

# Efficiency Plan

## 2016-2020



**Buckinghamshire  
& Milton Keynes**  
**FIRE & RESCUE SERVICE**  
*we save lives*

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## About the Plan

The Efficiency Plan sets out how the Authority plans to improve the service it provides whilst managing with reduced real-terms 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 Public Safety Plan 2015-2020. The Plan has been developed using integrated risk management planning methods and is designed to conform to the Government's guidance in relation to the preparation of integrated risk management plans.

The Public Safety Plan 2015-2020 can be viewed here:

[http://bucksfire.gov.uk/files/8114/2116/4524/2015 - 20 PSP Updated after 17 Dec CFA.pdf](http://bucksfire.gov.uk/files/8114/2116/4524/2015_-_20_PSP_Updated_after_17_Dec_CFA.pdf)

The key benefits that the plan brings to the local community are:

- A flexible approach to how we prevent emergencies, protect life, properties and the environment and also respond when called upon
- Improve the services and value that we deliver to the public

The Public Safety Plan is 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.

## 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.

<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	4,670	4,709	4,802	4,943	5,101
RSG	5,353	4,418	3,236	2,633	2,286
<b>Settlement Funding Assessment Total</b>	<b>10,023</b>	<b>9,127</b>	<b>8,038</b>	<b>7,576</b>	<b>7,387</b>
Adjustment for Local Business Rate share (NNDR1) to DCLG Figure	350	-15	10	45	80
<b>Council Tax Forecast</b>					
Band D Council Tax (£)	58.54	59.70	60.88	62.09	63.32
Actual / Assumed Council Tax base increase on previous year	339	274	348	362	377
Yearly Council Tax Precept Increase	-169	338	351	367	381
Collection Fund (council tax & business rates)	329	429	0	0	0
<b>Estimated Total Council Tax Income</b>	<b>17,131</b>	<b>17,843</b>	<b>18,113</b>	<b>18,842</b>	<b>19,600</b>
Council Tax Band D Precept Increase (%)	-1.00%	1.98%	1.99%	1.99%	1.99%
Growth in Council Tax Base Yield to Previous Year (%)	2.04%	1.63%	2.00%	2.00%	2.00%
<b>TOTAL</b>	<b>27,504</b>	<b>26,955</b>	<b>26,161</b>	<b>26,463</b>	<b>27,067</b>

The level of RSG the Authority receives will decrease by 57% between 2015-16 and 2019-20. Given changes in the way that funding will be distributed, it is anticipated that there will be an increase in Council Tax of 1.99% each year until 2020. This represents a real terms decrease of 30%, based on predicted CPI, for the decade 2010 – 2020. The Authority had frozen council tax between 2010-11 and 2014-15 and even reduced the amount by 1% in 2015-16. However, due to the change in Government policy we increased the amount by 1.98% in 2016-17. A Council Tax increase of 1.99% is the maximum permitted without triggering a Referendum.

## 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	213	213	184	183	183
End of Contracting Out of Second State Pension	0	352	0	0	0
LGPS Employer Pension Contributions	0	0	60	0	0
FF Employer Pension Contributions (Change to Discount Rate)	0	0	0	0	580
<b>Total Employee Costs</b>	<b>20,559</b>	<b>19,700</b>	<b>19,354</b>	<b>18,777</b>	<b>19,500</b>
<b>Cost Pressures (£'000)</b>					
Inflation	88	90	103	88	86
Additional Running Costs	215	232	0	0	0
Increased Prevention Work	0	250	0	0	0
<b>Total Non Pay Bill Costs</b>	<b>9,955</b>	<b>10,413</b>	<b>9,448</b>	<b>9,474</b>	<b>9,131</b>
<b>INCOME</b>					
<b>Section 31 Grants</b>					
Transition Grant	0	89	112	0	0
Fire Revenue Grant	1,099	1,099	1,099	1,099	1,099
NNDR	137	180	184	184	184
<b>Other Service Income</b>					
Interest on Balances	70	100	150	150	150
Aerial Site Income	147	32	80	80	80
<b>Total Income</b>	<b>1,453</b>	<b>1,500</b>	<b>1,625</b>	<b>1,513</b>	<b>1,513</b>
<b>Budget Requirement</b>	<b>29,061</b>	<b>28,613</b>	<b>27,177</b>	<b>26,738</b>	<b>27,118</b>
<b>Financial Challenge Before Efficiencies</b>	<b>1,557</b>	<b>1,658</b>	<b>1,016</b>	<b>275</b>	<b>51</b>

Within employee costs there are a number of cost pressures that are outside of the Authority's control, primarily related to pension valuations, legislative changes and pay increases agreed nationally by the National Joint Council (NJC). 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 Authority also faces increasing costs as it seeks to broaden the range of services it is able to offer to the public. There is also an increased focus on prevention work.

The income receivable by the Authority is currently projected to be stable over the medium-term, although there is currently a high risk that this may reduce significantly depending on any outcomes of any National Resilience review. This funding is receivable within the Fire Revenue Grant and should the grant be cut significantly then it is likely that cuts to the service will be required.

### 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.

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>
Operational Staff Savings	-1,165	-151	-550	0	0
Non-Operational Staff Changes	-261	0	-210	-40	-25
Employer Pension Contribution Reductions	0	-439	0	0	0
Revenue Contribution to Capital	-119	-416	200	0	0
Contingency Budget	0	-350	-140	0	0
Debt Servicing Costs	-12	-302	-40	0	0
Property Cost Savings	0	0	0	-177	0
Other Running Cost Savings	0	0	-82	-252	5
<b>Total</b>	<b>-1,557</b>	<b>-1,658</b>	<b>-822</b>	<b>-469</b>	<b>-20</b>

The largest savings relate to operational staffing. The Authority is developing flexible and resilient resourcing models that better meet the known risk and demand of the service, as well as maintaining the current response standards. This is due to the innovative way the Authority is now crewing appliances. Rather than having a large standing resource, a smaller regular establishment is complimented by firefighters (on-call and whole time) working bank shifts, and a number of firefighters on local terms and conditions to enable more flexible and mobile working.



Within the above savings assumptions are two major projects, which are the construction of a new 'blue light hub' in Milton Keynes and a programme of systems integration. The systems integration project will replace and consolidate a number of disparate systems across the Authority, including finance, payroll, HR, fleet, assets, premises risk management and rostering. This project is key to realising a large number of the non-operational staff changes shown above. Further details about the 'blue light hub' can be seen in the Collaboration section.

Assuming all of the above savings can be achieved, the Authority will require only minimal further savings over the period (circa £30k) in order 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
Operational Staff Savings	Staff numbers not sufficient to meet operational requirements.	Innovative crewing arrangements including the use of bank shifts and flexible roles, leading to enhanced resilience. Introduction of firefighter apprentices.
Non-Operational Staff Changes	Savings reliant on systems integration programme delivering anticipated benefits.	Dedicated project manager with oversight of project by senior sponsors, with progress regularly reported to Members.
Revenue Contribution to Capital	Level of reserve not sufficient to fund future capital programme.	Capital bids carefully scrutinised by officers and Members before approval.
Contingency Budget	Level of contingency not sufficient to cover unforeseen expenditure.	General Fund reserve kept at balance sufficient to cover one-off events.
Property Cost Savings	Slippage to project resulting in delayed savings.	Oversight of project by senior management and Members.

## 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.

<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	1,563	9,688	728	728	733
<b>Capital Expenditure Financing</b>					
Capital Receipts	103	1,246	0	0	0
Reserves	0	3,464	0	0	0
Government grants & other contributions	86	3,241	0	0	0
Direct Revenue Contributions	1,374	1,737	-728	-728	-733
Unsupported / Prudential Borrowing	0	0	0	0	0

The majority of capital expenditure in 2016-17 relates to a new 'blue light hub' in Milton Keynes. The capital programme also includes £3.8m to replace frontline pumping appliances over the next four years. Details of both of these key projects can be found in the Collaboration section of this document.

## Collaboration

The Authority is committed to increasing collaboration with the police and other local public sector partners. We have signed a memorandum of understanding (MOU) with Royal Berkshire and Oxfordshire Fire and Rescue Services and this MOU sets out the formal arrangements for collaboration between the three fire and rescue services.

The MOU can viewed here:

[http://bucksfire.gov.uk/files/7314/5563/7856/ITEM\\_15\\_Memorandum\\_of\\_Understanding\\_with\\_Royal\\_Berkshire\\_and\\_Oxfordshire\\_Fire\\_and\\_Rescue\\_Services.compressed.pdf](http://bucksfire.gov.uk/files/7314/5563/7856/ITEM_15_Memorandum_of_Understanding_with_Royal_Berkshire_and_Oxfordshire_Fire_and_Rescue_Services.compressed.pdf)

There is also a specific MOU between the three fire and rescue services and Thames Valley Police, which sets out objectives and guiding principles for property sharing and co-location of services. This MOU can be viewed here:

[http://bucksfire.gov.uk/files/5614/3740/2436/ITEM\\_12\\_Memorandum\\_of\\_Understanding\\_with\\_PCC\\_occ\\_rbfa\\_2\\_with\\_appendix.pdf](http://bucksfire.gov.uk/files/5614/3740/2436/ITEM_12_Memorandum_of_Understanding_with_PCC_occ_rbfa_2_with_appendix.pdf)



The three fire authorities have also formed a joint collaboration steering group. The group is working on a number of key work streams, including operational alignment and collaborative procurement.

One of the major collaboration projects is the building of a new 'blue light hub' in Milton Keynes. This is a joint facility hosting Fire and Thames Valley Police in shared premises and work is progressing positively to include South Central Ambulance Service.

The three fire authorities have also recently awarded a contract for the provision of 37 'type B' fire appliances across the region over the next five years. The group is now working towards a standard inventory for appliances so that all authorities are using the same equipment, which will in turn lead to standardisation of operational procedures.

The above work, combined with the existing joint Thames Valley Control Centre will ensure that public in the region are safer and benefit from the resilience to major incidents that the three services can jointly provide.

## **Flexible Working**

The Authority's approach to flexible working, including the use of on-call staff is detailed in the [Public Safety Plan 2015-20](#)

## **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)
- Balanced scorecard
- Statement of Accounts
- Annual Governance Statement
- Statement of Assurance
- Information required by the prevailing 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.

<b>Estimated Financial Reserves Levels</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>
General Fund Balance	2,165	2,165	2,165	2,165	2,165
Earmarked General Fund Reserves	8,994	4,916	4,766	4,716	4,566
Expected Use of Earmarked Reserves	6,256	4,628	200	100	200

The use of reserves in 2015-16 was to reduce the capital financing requirement, which freed up £0.25m per annum from the revenue budget. The expected use of reserves in 2016-17 is to fund the new 'blue light hub' in Milton Keynes, as well as a number of other capital projects including £2.3m on new frontline pumping appliances. A new reserve of £0.5m will be created in 2016/17 (subject to Member approval) to fund the introduction of apprentices into the organisation during the period. It is anticipated this will be required over the subsequent three years.

## 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.