

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY****Item No 9****MEETING: 19 July 2010**

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**SUBJECT: ANNUAL EFFICIENCY STATEMENT****REPORT OF THE CHIEF FIRE OFFICER, FINANCE OFFICER AND CLERK TO THE AUTHORITY**

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**1 INTRODUCTION**

- 1.1 This report informs Members of the contents of the Annual Efficiency Statements (AES) which are due to be submitted to the Department for Communities and Local Government (CLG) on the 20th July 2010, in accordance with Fire Service Circular 15/2010. This Circular covered the Backward Looking AES for 2009/2010, and the Forward Looking AES for 2010/2011.

**2 BACKGROUND**

- 2.1 Members will recall that the national efficiency target for the Fire and Rescue Service was set as a cashable net annual efficiency saving of £110 million over the 3 year period from 2008/2009 to 2010/2011. This equates to approximately 1.6% per annum which, in the case of this Authority, amounts to approximately £912,000 annually over the three years in question.
- 2.2 It is also worth noting that it is not yet clear what the Authority will be expected to achieve from 2011/2012 onward in respect of budget savings, although a headline figure of a 25% real terms reduction in budgets over the 4 year period 2011/2012 to 2014/2015 has been widely reported. Members will be fully informed of the implications of this as soon as there is greater clarity on this matter.

**3 REPORTING PROCESS**

- 3.1 Both the Backward Looking and Forward Looking efficiency statements are required to be submitted to CLG by 20<sup>th</sup> July 2010. The attached appendices show the efficiencies that have been achieved in 2009/2010 (Appendix A) together with a forecast on what is expected to be achieved in 2010/2011 (Appendix B).
- 3.2 The efficiencies are associated with initiatives arising from the Integrated Risk Management Planning process, ongoing budget reviews, and from proposals emanating from staff as part of the Authority's value for money framework. These have included a reduction in the ridership factor due to improved sickness absence levels, several revisions to departmental structures and a reduction in ill-health retirement costs due to improved management processes. Additional efficiencies have also been identified relating to insurances and

reductions in leasing costs following the decision to fund the purchase of 12 Fire Appliances directly from Revenue in 2009/2010, following an options appraisal. As a consequence of these actions the following has been achieved:

- The Backward Looking AES shows cumulative cashable efficiency gains to the value of £2.75m, or 4.82%, by the end of March 2010. Therefore, the Authority has exceeded the cumulative target for 2008/2009 and 2009/2010 of 3.2% set by CLG.

3.3 With regard to the forward look AES 2010/2011 it is currently estimated that the following will be achieved:

- A cumulative cashable efficiency gain of £3.9m or 6.8% by the end of 2010/2011. This figure is above the cumulative 4.8% target required by CLG for 2008/2009 to 2010/2011.

#### **4 EQUALITY AND FAIRNESS IMPLICATIONS**

4.1 There are no equality and fairness implications in respect of the specific content of this report.

#### **5 HEALTH AND SAFETY IMPLICATIONS**

5.1 There are no health and safety implications in respect of the specific content of this report.

#### **6 RECOMMENDATIONS**

6.1 The Authority is requested to

- a) Consider and approve the efficiency statements attached as Appendices A and B, and
- b) Receive further reports as required.

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#### **BACKGROUND PAPERS**

The following background papers refer to the subject matter of this report:

Fire Service Circular 15/2010