



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority  
Finance and Resources Committee

# **EFFICIENCY SAVINGS**

Report of the Chief Fire Officer

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**Agenda Item No:**

**Date:** 24 October 2008

**Purpose of Report:**

To seek the approval of Members of the proposed target for efficiency savings in 2008/09, and to report the progress of the forecasted efficiency savings outlined in the 2008/09 Forward Look Annual Efficiency Statement.

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## 1. BACKGROUND

- 1.1 Efficiency savings targets for English Fire and Rescue Authorities (FRAs) were first introduced as a result of the 2004 Spending Review (SR04) which covered the three year period from 2005/06 to 2007/08. The Fire Service was set a national target of £105m gross cashable efficiency savings compared to a 2004/05 baseline, equivalent to 5.18% of total 2004/05 expenditure.
- 1.2 Nottinghamshire and City of Nottingham Fire and Rescue Authority contributed to this national target by achieving cumulative efficiency savings of £3.6m, exceeding its local efficiency savings target by more than £1m. These savings were reported to Communities and Local Government (CLG) in the 2007/08 Backward Look Annual Efficiency Statement (AES), a copy of which can be found at Appendix A.
- 1.3 The Comprehensive Spending Review 2007 (CSR07) has introduced new efficiency savings targets for FRAs. FRS Circular 58/2007 "CSR07 Funding for the Fire and Rescue Service" set a national three year target of £110m for the period 2008/09-2010/11. This target is equivalent to 1.6% per annum against a 2007/08 baseline.

## 2. REPORT

### PROPOSED EFFICIENCY SAVINGS TARGET FOR 2008/09

- 2.1 Central Government has not set mandatory efficiency targets for individual fire and rescue authorities, but all authorities are expected to demonstrate that they are continuing to make efficiency savings in order to improve services and provide value for money. FRAs will continue to report efficiency savings to CLG through the submission of Annual Efficiency Statements.
- 2.2 A local efficiency savings target is needed if the Authority is to be able to effectively monitor its progress in achieving efficiency gains. Application of the national target of 1.6% per annum to the Authority's 2007/08 baseline expenditure would result in the following cumulative targets:

2007/08 baseline: £44,700k  
2008/09 target: £715k  
2009/10 target: £1,430k  
2010/11 target: £2,145k

- 2.3 However, the national target does not take into account that fact that some fire authorities significantly over-achieved their SR04 efficiency savings targets and consequently have less scope for achieving savings during the CSR07 period. For this reason a target of £715k for Nottinghamshire for 2008/09 is considered to be excessive.

- 2.4 An exercise undertaken to identify efficiency savings for the 2008/09 Forward Look Annual Efficiency Statement revealed that whilst many ongoing and planned activities will undoubtedly lead to improvements in value for money, relatively few of these activities meet the narrow criteria that must be fulfilled in order for them to contribute towards the efficiency savings target for 2008/09. In order to be considered an efficiency gain, savings must meet the following criteria:
- § Savings must be cashable. Cashable savings can be defined as changes that maintain or increase the quality of service provision while reducing the resources required to deliver the service.
  - § Savings must be sustainable. A sustainable efficiency gain is one which exists for the current year and at least two subsequent financial years afterwards. This is a new requirement under the CSR07 reporting arrangements.
  - § Savings must be reported net of up-front and ongoing investment costs. All investment costs must be netted off from savings in the year in which they occur. This is also a new requirement under CSR07.
- 2.5 The activities that have been selected for inclusion in the 2008/09 Forward Look Statement are expected to generate net cashable savings of approximately £208k. Further savings totalling £200k have been identified since the Forward Look Statement was submitted in July, and these will be included in the 2008/09 Backward Look Statement which is due to be submitted in April 2009. Work is ongoing to identify additional potential savings. Taking these figures into account, it is suggested that a more reasonable target for 2008/09 would be 1% of the 2007/08 baseline, which equates to a total of £447k.

## **PROGRESS OF FORECASTED EFFICIENCY SAVINGS**

- 2.6 A copy of the 2008/09 Forward Look Statement can be found at Appendix B. Appendix C shows progress in achieving the efficiency savings forecasted in the 2008/09 Forward Look Statement, and shows additional savings identified since the statement was submitted.
- 2.7 The majority of activities included in the Forward Look Statement are not due to commence until the latter half of the financial year, hence the seemingly low level of savings achieved to date. Regular updates of these projects will be obtained from managers, and any likely slippage will be reported in the next monitoring report.

2.8 As stated above, further savings totalling £200k have been identified since the Forward Look Statement was submitted. £194k of these savings relate to post transfers arising from the Best Value Review of Road Traffic Collisions. A proportion of the cashable savings resulting from these post transfers was reported in the 2007/08 Backward Look Statement as the first twelve months of implementation spanned two financial years. The savings claimed in 2008/09 are those relating to the period from 1 April 2008 to the anniversary of the date on which the posts were first transferred. Additional procurement savings totalling approximately £6,800 have been delivered by the ICT Department, £3,300 of which relate to participation in a communications contract negotiated by FireBuy.

### **3. FINANCIAL IMPLICATIONS**

The financial implications are set out in the main body of this report.

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

There are no human resources and learning and development implications arising from this report.

### **5. EQUALITY IMPACT ASSESSMENT**

An equality impact assessment is not required for this report.

### **6. CRIME AND DISORDER IMPLICATIONS**

There are no crime and disorder implications arising from this report.

### **7. LEGAL IMPLICATIONS**

There are no legal implications arising from this report.

### **8. RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications arising from this report.

### **9. RECOMMENDATIONS**

That Members note the contents of the report and approve the recommended efficiency savings target for 2008/09.

**10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)**

None.

Frank Swann  
**CHIEF FIRE OFFICER**

***NOTTINGHAMSHIRE FIRE & RESCUE SERVICE ANNUAL EFFICIENCY STATEMENT - Efficiency Savings Achieved in 2007/08***

Efficiency gains have been realised due to the implementation of several initiatives outlined in the Community Safety Plan for 2007 to 2010, in addition to the continuation of initiatives undertaken as part of the Local Integrated Risk Management Plan 2004/05. Improvements in procurement have also generating savings.

***Revised Shift Systems/Crewing Arrangements (IRMP)***

The Authority introduced a revised shift system in January 2007. This shift system significantly improved productivity by enabling 24 hour working, thus releasing resources to be directed towards education and prevention activities. In addition to this the Authority has introduced Demand Led Resourcing (DLR) in the city area, which allows the levels of front line crewing to be varied according to the changing levels of demand during a 24 hour period.

The introduction of the new shift pattern and DLR prompted a review of the requirement for officer cover, resulting in a reduction of the establishment from 35 flexi duty station managers to 28. The introduction of DLR in the city area reduced the staffing levels needed to crew the front line appliances, enabling 21 staff to be transferred to the Community Safety Team.

The Authority continues to benefit from a reduction to ridership crewing levels which were made possible by changes to the crewing arrangements for aerial appliances implemented as part of the Local Integrated Risk Management Plan 2004/05. These changes were made possible by the decision to utilise aerial appliances only at the request of the Officer in Charge of an incident or on Control's risk assessment of need, rather than as part of a pre-determined attendance to an incident.

A Best Value review of Road Traffic Collision (RTC) provision recommended action that will enable all crews and appliances to respond to RTCs, freeing up the current RTC crews for redeployment to specialist response teams. These teams provide localised training and a first response to building collapses, water rescue and ultra heavy lift situations. The implementation of this initiative is to be phased over 2007/08 and 2008/09. To date 41 former members of RTC crews have been redeployed in this way.

### **Other IRMP Savings**

The Authority continues to benefit from initiatives implemented as part of the Local Integrated Risk Management Plan. The Automatic Fire Alarm (AFA) Policy has been amended, encouraging occupiers of premises with an automatic fire alarm system to go “off-line” whilst the premises are occupied so that the Fire Control room is not alerted unless a fire has been confirmed. The number of appliances mobilised in response to calls from Automatic Fire Alarm systems where a fire has not been confirmed has been reduced (with the exception of calls from “life risk” premises). This has resulted in an overall reduction in mobilisations to AFA calls, leading to cashable savings relating to retained turn outs and non-cashable savings relating to wholtime mobilisations.

### **Other HR Savings**

The Authority has reviewed the requirement for certain posts to be filled by uniformed operational staff where such posts do not require operational competence. As a result, specialist non-uniformed employees are being appointed to numerous posts within the Service, thereby broadening the skill base within the organisation and releasing uniformed staff for operational duties. These post conversions have led to a saving in salary costs.

### **Better Procurement**

Savings have been generated by better procurement in the following areas:

- Purchase of smoke alarms under Firebuy Framework Agreement
- Change of suppliers for medical oxygen cylinders and components of first aid kits
- Change of contract for the supply and maintenance of photocopiers
- Use of Government Procurement Cards for the purchase of low value, one-off items. This has generated non-cashable savings by enabling the procurement and purchase ledger functions to operate more efficiently.
- A reduction in motor insurance premiums due to recognition of improvements to risk management within the Service. Indications are that premiums will remain lower than they would otherwise have been, and as a result the base budget has been reduced by more than £90k

In all cases the actions taken have resulted in the purchase of items at the same or improved specification at lower cost.

### **Other Savings**

The forward look statement for 2007/08 included forecasted savings arising from improvements in treasury management practices, specifically the use of a “Base Plus” account which delivered consistently higher returns on short term investment. Whilst the Service remains confident that the use of the “Base Plus” account has continued to deliver higher returns throughout 2007/08, it is not possible to reliably quantify the amount of

additional income generated due to a lack of comparative data. The decision has therefore been taken to exclude these savings from the 2007/08 backward look statement.

**Quality Cross-Checks**

The main quality cross-check used to demonstrate that the quality of service has not been adversely affected as a result of changes to crewing arrangements and shift patterns is BVPI 143. The Service continues to achieve good results against both BVPI 143i and BVPI 143ii, recording an increase in levels of performance in 2007/08 compared to 2006/07.

BVPI 149 demonstrates the effectiveness of the changes to the AFA policy, with both BVPI 149ii and BVPI 149iii showing an improvement in 2007/08 compared with 2006/07. Performance against BVPI 149i has declined slightly from 2006/07 to 2007/08, but overall performance over the past 4 years has increased steadily in this area.

Posts which have been converted to non-uniformed posts are in areas such as Training and Fire Protection. Specialist staff have been recruited to these posts, bringing with them relevant skills and knowledge, thereby ensuring that there is no loss of quality in service provision.

**Effect on efficiency gains of delays in projects**

A delay in the transfer of staff from front-line crewing to the Community Safety Team resulted in the actual savings achieved during 2007/08 being £89k less than was forecasted in the 2007/08 forward look statement.

***To be signed by the Chair of the FRA:***

Signature:	Date:
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Chief Fire Officer:

Signature:	Date:
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and Chief Financial Officer

Signature:	Date:
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NOTTINGHAMSHIRE FIRE & RESCUE AUTHORITY

Efficiency Savings achieved in 2007-08

					All figures in £000s			
Category	Quality cross-check (QCC) met (see note 1)	One off or recurring?	Capital	Revenue	Annual Cashable Efficiency Gain (see note 2)	Cumulative Cashable Efficiency Gain (including recurring gains from 2004-05, 2005-06 and 2006-07) (see note 3)	Annual Non-cashable Efficiency Gain	Cumulative Non-cashable Efficiency Gain
Revised shift systems / Crewing arrangements (IRMP)	BVPI 143	Recurring		✓	1,295	3,087		
		One off						
Other IRMP savings	BVPI 149	Recurring		✓	41	136	72	222
		One off						
Collaboration	Quality cross check not applicable as no gains in this category	Recurring						
		One off						
Reduced ill-health retirements	Quality cross check not applicable as no gains in this category	Recurring						
		One off						
Sickness reduction	BVPI 12ii	Recurring		✓				
		One off						
Other HR savings	Same or improved outputs at lower cost	Recurring		✓	113	212		
		One off						
Better procurement	Items purchased are same or improved specification at lower cost	Recurring		✓	140	217		
		One off						
Corporate services	Quality cross check not applicable as no gains in this category	Recurring						
		One off						
Other	Ni impact on service delivery, no detrimental effect on risk	Recurring		✓				
		One off						
TOTAL				0	1,589	3,652	72	222

## NOTTINGHAMSHIRE FIRE & RESCUE SERVICE ANNUAL EFFICIENCY STATEMENT - Efficiency Savings Planned in 2008/09

### Strategy for securing efficiency gains

The Management Team has decided to consider the requirement for efficiency to be a three year target and to meet regularly to consider the wide ranging budget reductions that will be required and how these might be achieved over the three years. This is because the Authority has been radical in its approach to efficiencies in the past and has already implemented a number of initiatives, resulting in the over achievement of the previous 3 year target. The cost model of the Authority shows that savings of the magnitude indicated by the national target cannot be achieved from even the most far reaching efficiencies in the back office. It is clear that even more creative solutions will need to be identified for the future.

### Key actions to be taken during 2008/09:

#### Revised Shift Systems / Crewing Arrangements

- *The Authority has introduced a policy of allowing its operational wholetime staff to enter into a dual wholetime/retained contract system. This works by enabling wholetime firefighters to provide cover at retained stations during their off-duty periods. This approach has generated cashable savings, as it saves money on the development costs and training of retained duty system firefighters with no previous experience. This effectively maximises the use of the existing firefighter skills base*
- *The opening of a new community fire station (due January 2009) to replace two existing stations has prompted a review of the levels of front line crewing required at that location. As a result the pumping appliance ridership will be reduced by 4 watch manager posts. This will bring the new station in line with crewing levels at other stations with 2 wholetime pumping appliances (i.e. 1 watch manager per watch).*

#### HR Other

- *A restructure has taken place at the strategic level, leading to a re-allocation of duties amongst members of the senior management team. This has enabled the Authority to reduce the establishment by one senior level post without adversely affecting the quality of the service.*
- *A restructure of the administration function at headquarters is expected to lead to a reduction in the establishment of one post.*
- *Payments to staff delivering the "Firesetters" programme will be based on a set hourly rate determined by an independent job evaluation panel. Currently staff carry out this work outside their normal working hours and claim overtime payments based on their substantive salary rate. It is anticipated that the introduction of a set hourly rate will reduce the staff costs of delivering this programme.*
- *The opening of a new community fire station to replace two existing stations will enable the establishment to be reduced by one administrator post.*

Better Procurement

- *The Authority will benefit from procurement savings arising from the use of Firebuy framework agreements for pumping appliances and the integrated clothing project. The Service has also secured a 5% bulk purchase discount on pumping appliances which will continue throughout the 3 year fleet replacement programme.*

Other

- *A Best Value review of catering has led to the end of free meal provision for operational staff base at the Service's Training School.*

**To be signed by the Chair of the FRA:**

Signature:	Date:
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Acting Chief Fire Officer:

Signature:	Date:
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and Chief Financial Officer

Signature:	Date:
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NOTTINGHAMSHIRE FIRE & RESCUE AUTHORITY

Efficiency Gains Forecast for the financial year 2008/09

					All figures in £000s			
Category	Quality cross-check (QCC) met	One off or recurring?	Capital	Revenue	Annual Cashable Efficiency Gain	Cumulative Cashable Efficiency Gain	Annual Non-cashable Efficiency Gain	Cumulative Non-cashable Efficiency Gain
Revised shift systems / Crewing arrangements (IRMP)	LPI based on former BVPI 143	Recurring		✓	71	71	0	0
		One off						
Other IRMP savings	Quality cross check not applicable as no gains in this category	Recurring			0	0	0	0
		One off						
Collaboration	Quality cross check not applicable as no gains in this category	Recurring			0	0	0	0
		One off						
Reduced ill-health retirements	Quality cross check not applicable as no gains in this category	Recurring			0	0	0	0
		One off						
Sickness reduction	Quality cross check not applicable as no gains in this category	Recurring			0	0	0	0
		One off						
Other HR savings	Same or improved outputs at lower cost	Recurring		✓	91	91	0	0
		One off						
Better procurement	Items purchased are same or improved specification at lower cost	Recurring		✓	43	43	0	0
		One off						
Corporate services	Quality cross check not applicable as no gains in this category	Recurring			0	0	0	0
		One off						
Other	No impact on service delivery, no detrimental effect on risk	Recurring		✓	3	3	0	0
		One off						
			TOTAL	0	208	208	0	0

## APPENDIX C

### Nottinghamshire Fire & Rescue Service

#### Efficiency Savings for 2008/09 (Submitted in Forward Look Statement)

<u>Category</u>	<u>Description</u>	<u>Cashable Savings</u> £	<u>Cashable Gains for 2008/9 as at 30/09/2008</u> £
Revised shift systems/crewing arrangements	Dual Employment Contracts	29,600	11,579
Revised shift systems/crewing arrangements	Reduction in number of pumping appliances following replacement of Dunkirk and Beeston stations by Highfields station	41,800	0
Other HR savings	Restructure of Senior Management Team	73,200	18,115
Other HR savings	HQ administration restructure	11,300	0
Other HR savings	Change of policy regarding remuneration of Firesetters workers	1,200	0
Other HR savings	Deletion of supernumary post following replacement of Dunkirk and Beeston stations by Highfields station	5,400	0
Better procurement	Bulk purchasing discount for fire appliances (guaranteed from 2008/09 - 2010/11)	5,700	0
Better procurement	Firebuy procurement savings relating to PPE and vehicles	37,000	26,000
Other	Change of policy regarding provision of meals at SDC	2,600	0
		<u>207,800</u>	<u>44,115</u>

#### Efficiency Savings for 2008/09 (New Additions)

Revised shift systems/crewing arrangements	Further savings arising from RTC best value review	194,000	194,000
Better procurement	New BT telephone contract (Firebuy)	3,333	833
Better procurement	Re-negotiated 3 year IT maintenance contract	3,498	1,399
<b>Total</b>		<u>408,631</u>	<u>240,347</u>

Impact on total efficiency target			
	Target £	Current Forecast for 2008/09 £	Actual as at 30/09/08 £
2008/09	To be confirmed	408,631	240,347
2009/10	To be confirmed	n/a	n/a
2010/11	To be confirmed	n/a	n/a
Total		<u>0</u>	<u>408,631</u>