

CAMBRIDGESHIRE AND PETERBOROUGH FIRE AUTHORITY
EFFICIENCY PLAN 2016 - 2020

About the Plan

The Efficiency Plan sets out how the Authority plans to improve the service it provides whilst managing with reduced real-term funding levels. This document contains links to other relevant documents and websites 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 Integrated Risk Management Plan (IRMP) 2015-2019 which can be viewed at: <http://www.cambsfire.gov.uk/IRMP%20report%20A4%20for%20website%202016-17.pdf>

The IRMP details how we will engage with the communities of Cambridgeshire to ensure we are responsive to their ever changing needs and details the activities that we plan to engage in to reduce the risks within our communities.

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. The detailed Medium Term Financial Strategy can be found at <http://www.cambsfire.gov.uk/PolResComm17-12.pdf>.

Medium Term Funding Assumptions	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
• Baseline Funding - Business Rates / Top Up	5,551	5,597	5,707	5,875	6,063
• RSG	5,897	5,079	3,803	3,140	2,750
• Council Tax Freeze Grant/Transition Grant	185	61	77	0	0
Settlement Funding Assessment Total	11,633	10,737	9,587	9,015	8,813
Council Tax Forecast					
Band D Council Tax (£)	£64.26	£65.52	£66.78	£68.04	£69.39
<i>Actual/Estimated Council Tax base increase on previous year (2017-2020)</i>	265,892	271,265	274,611	277,984	281,248
Total Actual/Estimated Council Tax Income	17,086	17,773	18,339	18,914	19,516
Council Tax Band D Precept Increase (%)		1.96%	1.92%	1.89%	1.98%
Growth in Council Tax Base Yield to Previous Year (%)		2%	1%	1%	1%
Total Budget Requirement	28,719	28,510	27,926	27,929	28,239

The level of RSG the Authority receives will decrease by 65% between 2015/16 and 2019/20. This represents a significant shift in Government policy as they now expect local authorities to increase council tax to support their activities. This fundamental shift in policy and the Government expectation that council tax will increase in line with their inflation targets, has resulted in a forecast annual increase of around 1.9%. However this increase will be subject to approval annually by the Fire Authority.

Budget Assumptions

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

Medium Term Budget Assumptions	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Cost Pressures / Savings					
• Pay Award	218	245	213	208	209
• Pension Contributions (LGPS)	78	0	73	0	0
• Contracting Out	0	203	0	0	0
• Apprenticeship Levy	0	0	64	0	0
• General Inflation	49	-37	71	71	71
• Firefighter Pension Scheme	-166	-140	0	0	0
• Capital Charges	-214	-30	5	23	59
• Capital Receipts Reduced	163	0	0	0	0
• Operational Activity (On-Call)	0	127	0	0	0
• Additional Grant Income	-9	-86	0	0	0
• Comprehensive Spending Review Budget Reduction	-734	-548	0	0	0
• Comprehensive Spending Review Budget Reduction Required	0	0	-953	-222	56

Note: There are clearly still some uncertainties within these estimates, particularly with regard to the impact Brexit will have on the economy and future changes to the discount rates.

Within employee costs there are a number of cost pressures that are outside of the Authority's control, primarily related to pension valuations and legislative changes. These increase the level of savings that the Authority is required to find between now and 2019/20. As well as cost pressures relating to general inflation.

The income receivable by the Authority is currently projected to be stable over the medium term.

Service Efficiency Programme

The Fire Authority can demonstrate a very effective record for dealing with Government cuts in an efficient and innovative manner. Since 2010, the Service has made in excess of £4 million in budget reductions by reshaping its Service. This reshaping has included merging its Command and Control Centre with Suffolk Fire and Rescue Service, completely restructuring and reducing its professional support services and redesigning its wholetime firefighter shift system.

The Service continues to seek efficiency savings across the Service, whilst striving to improve operational performance through utilising our resources more effectively. The Comprehensive Spending Review (CSR) project is looking at a number of areas within the organisation with the objective of making savings. To date, the following savings have been identified and will be used to ensure the Fire Authority can set a balanced budget:

- The Senior Officer restructure has resulted in the loss of the Deputy Chief Fire Officer role. The savings associated with this saving and revised pay and conditions is £261k.
- Capital Funding from revenue has been reduced for the financial year 2016/17, in line with a reduced Capital Programme. The major earmarked reserve, the Property Development Reserve, will be used to ensure borrowing doesn't become a burden on the revenue budget.
- Rationalisation of the Operational On-Call Fire Budget has resulted in savings of £301k.
- The Service has invested significantly over the last five years in a development programme for staff. The objective of this investment was to enhance the skills of our staff, whilst ensuring much of this training could be delivered in-house in the future. The Service is anticipating saving £65k.

Collaboration

The Authority is committed to increasing collaboration with the police and other local public sector partners. For example, we have formal agreements with Bedfordshire Fire and Rescue Service for an ICT Shared Service and a shared Area Commander rota. In addition, we have a combined Command and Control Centre with Suffolk Fire and Rescue Service.

The Service has a programme focussed at looking at collaboration opportunities with Cambridgeshire Constabulary. In addition to this, we share a number of our operational premises with the police and are creating a new Joint Fire and Police Station in Wisbech. Attached is a comprehensive list of all other major collaborations undertaken by the Service with its public sector partners.

Performance Information

The Authority is compliant with the Local Government Transparency Code and is committed to the publication of transparent performance information including but not limited to:

- Budget monitoring reports (revenue, capital and treasury) <http://www.cambsfire.gov.uk/september-22-2016-2770.aspx>
- Statement of Accounts <http://www.cambsfire.gov.uk/ACCOUNTS%20WITH%20AUDIT%20OPINION%20-%202015%2016%20-%20FINAL.pdf>
- Annual Governance Statement <http://www.cambsfire.gov.uk/september-22-2016-2770.aspx>
- Statement of Assurance. <http://www.cambsfire.gov.uk/Annual%20report%20final%20version.pdf>

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>	2016-17	2017-18	2018-19	2019-20	2020-21
General Fund Balance	2,348	2,348	2,348	2,348	2,348
Earmarked General Fund Reserves	11,365	10,541	2,139	455	3,311
Use/Return of Earmarked Reserves	(824)	(8,402)	(1,684)	2,856	(112)

The major commitment for the Property Development Reserve is the new 'Huntingdon Hub' project that will merge the existing Huntingdon station, combined Command and Control Centre, Training Centre and Headquarters onto a single site. This project is being evaluated in conjunction with Cambridgeshire Constabulary. This fund will finance the upfront cost of the new site. The existing sites will be sold or redeveloped once the new site is fully operational. The table above assumes an income figure for both sites based upon market valuations. If not used for the 'Huntingdon Hub', the reserve will be used to support the Authority's capital programme.

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.