

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY	
	FINANCE AND RESOURCES COMMITTEE	
date	13 April 2007	agenda item number

REPORT OF THE CHIEF FIRE OFFICER

VALUE FOR MONEY

1. PURPOSE OF REPORT

The purpose of this report is to set the agenda for 2007/8 in terms of the strategy for both achieving and demonstrating Value For Money in accordance with both the requirements of the Comprehensive Performance Assessment and general principles of good management.

2. BACKGROUND

2.1 Members will recall that at the Fire & Rescue Authority meeting on 24 March 2006 a report was presented that set out the key drivers for the achievement of Value For Money (VFM) and also set out an ambitious programme of activity for the Authority.

2.2 The programme of work set out the following areas of work for 2006/7:

- Overall cost comparators with other Fire and Rescue Service and analysis of differences where possible.
- Benchmark assessment of Risk Management, leading on behalf of ALARM with Devon FRS.
- Consideration of Insurance arrangements to include regional and national options such as the use of captives and mutuals.
- Support to the regional procurement project including review of stores provision
- Support to the Integrated Common Service project
- Continuance of work with ORH around Demand Led Resourcing
- Review of Sickness Absence programmes
- Continued examination of Non-Domestic Rating arrangements
- Water usage, charging and environmental issues.
- Storage of road fuel
- Evaluation of BME engagement

- Evaluation of RiskWatch via Quizclass or similar products
- Continuance of Base Budget Review cost reduction process
- Building/Grounds Maintenance

2.3 This programme has been largely completed and will be reported on in a progress report. However, a few items require to be carried forward into 2007/8. These are :

- Storage of Road Fuel
- Review of Sickness Absence Programmes
- Evaluation of RiskWatch
- Building/grounds maintenance

2.4 This report sets out a change in emphasis in VFM and a programme of work for 2007/8.

3. REPORT

3.1 Value for Money has already been defined as :

The Improvement and Development Agency's definition as ;

“ the optimum combination of whole life costs and benefits to meet customer requirements”

Or perhaps more conveniently the Audit Commission's more traditional definition of Value for Money concentrating on the achievement of the three “E”s

Economy	-	The price paid
Efficiency	-	A measure of productivity
Effectiveness	-	A measure of impact

There is often confusion between efficiency and effectiveness but a useful descriptor might be to regard efficiency as “doing things right” where effectiveness is “doing right things”.

Nevertheless Value for Money is achieved when there is an optimum balance between all three of the “E”s.

3.2 The drivers for the achievement of VFM remain largely the same as in previous years as:

Efficiency Statements and Programmes
Best Value Reviews
General Value for Money Reviews

There is however an additional driver, being the Auditors' requirement to make a statement regarding the Authority's arrangements for achieving VFM within their annual audit report.

3.3 The Authority's Performance Management Framework and associated management systems already provide a secure basis for dealing with both external and internal performance indicators which will show in a quantitative manner how

the Authority is performing against both its own stated objectives and those externally monitored Performance Indicators set out in the Best Value Performance Plan. This performance management system which incorporates within it the business planning process, the risk profile and monitoring and review processes at both corporate and departmental levels, provides a strong quantitative basis for management to monitor and improve performance.

- 3.4 This framework also provides a number of qualitative measures such as satisfaction levels and some measure of impact. It is, and has always been, difficult however to obtain meaningful data with which to measure outcomes. This is particularly true in the short term.
- 3.5 However it is this area of activity which must be brought into sharper focus and greater efforts must be made to assess policy outcomes as a measure of both the effectiveness of outcomes and the resources consumed to achieve them.
- 3.6 Whilst some work has been carried out on benchmarking, this has been against a backdrop of very little useful benchmark data being available.
- 3.7 The recent appointment of an Accountant to specifically address the areas of efficiency savings and value for money provides the Authority with the skills to begin to take on this area of work and to contribute through CFOA in leading a national benchmark project.
- 3.8 It is important however that benchmarking is not considered solely as a cost comparison process and begins to examine why costs are different. Making the linkages between volumes, activity levels, local circumstances and performance statistics will be essential in this work.
- 3.9 It will also be important to begin to consider “the fourth E” in terms of our service delivery and that is Equity. It will be important to consider how the activities of the Authority impact upon the communities within Nottinghamshire and ensure that services are delivered appropriate to their needs and delivered fairly.
- 3.10 The effect on communities also cannot be considered without some examination of the impact that the delivery of services has on the wider environment. The “green agenda” should not be overlooked and the Authority should look to reducing environmental impacts wherever possible.
- 3.11 That is not to say that work on the achievement of economy for its own sake is to be discontinued. This is a process which continues and will undoubtedly grow in significance following the announcements in the Comprehensive Spending Review. The agenda for regional co-operation continues and it is anticipated that this will release efficiency savings as it matures.

4. PROPOSED PROGRAMME OF ACTIVITY

- 4.1 The proposed programme is quite ambitious. The Authority is going through a period of consolidation, having made some significant changes in recent years. It is perhaps inappropriate therefore to consider further radical changes as a result of Best Value reviews and to concentrate more on a period of self analysis and evaluation before considering the next steps. The performance management process continuing to develop as is the more focussed and embedded approach to Risk. The framework provided by this approach will allow more detailed analysis to take place.

4.2 The projects and studies proposed are:

- Participation and taking a leading role in the development of a benchmarking process for the Fire and Rescue Service.
- Linked to the above, continued analysis of expenditure patterns in relation to other Services
- Benchmark assessment of Risk Management, leading on behalf of ALARM with Devon FRS. (Brought forward fro 2006/7)
- Continued support to the regional procurement project.
- Continued support to the Integrated Common Service project
- Review of Sickness Absence programmes
- Water usage, charging and environmental issues.
- Storage of road fuel
- Evaluation of BME engagement and consideration of equity issues
- Evaluation of RiskWatch via Quizclass or similar products
- Continuance of Base Budget Review cost reduction process
- Building/Grounds Maintenance
- Baseline study of environmental impacts and development of an improvement programme
- Development of improved financial reporting arrangements integrating with the performance management framework.
- An evaluation of the engagement with disabled citizens

4.3 The above studies will be carried out by Departments within the Service under the supervision of the Head of Finance and Resources and also by using the services of Internal Audit who have some time available within their plan to support this type of activity.

4.4 Specific plans will be drawn up for the completion of these studies after consultation with Departmental Managers.

5. PERSONNEL IMPLICATIONS

There are no implications for personnel beyond those relating to the study of absence management processes.

6. EQUALITY IMPACT ASSESSMENT

A review into the effectiveness of the Service's engagement with BME communities And Disabled citizens will provide further assurances that the Authorities policies are effective in this area.

7. FINANCIAL IMPLICATIONS

There are clearly financial implications in the area of value for money although these relate to gaining assurance that investment of resources is effective. There are specific requirements for the achievement of efficiency savings which whilst not referred to specifically in this report have been previously reported in the Authority's annual budget report.

8. RISK MANAGEMENT IMPLICATIONS

There are no specific implications for Risk Management within this report however the proper management of resources to achieve desired outcomes is key to the success of the organisation. A specific review of Risk Management and the way it is applied across all Fire Authorities will also give assurances in this area.

9. RECOMMENDATIONS

That Members approve the proposed approach to the achievement of Value for Money and approve the proposed programme.

10. BACKGROUND PAPERS FOR INSPECTION

- Annual Budget Report

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