

Circular number	<b>26/2008</b>	Date issued	<b>20 June 2008</b>
This circular is	<b>Request for information</b>	By	<b>19 July 2008</b>
This circular is	<b>Relevant to the National Framework</b>		
Status	<b>This circular informs FRAs that the deadline for submitting backward look 2007/8 Annual Efficiency Statements (AESs) and forward look AESs for 2008/9 is 19 July.</b>		

## Backward Look Annual Efficiency Statements (AESs) for 2007/8 and Forward Look AESs for 2008/9

### Issued by:

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**Programmes, Finance and Performance Division**

### Addressed 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**

### Please forward to:

**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 2007/8 Annual Efficiency Statements (AESs) and forward look AESs for 2008/9 is 19 July.

### For further information, contact:

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### 1.0 Background

- 1.1 Following a consultation on arrangements for FRAs to report efficiencies issued on 13 July 2005, all English FRAs were required to complete an AES during the SR04 period. FRAs submitted their latest AES, the forward look for 2007/8, on 12 April 2007.
- 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.
- 1.3 CSR07 AES guidance for the completion of the forward look 2008/9 AESs and the original SR04 AES guidance are linked to in this circular. A template for Regional Management Boards (RMBs) to record collaborative efficiency gains is attached as an annex.

### 2.0 Backward Look AES 2007/8

- 2.1 FRAs are required to submit a backward look AES for 2007/8 by 19 July 2008. The backward look AES for 2007/8 is the final AES submission which the Department will require for the SR04 period. The backward look AES should be completed with reference to the existing AES guidance (found at [www.communities.gov.uk/publications/fire/sr04guidance](http://www.communities.gov.uk/publications/fire/sr04guidance)) as with all previous AES submissions.

### 3.0 CSR07

- 3.1 The national efficiency target for the Fire and Rescue Service is to achieve a cashable net annual efficiency saving of £110m a year 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, therefore the requirement for FRAs to report efficiencies will continue in CSR07. **In CSR07 FRAs are being asked to report efficiency gains net of one-off and upfront investment costs, rather than gross as in SR04.**

### 4.0 New 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 Forward look 2008/9

5.1 FRAs are required to submit a forward look AES for 2008/9 by 19 July 2008 in line with the new AES guidance for CSR07 (found at [www.communities.gov.uk/publications/fire/csr07guidance](http://www.communities.gov.uk/publications/fire/csr07guidance)). **All costs must be recorded on the forward look AES template net of the investment costs.** These are signed off by the Chief Financial Officer by the act of submitting the online AES template. For future **backward** look AES submissions, FRAs will be required to report up front and ongoing investment costs on the AES template itself. We will amend the template to allow for this.

## 6.0 Regional Management Boards (RMBs)

6.1 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 expectation 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](mailto:talia.watson@communities.gsi.gov.uk) by 19 July.

6.2 For any queries, please contact Talia Watson at the above e-mail address.

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