

# **Annex 1 – Efficiency Statement**

## **1. Introduction**

This Efficiency Statement presents a general overview of the national and local economic environment in which we are operating and the effect of this upon our planning and delivery of services over the medium term. In doing so, the aim is to provide a degree of context about the way we undertake our financial planning, and also to provide an overview of the approaches used by us to operate as efficiently as possible.

Consequently, this statement describes the financial constraints that we are operating within – including how we use earmarked reserves to help drive efficiencies – and the notion of value for money (VfM) as an underpinning principle of how we operate, illustrated with some practical examples.

## **2. The national funding environment**

The Government continues to progress the need for reductions in public sector spending and this is highlighted in the annual ongoing reduction of support grant funding. Although the Service has saved approximately £18m over the past five years, we are expecting a need to generate a further £8m of savings between 2018/19 and 2021/22. The challenge for the Service is to make sure that we not only continue to achieve the savings required of us by Government, but that we also generate savings to help us reinvest in achieving better ways to help our customers, whilst still delivering a high-quality and effective service to the public we serve. To do so, we continuously monitor the way our front line and back office work whilst also keeping our assets, equipment and technology up-to-date.

Despite the continuation of an obviously challenging financial climate, a reduction in funding has never equated to a reduction in either our commitment to provide the best service possible or our ambition to continually improve this level of service.

## **3. The Medium Term Financial Plan (MTFP)**

The need to generate these savings is reflected in our Medium Term Financial Plan (MTFP), which covers the period 2018/19 – 2021/22. The MTFP is a fundamental part of our corporate planning process and ensures that we have the requisite financial resources in order to maintain both the same standard of emergency service cover for the public, and to achieve the improvements planned for the Service. This includes both capital and revenue expenditure and income. The capital budget sets out the planned purchase of assets, such as vehicles, equipment, property and information systems.

For 2018/19 our day to day revenue budget has shown a slight increase compared to the previous financial year. This is due to a combination of population growth in the county leading to more individuals paying council tax and a small increase in the council tax that households pay. However, although the Service's budget is approximately £70m, it is expected that there will be a number of cost pressures over the medium term, which include the anticipated annual inflationary staff pay increases; an expectation that there will be an increase in employer pension contributions; inflationary increases relating to non-pay expenditure, such as contracts and utility costs; and the need to maintain our infrastructure assets to an appropriate standard. To be able to meet these costs, we must constantly look to save money wherever possible. As a result, in 2018/19 we have planned to make savings of just over £3m, which will come from a number of pay and non-pay budgets.

Another important aspect highlighted in the MTFP is the need to generate efficiencies by continuing to explore new ways of delivering our services. Examples of this include changes to duty systems at wholetime and day crewed stations, as well as a variety of non-pay savings.

The [Medium Term Financial Plan](#) provides further detail in relation to the anticipated pressures and savings over the medium term.

### **Earmarked Reserves**

The Service holds a number of earmarked reserves with the largest, by far, being the Infrastructure Reserve. This Reserve is used to help fund the projects in the capital budget as it is currently far more cost-effective for the Service to use its own funding resources rather than to borrow. Significant savings are made by not incurring interest charges on large sums of borrowing.

### **Funding**

Just over 68% of the Authority's funding comes from council tax and, for the 2018/19 financial year, the Authority agreed to increase its council tax by 2.95%. This increase, whilst relatively modest, will further support us to deliver the best possible fire and rescue service in the current economic environment.

Another part of the Authority's funding comes from business rates, a charge levied on the majority of non-domestic properties. In the 2015 Spending Review, the Government announced its intention for 100% of business rates income to be retained by the local government sector by the end of the current parliament.

Consequently, as a result of being in the Kent business rate pilot, the Service will be entitled to a share of any growth in business rates that arises during 2018/19. Although the exact amount is not yet known, it has been estimated that the additional benefit could be £400k for the Service – a sum that will help to offset the continued savings

that we have to make. However, as a result of being part of the pilot, we will not receive any Revenue Support Grant or Top-Up Grant from the Government in 2018/19.

Further information on both of these changes may be found in the [Medium Term Financial Plan](#).

#### **4. Value for Money**

With savings of just under £8m planned over the next four years, the notion of Value for Money (VfM) is a key aspect of the drive to make KFRS as efficient as possible. VfM can take a variety of forms, ranging from spending less; streamlining processes; working collaboratively with partners; procuring more effectively; or in some cases spending marginally more to provide significantly better services to our customers. This drive for VfM cuts across the whole of KFRS, from front-line delivery to our customers through to our back-office support.

##### **Processes**

We regularly examine the processes we apply in our day to day work to determine whether they are carried out in the most efficient manner. Processes are streamlined wherever it is effective to do so, to give a better outcome for our customers.

##### **Infrastructure investment: Buildings, IT and Fleet**

Investment in infrastructure is a key part of our approach to VfM. Despite the challenging financial climate, we have been determined to ensure that our front line emergency response is not compromised by old and out-of-date equipment, vehicles and buildings.

Consequently, beginning in 2016, in a phased approach, a total of 29 new fire appliances have been added to the Service's fleet. These represent a real investment for the future and will ensure that our front-line fleet of fire appliances remains up-to-date and as efficient as possible.

With our facilities, 2016/17 saw the completion of two new fire stations - one at Rochester and the other at Medway - while a third, at Ramsgate, is currently under construction and due to become operational from early 2019. Not only are our new fire stations located in areas where they ensure the best possible fire cover, but the buildings themselves contain the latest materials and technologies, minimising running costs and environmental impact whilst providing well-equipped and comfortable spaces in which to work.

We have invested in solar panels at a number of our buildings and also installed smart meters, both of which are helping not only to reduce our carbon footprint but also to deliver financial savings. We have already made some improvements to our fire stations, but we plan to do more over the next few years to ensure that they are fit for purpose and energy efficient.

Investing in up to date technology is also a priority for us. Effective and timely communication is an important part of the service we provide, so we are planning to upgrade a variety of IT equipment over the medium term, such as mobile data terminals and fireground radios, and also to update some of our networks and IT management systems.

To ensure that our infrastructure remains as effective and efficient as possible, it is important that we continue to invest in this area. Our MTFP explains our plans for the medium term in more detail.

### **Procurement**

It was recognised that procurement was an area where the adoption of a more efficient approach could offer a number of savings and improve overall VfM. Consequently, in October 2017, following a formal restructure of our procurement section, a new approach to commercial procurement was implemented. This restructure has resulted in us adopting 'category management principles' in procurement, which has enabled us to recruit category management specialists for our major areas of spend. This is helping us to establish a better platform to engage with the market place and to progress more collaborative procurement with our partners, which will lead to better value for money at more competitive prices.

Working together also allows us to share best practice and expertise and to consider opportunities for joint procurement. The new firefighters' workwear contract, currently involving up to 28 fire and rescue services from across the UK, is an example of current activity. KFRS is the procurement lead for this project and so will have a central role in its successful delivery.

In addition to the workwear contract, KFRS has also been working on a collaborative framework for firefighters' personal protective equipment (PPE). This collaborative approach is more efficient and offers greater savings opportunities compared to the old approach because, instead of individual fire services purchasing PPE on an ad hoc basis, the participants have adopted a set of nationally-agreed standardised specifications for PPE, which is then accessed through an agreed framework. Currently 15 fire services are signed up to the New Collaborative PPE Project. This co-ordinated approach allows us to meet the Government's requirement to save money whilst continuing to provide the best equipment possible.

Our role in these two important pieces of work also illustrates the leading position KFRS plays in driving the VfM agenda at the national level.

### **Partnership working**

Partnership working has reached a point where it is now a key feature of how the Service operates. Its importance cannot be overstated as it allows us to maximise the benefits and assistance we provide to the public.

This is evident in our front line emergency response, where we operate a shared 999 control room with Kent Police. This level of co-operation allows us to plan for and respond to emergencies more effectively and efficiently, whilst also providing savings through no longer needing to operate a separate fire control room.

Another example of a critically important area of front-line collaborative activity is the support that the Service provides to the South East Coast Ambulance Service (SECAmb) by responding to life-threatening medical emergencies when our crews or officers are available to do so. Such is the value of this work that, for the period 2016 to 2017, we attended over 2,000 emergency medical response incidents, which equates to almost 15% of all the incidents that we attended.

Our community safety teams are collaborating with the NHS to provide a robust means of evaluating our programme of Safe and Well Visits. Developed with input from the NHS, as well as access to a securely managed NHS data set, our Safe and Well Visits allow us to visit those at greatest risk of fires and other accidents (such as falls) in the home, and put in place measures to reduce the likelihood of those incidents occurring.

Partnership working has made the Service more efficient as it has allowed us to achieve a level of scope and scale that would have been impossible had we been working alone. We will continue to work with our partners and, where appropriate, seek new partners, since we know that, by working in partnership, we are able to deliver better services to the community and improve efficiency. We have worked hard to develop strong and lasting working relationships with Kent Police, SECAmb, other fire and rescue services, local authorities, Clinical Commissioning Groups, and many other agencies. These are partnerships that are delivering real improvements to our customers throughout Kent and Medway.

An important aspect of partnership working is the sharing of premises. We have proactively opened up our premises for use by other agencies, most especially SECAmb and Kent Police, to ensure we develop better inter-agency working and to help save public money. We have made best use of our space to facilitate the creation of two multi-agency teams – the Kent Resilience Team and the Kent Community Safety Team – both of which we host.

### **Flexible rostering**

The roll-out of flexible rostering has allowed us to crew fire stations as efficiently as possible to ensure continued coverage in the face of a reducing establishment due to firefighters retiring. However, to ensure that we continue to provide the best service possible, in late 2017 we also recruited a new cohort of wholetime firefighters, with a second recruit course scheduled for late 2018. Our newest firefighters are also supported by 15 service support and control room apprentices. Taken together, this means that we enter the period covered by this current Corporate and Customer

Plan with new firefighters, new equipment, and new buildings, thus ensuring that we are able to continue to provide the best response possible to ensure the safety of the people of Kent.

### **Carbon footprint**

In KFRS we place great importance on our environmental responsibilities. As a result, we carefully monitor several key measures of environmental efficiency: electricity; gas; heating oil; water, including waste water; and vehicle mileage. These are used to allow us to calculate our carbon footprint.

In 2008/09, we set ourselves the deliberately ambitious challenge to reduce our carbon footprint by up to 35% by 2016/17. Using this as our aspiration, we achieved a reduction of 29%. We're proud to say that in eight years we've reduced our carbon footprint by almost a third. It is important to highlight that this would have been even higher were it not for two important factors. Firstly, we built a large new building, the Road Safety Experience, the UK's first and only dedicated road safety centre. Secondly, we now cover more miles in our Service vehicles due to us increasing the number of Safe and Well visits we undertake for the public.

### **Operational sickness rate**

It is vital that our operational staff are fit and healthy. To ensure wellbeing and workforce efficiency, we measure the sickness rate of our staff. This is calculated as a percentage of the contracted and worked hours lost to sickness. The operational sickness rate is now lower than before, having declined from 2.93% in 2016/17 to the current figure of 2.73% (2017/18). The latest published national sickness absence rate (Office of National Statistics: Sickness absence in the labour market: 2016) details that the average percentage of working hours lost to sickness absence is 1.9%.

## **5. Sharing Best Practice**

In KFRS, we are very keen on sharing best practice within the fire and rescue sector. Many other services have shown interest in our on-call duty system and in insuring with the Fire and Rescue Indemnity Company (FRIC), which we helped to establish. Examples of how we have benefited in the other direction are as follows:

- The introduction of cold cutting equipment (Cobra) into our fleet was assisted by Northants FRS, who had installed the technology and were considered the sector leaders in this area. They were able to help us through every aspect of the project including the specification, procurement and installation. We also commissioned their instructors to train our trainers.
- We implemented London Fire Brigade's Fatal and Serious Injury Review procedures to help us analyse incidents in order to learn valuable lessons and seek areas for improvement.

- We were able to use Essex FRS's evaluation of face masks, instead of having to run our own evaluation process.
- We are currently liaising with West Midlands FRS to explore the benefits they have obtained from new call technology, which enables their Fire Control Operators to obtain and stream photographs and footage from the incident scene to better inform responders.
- We are currently collaborating with London Fire Brigade on the purchase of Smoke Hoods, and piggybacking on their procurement process to achieve economies of scale.
- We are also learning from West Midlands FRS about their research into gas monitoring at incidents and hope to be able to access their framework for future purchases.

## **6. General Data Protection Regulations (GDPR)**

We are also reviewing how we generate, process and destroy data in the light of the new EU-wide General Data Protection Regulations (GDPR) which will come into effect on 25 May 2018. GDPR is Europe's new framework for data protection laws and has been designed to give more rights and a greater level of protection to individuals, and to harmonise data protection laws across Europe.

To ensure compliance with GDPR, the Service is amending all of the relevant policy framework documentation. It will also commission a gap analysis to assess what additional work needs to be completed to ensure full compliance with GDPR. Where this cannot be put in place by 25 May, a clear statement will be made to the public on when the Service will be fully compliant.

The obligations imposed by GDPR for enhanced data management will require a continued resource commitment from the Service. Everyone will receive training about GDPR, the principles of data protection and freedom of information regulations. GDPR training will also form part of the induction package for people joining the Service.

## **7. Independent Review of Building Regulations and Fire Safety (Hackitt Review)**

Following the tragic fire at Grenfell Tower, a review of the current building regulations was commissioned by the Government. Led by Dame Judith Hackitt, this review commenced in August 2017, and a report of the interim findings was published in mid-December 2017. The review sets out six broad areas for change, one of the key points among these being that regulation and guidance should be risk-based, proportionate and unambiguous.

With the final report to be published in spring 2018, the findings of this review will have significant implications for fire and rescue services across the country. As a service, we are wholly engaged with and resolutely committed to ensuring that the final recommendations are fully implemented and applied.

At the time of writing, we have read and given careful consideration to the findings of the interim report. From this we know that it is vital to ensure that our programme of risk-based inspections remains as effective as possible, in both its identification of risk and application of control measures. To ensure this, it is likely that we will redirect some resources to support the findings of the review. In the main, these are likely to be focused on our Technical Fire Safety and Community Safety functions. A link to the interim report can be found here:

<https://www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-interim-report>

## **8. Revenue budget assumptions**

Planning for day to day costs over the medium term is vital as this allows us to take a well-structured and considered approach to any investments in people or infrastructure, and to be aware of any potential significant costs that could arise from changes to legislation or government policy. The development of the four year [Medium Term Financial Plan](#), is always service-led whilst also being sustainable and achievable.