

## Efficiency Plan 2019/20 (Including Outturn for 18/19)

This efficiency plan is based on the Authority's 2019/20-2023/24 revenue budget/medium term financial strategy, as contained in its budget booklet ([available here](#))

### Revenue Budget Strategy

In considering its council tax requirements the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

- deliver services as outlined in the Risk Management Plan and other plans
- maintain future council tax increases at reasonable levels
- continue to deliver efficiencies in line with targets
- continue to invest in improvements in service delivery and facilities
- set a robust budget that takes account of known and anticipated pressures
- maintain an adequate level of reserves

### Government Funding

The Government has continued with the multi-year settlement offer made in 2015/16. As such funding fell by £0.5m to £23.8m in 2019/20 (£5.6m over the four year period of the funding settlement).

		Reduction	
2015/16	£29.4m		
2016/17	£27.6m	£1.8m	6.1%
2017/18	£25.3m	£2.3m	8.3%
2018/19	£24.3m	£1.0m	4.0%
2019/20	£23.8m	£0.5m	2.0%
		£5.6m	

We still have no indication as to what settlement will look like after 2019/20. Funding in 2020 and beyond will be determined by the Governments overall budget and the 2019 Spending Review, however there is still no clarity as to whether this will be a 1 year Spending Review or a multi-year Spending Review. The Budget will set overall total for public sector spending which will then be allocated out to departments as part of the Spending Review. Until such time as the outcome of this is known it is impossible to accurately predict future funding levels, however the recent budget included some indicators of Governments current thinking:-

- The Chancellor said that austerity was coming to an end
- The Chancellor told the Today programme that:-
  - Public spending will go up by 1.2%, but most of that will go to the health service
  - Once you take out the commitment made to health it gives a flat real spending available for all other departments

- He did not deny that some departments could face cuts but that the other option was that everybody would get a 0% increase in funding once inflation was taken into account

Furthermore the Government is currently consulting on a Fair Funding Review which will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence, with the outcomes of this anticipated to impact on the settlement in 2020/21 and beyond. Running alongside this the Government is consult on options to increase the level of business rates that are retained locally, increasing this to 75% by April 2020. The impact of these changes is unclear at the moment.

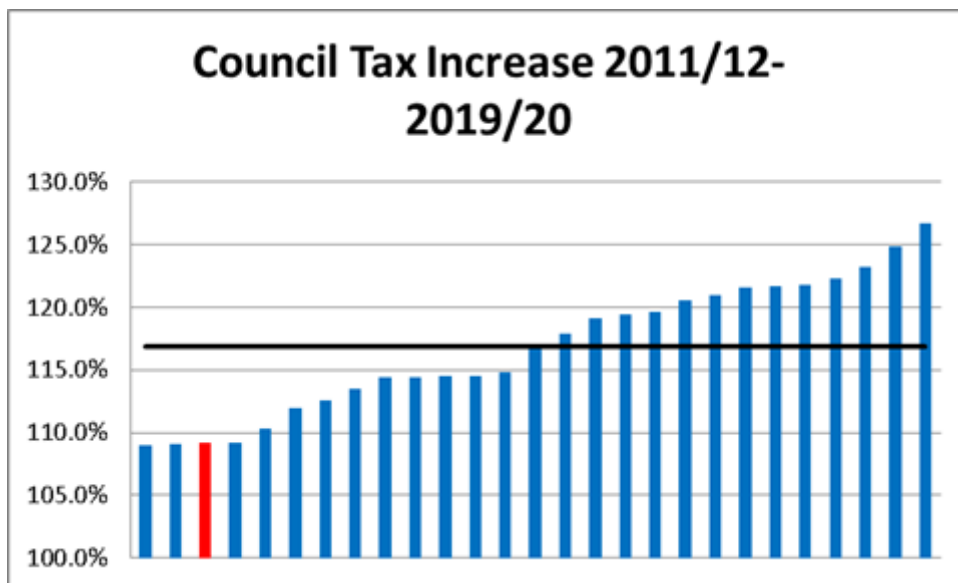
Hence we have assumed that funding is frozen in future years.

### Council Tax

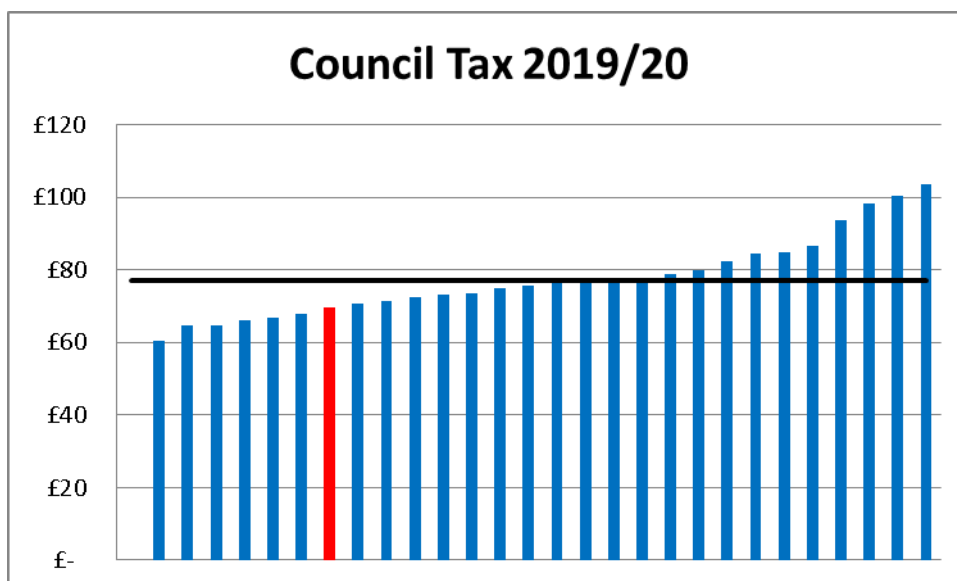
In setting the council tax, the Authority aims to balance the public’s requirement for our services with the cost of providing this. As such the underlying principle of any increase in council tax is that this must be seen as reasonable within the context of service provision.

Council tax increases, and hence budget increases, have been constrained by our desire to deliver value for money services and by capping or the current referendum thresholds set by the Government.

This culminated in a council tax increase of 2.99% in 2019/20. However it is worth noting that our council tax has increased by just 9.20% since 2010/11, the third lowest of any Authority and considerably lower than the average increase of 16.8%:-



Our 2019/20 council tax of £69.48 is still below the national average of £77.04, and is the seventh lowest of any Fire Authority



It is also worth noting that Fire accounts for less than 5% of the overall council tax charged in Lancashire.

### Cashable Savings

The Authority has a good track record of delivering efficiency savings, achieving £14.1m of savings between April 2011 and March 2016.

The first three years of the four year settlement have seen the Authority deliver a further £4.8m of savings, with a further £1.2m identified as part of the 19/20 budget setting process.

	2011-2016	2016-2020	Total
Outcome of Emergency Cover Reviews	£0.9m	£1.0m	£1.9m
Introduction of Day Crewing Plus Duty System	£4.2m	£0.4m	£4.6m
Alternative Crewing Arrangements for Specials	£0.7m	-	£0.7m
Reduction in number of recruits	-	£0.8m	£0.8m
Move to NW Fire Control	£0.9m	-	£0.9m
Prevention & Protection Review	£0.5m	£0.7m	£1.2m
Reduction in Senior management posts	£0.2m	-	£0.2m
Reduction in Flexi Duty Officers	£0.6m	-	£0.6m
Support Functions	£1.5m	£0.4m	£1.9m
Reduction in number and cost of ill health retirements	£0.2m	-	£0.2m
Reduction in LGPS costs	-	£0.3m	£0.3m
Reduction in capital financing costs	£0.7m	£0.5m	£1.2m
Non pay savings(inc procurement)	£3.7m	£1.9m	£5.6m
	£14.1m	£6.0m	£20.1m

It is worth noting that the Authority has exceeded its efficiency savings target each year, with the latest comparison set out below:

	2018/19 Target	2018/19 Actual
	£0.1m	£0.3m
Reduction in capital financing charges	£0.2m	£0.2m
Reduction in service delivery non pay budgets including the smoke detector budgets	£0.1m	-
Removal of the contribution to Greater Manchester FRS in respect of their Urban Search And Rescue team	-	-
Reduction in Fleet repairs and maintenance, fuel and equipment budgets	£0.1m	£0.1m
Reduction in Property repairs and maintenance and utilities budgets	-	-
Procurement savings (these are savings on contract renewals, such as waste collection and stationery contracts)	-	£0.2m
Balance – cash limiting previously underspent non pay budgets	£0.3m	£0.4m
<b>Total</b>	<b>£0.8m</b>	<b>£1.2m</b>

## **Collaboration**

The Service continues to deliver savings from Collaborative opportunities. .

In 2014 the Service was involved in establishing a joint NW Fire Control Centre with Cumbria, Manchester and Cheshire, which delivered over £0.8m of savings to Lancashire.

We continue to look at opportunities to deliver services, including support service, on a more effective basis through collaboration, and this approach has seen us utilise Lancashire County Council for various support functions, GMC Fire for payroll services and we have a shared procurement arrangement with Mersey Fire.

In respect of procurement we work collaboratively with our partners delivering regional contracts in areas such as PPE, uniforms, specialist vehicles etc., as well as utilising national contracts where appropriate.

We have implemented a gaining entry scheme to support North West Ambulance Service across the county, removing some of the burden previously placed on Lancashire Constabulary to undertake this activity.

We introduced an emergency first responder scheme with North West Ambulance Service in Morecambe and Ormskirk, attending incidents and ensuring that the public get the quickest possible assistance to specific types of medical emergencies, thus improving survival rates. (This is currently suspended pending the outcome of national pay discussions)

We have continued to explore opportunities to share sites with other public bodies, and 2018/19 saw the completion of a new joint Fire & Ambulance Station in Lancaster, which is part funded by Government grant. This is the third station that we share with North West Ambulance Service, after Darwen and Preston Fire Stations. We are also reviewing options around Morecambe Fire Station. In addition we already share Preesall Fire Station with the Police, and are exploring opportunities to share our Training Centre site.

In order to ensure that we are well placed to meet future challenges arising from our new duty to collaborate, we have established a joint collaboration group with the Constabulary to explore further opportunities that collaboration presents.

## Funding Gap

Despite identifying over £23m of savings since April 2011, we are still faced with a growing funding shortfall in subsequent years, the scale of which will depend upon future council tax options and other pressures:-

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
3% increase in council tax each year	(0.5)	(0.5)	(0.4)	(0.3)
2% increase in council tax each year	(0.9)	(1.2)	(1.5)	(1.7)
1% increase in council tax each year	(1.2)	(1.8)	(2.4)	(3.1)
Council tax freeze each year	(1.5)	(2.4)	(3.4)	(4.4)

It must be stressed that there are a whole host of assumptions underpinning these projections, particularly around vacancy profiles, pension costs, future inflation, pay awards and funding beyond March 2020.

## Use of reserves

The Authority has adopted a position of delivering savings at the earliest opportunity, with any subsequent underspend being transferred into reserves in order to enhance its overall financial position and to ensure that sufficient reserves are held to deal with future uncertainties the most notable of which has been funding levels.

As a result the Authority is in a strong financial position currently holding £8m of general reserves, i.e. uncommitted reserves which provides scope to utilise £5m of these to meet the future revenue and capital requirements.

As such general reserves are sufficient to balance the budget in the short term. However based on the current assumptions included in the budget, and allowing for a 2% council tax increase each year, they will fall below our minimum level during 2023/24. Furthermore the utilisation of reserves will still leave a recurring funding gap that will need to be offset by savings at a future point in time, and as highlighted earlier the scope to do so is limited. In order to offset this the Authority will continue to identify savings opportunities, and we will continue to explore collaborative opportunities to deliver cashable, and non-cashable, savings in order to contribute to this position.

Our Reserves Strategy is included in our budget booklet ([available here](#))

### **Key risk and mitigation strategies**

The following significant financial risks have all been assessed and are adequately covered within the budget estimates presented or within the level of reserves currently held:-

- Reductions in funding levels over and above those forecast;
- Reduction in funding via Business Rates retention scheme;
- Reduction in council tax funding due to changes in localisation of council tax support, reducing tax base and/or council tax referendum limits;
- Higher than anticipated inflation;
- Larger increases in future pension costs/contributions;
- Increase in costs arising from demand led pressures, i.e. increasing staff numbers, overtime due to spare conditions or major equipment replacement requirements;
- Increased cost of partnership arrangements;
- Inadequacy of insurance arrangements

It is inevitable that there may be other changes in funding or costs which cannot be anticipated which may impact the Authority. Dependant upon the scale of these the Authority will be required to utilise more reserves or deliver greater savings. However the Authority remains in strong position to deal with any such changes that occur.

### **Summary**

Overall the Authority is well placed to meet the financial challenges that it faces in the medium term, and will continue to balance future council tax levels and the need for investment whilst maintaining effective service delivery.

In terms of community benefits we will continue to explore collaborative arrangements with partner agencies such as Lancashire County Council, Blackpool and Blackburn with Darwen Councils, as well as Lancashire Police and Northwest Ambulance Service. The greater funding certainty will enable us to commit to these partnerships for a longer period and will ensure that the public of Lancashire get the best possible service from all agencies.

We will report on performance against the efficiency plan, alongside our other performance data, such as the annual accounts ([available here](#)), annual assurance statement ([available here](#)), performance report ([available here](#)), etc., and will continue to strive to make any such reporting as transparent as possible.