen a significant proportion of this related to vacancies within the pay budget which were temporary in nature pending the removal of a fire appliance at Lancaster, and recruitment which is due to take place in the current financial year.

	2016/17 Target	2016/17 Actual
Staffing, including Emergency Cover Review outcomes, Prevention & Protection Review outcomes, functional saving reviews plus management of vacancies	£1.5m	£2.5m
Reduction in capital financing charges	£0.3m	£0.3m
Reduction in service delivery non pay budgets including the smoke detector budgets	£0.1m	£0.3m
Removal of the contribution to Greater Manchester FRS in respect of their Urban Search And Rescue team	£0.1m	£0.1m
Reduction in Fleet repairs and maintenance and fuel budgets	£0.1m	£0.1m
Reduction in Property repairs and maintenance and utilities budgets	-	£0.2m
Procurement savings (these are savings on contract renewals, such as waste collection and stationery contracts)	-	£0.1m
Balance – cash limiting previously underspent non pay budgets	£0.3m	£0.3m
Total	£2.5m	£3.9m

In 2017/18 we have identified a further £1.5m of savings, meaning we will have achieved/identified total recurring savings of £13.5m compared with our initial £10m target. Giving a total of £18.5m of recurring savings that have been delivered/identified since 2011 (over 25% of the Authority budget):

	2011-2013	2013-2017	Total
Move to NW Fire Control	£0.8m	-	£0.8m
Introduction of Day Crewing Plus Duty System	£2.6m	£2.0m	£4.6m
Alternative Crewing Arrangements for Specials	£0.3m	£0.4m	£0.7m
Outcome of Emergency Cover Reviews	-	£1.9m	£1.9m
Prevention & Protection Review	£0.5m	£0.7m	£1.2m
Reduction in Senior management posts	£0.2m	£0.6m	£0.8m
Support Functions		£1.5m	£1.5m
Reduction in number and cost of ill health retirements	£0.2m	-	£0.2m
Non pay savings(inc procurement)	£0.9m	£4.3m	£5.2m
Reduction in LGPS costs	-	£0.3m	£0.3m
Reduction in capital financing costs	-	£1.3m	£1.3m
	£5.5m	£13.0m	£18.5m

Flexible working practices

The most significant area of savings identified above relate to the way in which front line services are delivered. Lancashire introduced an amended duty system, Day Crewing Plus, in 2010. Under this system operational personnel provided 42 positive hours and a further 42 stand-by hours at a base next to the station, resulting in a reduction of 14 posts per station, whilst maintaining the same response standards. This has now been rolled out to 11 stations across Lancashire.

All special appliances are now alternate crewed, meaning that there are no personnel dedicated just to maintaining the availability of the special appliance, hence reducing establishment level and delivering savings.

Emergency Cover reviews have identified changes at various stations across Lancashire, the most recent of which have been the removal of a second pump at Hyndburn, where fire cover is now provided by 1 whole-time appliance and 1 retained appliance, and the removal of 1 whole time appliance at Lancaster, with the introduction of a new retained duty system appliance at the same station, meaning that cover is now provided by 1 whole-time and 1 retained duty system appliance.

The service relies on RDS pumps for 55% of its overall emergency response. In recognition of the pivotal role that the retained duty system personnel play the Service was the first in England to introduce a salary scheme, in order to increase the rewards provided to RDS personnel thus aiding recruitment, retention and availability. Whilst our current level of RDS availability is still one of the best nationally at 90% it has fallen in recent years, and as such the Service is currently reviewing the reasons for this and what actions it can take to improve this. A working group has been set up, including RDS personnel, to review factors affecting this and

to identify key actions which can be taken to address this. This resulted in further investment into the retained duty system in terms of a new pay system, building in a greater reward for commitment and the introduction of Retained Support Officers to support recruitment and training activities.

In addition we have also introduced the practice of retained duty system personnel riding whole-time appliances, and being paid for doing so, in order to maintain pump availability and enhance training/competency.

Collaboration

The Service established a joint NW Fire Control Centre with Cumbria, Manchester and Cheshire, which went live in 2014 and delivered over £0.8m of savings to Lancashire.

We continue to look at opportunities to deliver services, including support service, on a more effective basis through collaboration, and this approach has seen us utilise Lancashire County Council for various support functions, GMC Fire for payroll services and we have a shared procurement arrangement with Mersey Fire.

In respect of procurement we work collaboratively with our partners delivering regional contracts in areas such as PPE, uniforms, specialist vehicles etc., as well as utilising national contracts where appropriate.

We have implemented a gaining entry scheme to support North West Ambulance Service across the county, removing some of the burden previously placed on Lancashire Constabulary to undertake this activity.

We introduced an emergency first responder scheme with North West Ambulance Service in Morecambe and Ormskirk, attending incidents and ensuring that the public get the quickest possible assistance to specific types of medical emergencies, thus improving survival rates. (This is currently suspended pending the outcome of national pay discussions)

We have continued to explore opportunities to share sites with other public bodies, and are in the process of finalising plans for a joint Fire & Ambulance Station in Lancaster, which is part funded by Government grant. This will be the third station that we share with North West Ambulance Service, after Darwen and Preston Fire Stations. We are also reviewing options around Morecambe Fire Station. In addition we already share Preesall Fire Station with the Police.

In order to ensure that we are well placed to meet future challenges arising from our new duty to collaborate, we have previously seconded officers into both Lancashire County Council and Lancashire Police, and have established a joint collaboration group with the Constabulary to explore further opportunities that collaboration presents.

Funding Gap

Despite identifying over £18.5m of savings since April 2011, of which £4.5m cover this settlement period, we are still faced with a growing funding shortfall in subsequent years, the scale of which will depend upon future council tax options and other pressures:-

	2018/19	2019/20	2020/21	2021/22
Based on 2% increase in council tax	(£0.4m)	(£0.8m)	(£1.4m)	(£2.3m)
Based on 1% increase in council tax	(£0.6m)	(£1.4m)	(£2.3m)	(£3.5m)
Based on council tax freeze	(£0.9m)	(£1.9m)	(£3.1m)	(£4.7m)

In order to offset this the Authority will continue to identify savings opportunities, and we will continue to explore collaborative opportunities to deliver cashable, and non-cashable, savings in order to contribute to this position.

Use of reserves

The Authority has adopted a position of delivering savings at the earliest opportunity, with any subsequent underspend being transferred into reserves in order to enhance its overall financial position and to ensure that sufficient reserves are held to deal with future uncertainties the most notable of which has been funding levels.

As a result the Authority is in a strong financial position currently holding £10m of general reserves, i.e. uncommitted reserves which provides scope to utilise £7.5m of these to meet the future revenue and capital requirements.

£2.6m of these will be utilised to support our capital programme over the next 5 years, most notably delivering a further joint Fire/Ambulance stations. A further £5m will be available to offset the potential funding shortfalls identified above. Hence, assuming council tax is increased by 2% and all other budget assumptions are correct, by 2021/22 general reserve levels could have reduced down to approx. £3m in line with our minimum target level.

Key risk and mitigation strategies

The following significant financial risks have all been assessed and are adequately covered within the budget estimates presented or within the level of reserves currently held:-

- Further reductions in funding levels, over and above those identified in the provisional four year settlement
- Reduction in funding via Business Rates retention scheme;
- Reduction in council tax funding due to changes in localisation of council tax support, reducing tax base and/or council tax referendum limits;
- Higher than anticipated inflation/pay-awards;
- Larger increases in future pensions costs/contributions,
- Increase in costs arising from demand led pressures, i.e. increasing staff numbers, overtime due to spare conditions or major equipment replacement requirements

- Increased cost of partnership arrangements
- Inadequacy of insurance arrangements
- Increasing capital financing charges due to higher interest rates, although clearly the risk of this is reduced due to the policy of paying off debt as it matures

It is inevitable that there may be other changes in funding or costs which cannot be anticipated which may impact the Authority. Dependant upon the scale of these the Authority will be required to utilise more reserves or deliver greater savings. However the Authority remains in strong position to deal with any such changes that occur.

Summary

Overall the Authority is well placed to meet the financial challenges that it faces in the medium term, and will continue to balance future council tax levels and the need for investment whilst maintaining effective service delivery.

The move to four year settlements creates greater certainty which is to be welcomed. This certainty enables the Authority to take better informed longer term planning decisions, confident that any changes are deliverable in the financial context that it faces. Not only that change can be implemented in a more structure way, thus minimising the impact on service delivery, as well as on staff within the organisation.

In terms of community benefits we will continue to explore collaborative arrangements with partner agencies such as Lancashire County Council, Blackpool and Blackburn with Darwen Councils, as well as Lancashire Police and Northwest Ambulance Service. The greater funding certainty will enable us to commit to these partnerships for a longer period and will ensure that the public of Lancashire get the best possible service from all agencies.

We will report on performance against the efficiency plan, alongside our other performance data, such as the annual accounts, annual assurance statement, performance report, etc., and will continue to strive to make any such reporting as transparent as possible.