

Efficiency Statement 2019/20

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 offer a degree of context about the way we undertake our financial planning, and also to provide an outline 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 concept of value for money (VfM) as an underpinning principle of how we operate, all of which are illustrated with some practical examples.

Further information about many of the areas described here may be found in the [Medium Term Financial Plan 2019/20 to 2022/23](#).

2. The national funding environment

The Government has now confirmed the grant funding that will be allocated to this authority for 2019/20 and it was in line with what we were expecting. However, Government funding beyond that timeframe is still under review and currently remains uncertain, consequently our plans for the future are based on our best estimates. The Government has indicated that during 2019 it is planning a Spending Review (to determine the total funding available to the Fire Sector) and a Fair Funding Review which determines the method by which this total funding is distributed to the Fire Sector, however the timing of the outcome could be affected by the ongoing Brexit discussions. In addition, the Government is also proposing to fully introduce the 75% Business Rate Retention Scheme from 2020/21. More specifically for the Fire Sector is the issue of funding the significant increase in Employers pension contributions for the firefighter's pension schemes from 2020/21. Nationally the cost is significant and for this authority alone the annual cost increase is estimated at £4m.

The Government continues to emphasise the need for reductions in public sector spending. Although we have saved more than £18m over the past six years, we are expecting a need to generate a further £8.5m of savings between 2019/20 and 2022/23. The challenge for us is to ensure that we cannot only meet our financial commitments, but that we are able to generate savings to help us reinvest in achieving better and more efficient and effective ways to help our customers. Both of these we will strive to do whilst still continuing to deliver a high-quality service to the public we serve. To ensure what we save is sustainable in the longer term, 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 the savings highlighted above is reflected in our [Medium Term Financial Plan \(MTFP\)](#). Covering the period 2019/20 – 2022/23, the MTFP is a fundamental part of our corporate planning process and ensures that we have the requisite financial resources to maintain our emergency service cover to the public,

whilst delivering 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. The MTFP is our financial plan which reflects and supports the delivery of our operational and frontline plans which are detailed in our Safety and Wellbeing Plan, Customer and Corporate Plan and out service specific plans.

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 MTFP is always service-led, that is to say led by what will allow us to achieve the best possible service, whilst also being achievable and, importantly, sustainable.

For 2019/20 our day-to-day revenue budget has shown a slight increase on the previous financial year, going up from £69.9m to £70.8m. 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. To put this into context, just over 69% of the Authority's funding comes from Council Tax.

However, it is expected that there will be a number of cost pressures over the medium term. These include the anticipated annual inflationary staff pay increases; the cost of recruiting new wholetime firefighters; 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, for 2019/20 we plan to make savings of just over £2.3m, 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.

Reserves

The Service holds two types of Reserves, known as general and earmarked. The general reserve is maintained at approximately 5% of our net revenue budget (£3.5m) whereas the earmarked reserves are established for specific purposes and can vary in value. The largest earmarked reserve is currently the Infrastructure reserve with a balance of approximately £24m. This reserve is used to help fund the projects in the capital programme as it is currently 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

At £49m, just over 69% of the Authority's funding comes from council tax and, for the 2019/20 financial year, the Authority proposes to increase council tax by 2.98%. For a Band D property, this would result in an annual increase of £2.25 per year (or just over 4p per week), making the B and D council tax charge £77.76 for 2019/20. This increase, whilst relatively modest, will help us to continue to deliver the best possible fire and rescue service in the current economic environment.

Unfortunately, the bid to be part of the 100% Business Rates Retention Pilot in 2019/20 was unsuccessful. Those authorities selected as pilots do not receive Revenue Support Grant (RSG) or Top-up Grant from central Government, but instead receive an additional share of the Business Rates income collected locally. Because the bid was unsuccessful, funding for 2019/20 has reverted back to the previous arrangements, whereby the Authority will receive a grant (£6.3m) and Top-up Grant (£8.4m) from central Government as well as a share of locally retained Business Rates (£6.5m). Further information about these changes may be found in

the MTFP.

4. Value for Money (VfM)

With savings of £8.5m planned over the next four years, Value for Money (VfM) is a key part of our work 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 runs across the whole of the Service, from the front-line delivery to our customers through to our back-office support functions.

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 a phased approach from 2016, a total of 29 new fire appliances have been added to the Service's fleet. In addition, we are currently out to contract for nine new fire appliances, which will be delivered in 2019/20. 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.

We are also investing in our fleet of support vehicles. We have recently taken delivery of six new mobile workshop vehicles for our technicians and we will be replacing many of our old light fleet vehicles. However, we are also in the process of installing CCTV in our frontline appliances and responses vehicles alongside telematics in the majority of our vehicles. This has resulted in a number of benefits to the service, not least a saving of £60k on our vehicle insurance premiums and enables a more effective claims process but it is also providing us with better management information about our fleet.

When it comes to our facilities, 2016/17 saw the completion of two new fire stations: one at Rochester and the other at Medway. Our newest fire station, at Ramsgate, was officially opened on 5 February 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.

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 the mobile data terminals on our fire engines and fireground radios. We will also be updating 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. The 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, following a formal restructure of our procurement section, a new

Consequently, following a formal restructure of our procurement section, a new approach to commercial procurement was implemented in late 2017. This restructure has resulted in us adopting 'category management principles' in procurement, which have enabled us to recruit category management specialists for our major areas of spend. This has allowed 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.

One important example is the collaborative framework for firefighters' Personal Protective Equipment (PPE) that we have been working on. This collaborative approach is more efficient and offers greater savings opportunities compared to the old approach. This is 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 are then accessed through an agreed framework. Currently 22 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.

We are leading on two other national projects: the National Firefighting Specific Training Framework and the National Specialist PPE Framework. The former will deliver a route to market for all FRSs to procure their training service requirement to align with National Operational Guidance (NOG) training outcomes. The latter will deliver protective equipment for multiple operational environments and, to underscore the depth of the collaboration, will be open to all emergency services. Moreover, our role in this 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 we provide 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 in 2017/18 we attended 4,805 emergency medical response incidents, which equates to 24% 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

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.

Another important aspect of partnership working is premises sharing. To ensure we develop better inter-agency working and to help save public money, we have proactively opened up our premises for use by other agencies, particularly SECamb and Kent Police. 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 2017 and 2018 we recruited two cohorts of new wholetime firefighters. The 21 firefighters who comprise the first cohort and the 24 who make up the second, are our first new wholetime recruits for 10 years. They are also supported by 15 Service Support and Control Room apprentices. Taken together, this means that we have entered the period covered by the current Corporate and Customer Plan with new equipment, new buildings and new firefighters, 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 2017/18 the Authority produced 2,558 tons of CO₂. Overall 2017/18 was 39.7% better than the baseline year (2008/09), when we set ourselves the deliberately ambitious challenge to reduce our carbon footprint by up to 35% within eight years.

Compared to 2016/17, there was a slight drop in electricity usage but a large drop in CO₂ production. This is due to the electricity conversion factor provided by DEFRA declining for a third year in a row as the country moves towards cleaner electricity production. We're proud to say that since 2008/09 we've reduced our carbon footprint by almost two fifths.

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. Organisational sickness rates have stayed at the expected levels through 2018-19 with the anticipated peaks and troughs in the individual monthly rates. For the first six months of the 2018-19 financial year, the operational sickness rate was 3.6% and the support staff rate was 1.8%.

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 from other services' investments and initiatives:

- 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.

- Following the formation of our Operational Assurance team in 2018, we actively contribute to the National Operational Learning (NOL) process, working with other FRSs across the UK in order to learn valuable lessons and identify improvements in operational performance.
- 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 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.
- We worked with London Fire Brigade on the purchase of smoke hoods, and collaborated on their procurement process to achieve economies of scale. The successful conclusion of this meant that these new smoke hoods were issued in February 2019.

6. 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 December 2017. The final report of the review, titled 'Building a Safer Future – Independent Review of Buildings Regulations and Fire Safety', was published on 17 May 2018.

The report found that the current regulatory system for ensuring fire safety in highrise and complex buildings was not fit for purpose and made a number of recommendations. These focused in the first instance on multi-occupancy higher risk residential buildings (HRRBs) of more than 10 storeys, advocating the government adopt the recommendations in their entirety, in order to achieve the culture change required to support the delivery of buildings that are safe, both now and in the future.

We have read and given careful consideration to the findings of the review. 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. The report can be accessed through the following link:

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