



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

Date: 09 October 2009

Purpose of Report:

To inform Members of the Annual Efficiency Savings reported in the Backward Look Statement for 2008/09 and the Forward Look Statement for 2009/10, and to report progress against the 2009/10 savings target.

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1. BACKGROUND

- 1.1 The Comprehensive Spending Review 2007 (CSR07) has outlined the efficiency savings targets for Fire and Rescue Authorities (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.
- 1.2 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 the Department for Communities and Local Government (CLG) through the submission of Annual Efficiency Statements.
- 1.3 During the previous spending review period 2005/06 – 2007/08, Nottinghamshire and City of Nottingham Fire and Rescue Authority exceeded its local efficiency savings target by more than £1m. Consequently the Authority has less scope to achieve savings during the CSR07 review period. An efficiency target of £500k for 2009/10 was agreed at the March meeting of the Finance and Resources Committee. This target equates to approximately 1.2% of the 2007/08 baseline.

2. REPORT

REPORTED EFFICIENCY SAVINGS FOR 2008/09

- 2.1 The 2008/09 Backward Look Efficiency Statement submitted in July reported total net savings of £544k. This final total exceeded the £447k target for 2008/09 by £97k. A copy of the submitted Backward Look Statement can be found at appendix A.

FORECASTED EFFICIENCY SAVINGS FOR 2009/10

- 2.2 The 2009/10 Forward Look Efficiency Statement identified net cashable savings of approximately £450k. Work is ongoing to identify further efficiency savings, as this forecasted total falls short of the £500k target agreed by Members. New savings will be reported as they arise.
- 2.3 There is a requirement to report a full-year's saving for each initiative, relative to the 2007/08 baseline. The 2009/10 Forward Look Statement therefore includes savings relating to initiatives which were implemented part way through 2008/09. This accounts for £295k of the total forecasted amount. The Authority also expects to generate savings totalling £155k from a number of new initiatives. These initiatives are detailed in the Annual Efficiency Statement, a copy of which can be found at appendix B.

- 2.4 The activities and projects included in the Forward Look Statement are being monitored throughout the year, and any variances against the initial forecasts will be reported. Satisfactory progress is being made towards the achievement of the forecasted savings, with only one project known to have slipped. This is the implementation of the Unwanted Fire Signals Policy, which is now expected to be implemented in November rather than in September as planned. This will obviously affect the level of savings generated. An updated efficiency savings forecast can be found at appendix C.

3. FINANCIAL IMPLICATIONS

The financial implications are contained in the body of the report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITY IMPACT ASSESSMENT

There are no direct equality implications arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

There are no direct 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.

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

None.

Frank Swann
CHIEF FIRE OFFICER

Appendix A – Backward Look Efficiency Statement for 2008/09

NOTTINGHAMSHIRE FIRE & RESCUE AUTHORITY

Efficiency Savings achieved in 2008-09

				All figures in £000s	
Category	Quality cross-check (QCC) met (see note 1)	Capital	Revenue	Annual Cashable Efficiency Gain (see note 2)	Cumulative Efficiency Gain (see note 3)
Revised shift systems / Crewing arrangements (IRMP)	LPIs regarding no. of primary fires, no. of non-fatal injuries & appliance response times		✓	329	n/a
Other IRMP savings	Quality cross check not applicable as no gains in this category				
Collaboration	Quality cross check not applicable as no gains in this category				
Reduced ill-health retirements	Quality cross check not applicable as no gains in this category				
Sickness reduction	Quality cross check not applicable as no gains in this category				
Other HR savings	Same or improved outputs at lower cost		✓	94	n/a
Better procurement	Items purchased are same or improved specification at lower cost		✓	118	n/a
Corporate services	Quality cross check not applicable as no gains in this category				
Other	No impact on service delivery, no detrimental effect on risk		✓	3	n/a
			TOTAL	544	n/a

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

Revised Shift Systems/Crewing Arrangements (IRMP)

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 has been phased over 2007/08 and 2008/09. The savings reported in the 2008/09 Backward Look statement relate to the latter half of this initial implementation. To date 41 former members of RTC crews have been redeployed in this way. These savings were not reported in the 2008/09 forward look.

In January 2009 the Authority opened a new fire station, replacing two existing and ageing stations. This merger of two stations into one has resulted in a reduction in the number of pumping appliances required, which has subsequently enabled the ridership establishment to be reduced by 4 watch manager posts.

The Authority has adopted a dual wholetime/retained contract system, which allows existing wholetime firefighters to provide cover at retained stations during their off-duty periods. This has generated cashable savings due to the fact that wholetime firefighters do not require the same training as civilian retained recruits, and ongoing 'refresher' training requirements are also reduced. The number of personnel employed on dual contracts during 2008/09 has exceeded the initial forecast, so the resulting level of savings has been higher than predicted in the forward look statement. It is difficult to predict how many employees will enter into dual employment contracts in forthcoming years, and it is likely that the level of ongoing savings arising from this initiative will fluctuate. The savings for future years will therefore be monitored closely, and the level of cumulative savings reported will be revised if necessary.

Local Performance Indicators have not reflected any reduction in the quality of service as a result of these changes. The numbers of primary fires and non-fatal casualties has decreased, and the data shows that attendance times for appliances in the area of the county affected by the merger of two fire stations into one are actually better than the brigade average.

Other HR Savings

The replacement of two existing stations with one new station has resulted in a reduction in the number of station administrators required, therefore one post has been deleted. A review of the administration arrangements at the Authority's headquarters has led to a restructure of the central administration department. Responsibilities have been reviewed and re-allocated and as a result the establishment has been

reduced by two posts. So far there is no evidence that this restructure has had an adverse impact on quality, and the situation will be kept under review by the Head of Corporate Services.

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.

Absence reporting arrangements have been reviewed and a decision has been taken to carry out part of the process in-house rather than using a third party supplier. The in-house service has proven to be more cost-effective and this initiative has generated a net cashable saving. This saving was not reported in the 2008/09 forward look.

The 2008/09 forward look statement reported that savings were expected to arise from the implementation of a new policy for the remuneration of Firesetter workers. The implementation of this policy has been delayed, and the level of anticipated savings has decreased significantly. Savings relating to this initiative have therefore not been reported in the 2008/09 backward look statement.

Better Procurement

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

- Re-negotiation of an existing IT contract to secure the same level of service at a lower cost
- Significant savings have been achieved through the use of Firebuy framework agreements for the procurement of firefighting equipment, communications, emergency response equipment and pumping appliances.

In all cases the actions taken have resulted in the purchase of items at the same or improved specification at lower cost. The 2008/09 forward look reported that the Authority expected to make further savings relating to the purchase of pumping appliances as it had secured a 5% bulk purchasing discount from the supplier. Changing circumstances have meant that whilst the Authority will still benefit from this saving, it no longer fits the definition of a sustainable saving and can therefore not count towards the cashable efficiency savings total. The saving relating to the re-negotiated IT contract was not included in the 2008/09 forward look.

Other Savings

The Authority has changed its policy concerning the provision of free meals to trainers based at the Service Development Centre, and this has resulted in a cashable saving. This change has not impacted on service delivery and has therefore not had a detrimental impact on quality or risk.

Appendix B – Forward Look Efficiency Statement for 2009/10

NOTTINGHAMSHIRE FIRE & RESCUE AUTHORITY

Efficiency Gains Forecast for the financial year 2009/10

Category	Quality cross-check (QCC) met (see note 1)	Capital	Revenue	All figures in £000s	
				Annual Cashable Efficiency Gain (see note 2)	Cumulative Efficiency Gain (see note 3)
Revised shift systems / Crewing arrangements (IRMP)	LPIs regarding no. of primary fires, no. of non-fatal injuries & appliance response times		✓	168	497
Other IRMP savings			✓	14	14
Collaboration	Quality cross check not applicable as no gains in this category				
Reduced ill-health retirements	Quality cross check not applicable as no gains in this category				
Sickness reduction	Quality cross check not applicable as no gains in this category				
Other HR savings	Same or improved outputs at lower cost		✓	253	348
Better procurement	Items purchased are same or improved specification at lower cost		✓	13	131
Corporate services	Quality cross check not applicable as no gains in this category				
Other	No impact on service delivery, no detrimental effect on risk		✓	3	6
TOTAL				451	996

NOTTINGHAMSHIRE FIRE & RESCUE SERVICE ANNUAL EFFICIENCY STATEMENT - Efficiency Savings Planned in 2009/10

Strategy for securing efficiency gains

Nottinghamshire Fire and Rescue Service takes the issues of both efficiency and value for money seriously and deals with both of these as part of the financial and corporate planning processes. The Authority has set itself a series of challenging targets in terms of efficiency and officers report progress against these targets to Elected Members on a quarterly basis. Members have set out a strategy for the achievement of efficiency savings as well as determining a Value for Money programme for the organisation.

Periodically the Corporate Management Board meet to discuss progress against these plans and also to “tease out” further efficiencies from new initiatives. Managers have been given training in how to recognise efficiency savings and the sorts of initiatives that are likely to result in savings.

The continued involvement of the service in regional and national projects is also expected to yield further efficiencies in the year to come.

Key actions to be taken during 2009/10

Many of the initiatives undertaken during 2008/09 were implemented part way through the financial year. The 2009/10 forward look therefore includes the latter-half of saving arising from initiatives which span 2008/09 and 2009/10. In addition to these savings, the Authority also expects to generate savings from a number of new initiatives:

HR Other

- The staffing requirements of the Fire Protection department have been reviewed and the resulting restructure will generate significant savings. The conversion of some operational watch manager posts to non-uniformed posts will maintain the quality of service provided by the Fire Protection department, as the new officers will undertake exactly the same role as their wholetime colleagues.
- The current system for carrying out home safety checks (HSCs) has been reviewed. Whilst it is recognised that the use of retained operational crews to carry out HSCs brings some benefits in terms of building positive relationships with the community, it has been demonstrated that a proportion of HSCs can be carried out more cost-effectively using non-uniformed staff. The use of non-uniformed staff will generate net cashable savings, whilst maintaining the quality of the HSCs that are carried out.
- Some roles within the Corporate Services department have been reviewed and workloads and responsibilities have been re-allocated. This will generate savings relating to the department’s staffing levels, with the replacement of a Group Manager post with a Station Manager, and the deletion of a non-uniformed post.

Better Procurement

- The Authority will benefit from procurement savings arising from the use of Firebuy framework agreements for special appliances.

Other IRMP savings

- The Authority is implementing a new Unwanted Fire Signals policy during 2009/10. This policy should generate cashable savings as it will lead to a reduction in the number of deployments of retained crews to unwanted fire alarms.

Appendix C – Updated Efficiency Savings Forecast for 2009/10

Efficiency Savings for 2009/10 (Submitted in Forward Look Statement)

<u>Category</u>	<u>Description</u>	<u>Cashable Savings Forecast from Forward Look Annual Efficiency Statement 2008/09</u>	<u>Revised Cashable Savings Forecast for 2009/10</u>	<u>Variance against Forward Look: (under)/over achieved</u>
Revised shift systems/crewing arrangements	Dual Employment Contracts	£23,284	£23,284	£0
Revised shift systems/crewing arrangements	Reduction in number of pumping appliances following replacement of Dunkirk and Beeston stations by Highfields station	£144,346	£144,346	£0
Other HR savings	Restructure of Senior Management Team	£36,362	£36,362	£0
Other HR savings	HQ administration restructure	£40,204	£40,204	£0
Other HR savings	Deletion of supernumary post following replacement of Dunkirk and Beeston stations by Highfields station	£21,252	£21,252	£0
Other HR savings	Change of procedure for dealing with absence reporting	£26,063	£26,063	£0
Other HR savings	Introduction of non-uniformed pay rates for HSCs carried out by RDS	£29,562	£29,562	£0
Other HR savings	Restructure of Fire Protection department (includes conversion of inspection posts from uniformed to non-uniformed)	£43,976	£43,976	£0
Other HR savings	Restructure of Corporate Services	£5,101	£5,101	£0
Other HR savings	Re-distribution of Organisation Development activity	£50,855	£50,855	£0
Better procurement	Re-negotiated 3 year IT contract	£707	£707	£0
Better procurement	Firebuy (purchase of special appliances)	£12,000	£12,000	£0
Other IRMP savings	Unwanted Fire Signals Policy	£13,559	£11,200	-£2,359
Other	Change of policy regarding provision of meals at SDC	£3,165	£3,165	£0
		<u>£450,436</u>	<u>£448,077</u>	<u>-£2,359</u>

Impact on total efficiency target				
	Target	Current Forecast for 2009/10	Variance against target	
2008/09	£447,000	£544,000	£97,000	
2009/10	£500,000	£448,077	-£51,923	
2010/11	To be confirmed	n/a	n/a	
Total	<u>£947,000</u>	<u>£992,077</u>	<u>£45,077</u>	