Backward Look Annual Efficiency Statements (AESs) for 2008/9 and Forward Look AESs for 2009/10

Issued by:
Talia Watson
Programmes, Finance and Performance Division

Addressed to: Please forward to:
The Chair of the Fire and Rescue Authority
The Chief Executive of the County Council
The Clerk to the Fire and Rescue Authority
The Clerk to the Combined Fire and Rescue Authority
The Commissioner of the London Fire and Emergency Planning Authority
The Chief Fire Officer
Treasurers
Finance Directors
RMB Chairs

Summary
This circular is to inform Fire and Rescue Authorities (FRAs) that the deadline for the submission of both backward look 2008/9 Annual Efficiency Statements (AESs) and forward look AESs for 2009/10 is 20 July 2009. The CSR07 AES guidance and a template for Regional Management Boards (RMBs) to record collaborative efficiency gains are attached.

For further information, contact:
Talia Watson
Programmes, Finance and Performance Division
Communities and Local Government
Zone 1/F1 Ashdown House
123 Victoria Street
London SW1E 6DE

| Direct line | 020 7944 4509 |
| Fax | 020 7944 5599 |
| E-mail | talia.watson@communities.gsi.gov.uk |
| Website | www.communities.gov.uk |
1.0 **Background**

1.1 The national efficiency target for the Fire and Rescue Service is to achieve a cash-releasing net annual efficiency saving of £110m by the end of the CSR07 period. CLG expects all authorities to continue to make efficiency savings in order to improve service and provide value for money.

1.2 AESs are divided into two parts. The **forward look** is a brief outline of the strategy for securing efficiency gains, the key actions that will be taken during the next year, and the efficiency gains that are expected to result from them. The **backward look** sets out the efficiency gains achieved in the past financial year.

2.0 **Backward Look AES 2008/9**

2.1 FRAs are required to submit a backward look AES for 2008/9 by 20 July 2009 with reference to the CSR07 guidance. In CSR07 FRAs are required to report efficiency gains net of one-off and upfront investment costs, rather than gross as in SR04. **FRAs are required to report up front and ongoing investment costs separately in the appropriate column on the AES template.** The template has been amended to allow for this.

3.0 **Forward look 2008/9**

3.1 FRAs are also required to submit a forward look AES for 2009/10 by 20 July 2009 with reference to the CSR07 guidance. As with the backward look, **FRAs are required to report up front and ongoing investment costs separately on the AES template.** The template has been amended to allow for this. Both the forward and backward look AESs are signed off by the Chief Financial Officer by the act of submitting the online AES template.

4.0 **CSR07 Guidance**

4.1 The CSR07 guidance complements the existing AES guidance which provided the basis for efficiency reporting during SR04, and should be read in conjunction with it. CSR07 guidance and the examples included in it have been worked up in conjunction with the Efficiency Measurement Working Group, on which several FRAs are represented. The Department has reflected the Group’s suggestions and comments in the CSR07 guidance. The examples suggest how to calculate and report efficiency gains net of up front investment costs and net of ongoing investment costs. Simple calculations have been used to try and clearly convey the principle.

5.0 **Regional Management Boards (RMBs)**

5.1 Several FRAs have flagged the difficulty in capturing efficiency gains achieved through collaboration with other FRAs. In order to address this, the Department is asking RMBs to report collectively on efficiency gains delivered through the RMB. This requirement is reflected in the 2008/11 Fire and Rescue Service National Framework. To avoid double-counting, FRAs will no longer be required to report collaborative efficiency gains and the “collaborative” category has been removed in the forward look AES template for 08/09. RMBs are asked to complete the attached template and return to talia.watson@communities.gsi.gov.uk by 20 July 2009.
6.0 **Publication of AES data**

6.1 From March 2008 efficiency savings achieved and forecast for each FRA will be published on council tax bills.

7.0 **Audit Commission Toolkit**

7.1 The Audit Commission has also published a value for money tool which allows individual Fire and Rescue Services to compare where they are placed with other services in their best value family groups. It can be found at [http://firevfm.audit-commission.gov.uk/](http://firevfm.audit-commission.gov.uk/).

7.2 For any queries regarding the above please contact Talia Watson at [talia.watson@communities.gsi.gov.uk](mailto:talia.watson@communities.gsi.gov.uk).

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