



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: 08 January 2010

Purpose of Report:

To report progress against the Annual Efficiency Savings targets.

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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

SUMMARY OF PERFORMANCE

- 2.1 The Efficiency Monitoring Statement is included at appendix A. The Statement shows a revised savings total for 2009/10 of £474.6k, which is a £24.2k increase on the original forecast of £450.4k reported in the Forward Look Statement. However, due to fluctuations in the level of performance achieved in 2008/09, the overall cumulative savings forecast for 2008/09 – 2009/10 has decreased by £66.2k from £995k reported in the Forward Look Statement to £928.8k.
- 2.2 Members will recall that efficiency targets of £447k and £500k were set for 2008/09 and 2009/10 respectively. As the overall cumulative saving is estimated at £928.8k, there is currently a £18.2k shortfall against this cumulative target of £947k.

FLUCTUATIONS IN EFFICIENCY SAVINGS REPORTED IN 2008/09

- 2.3 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.

- 2.4 The 2008/09 savings remain under review to ensure that they continue to meet the efficiency saving criteria. In order to be classed as an efficiency, a saving must meet the following criteria:
- **Cashable** – Cashable savings are defined as changes that maintain or increase the quality of service provision whilst reducing the resources required to deliver the service. Cashable savings must be reported net of investment costs.
 - **Sustainable** – A sustainable gain is one which exists for the current year and at least two subsequent financial years afterwards. Sustainable gains may fluctuate over time, so ongoing gains must be revised to take account of any fluctuations.
- 2.5 The 2008/09 Backward Look Statement reported savings of £90k arising from the dual wholetime/retained contract system, and cumulative savings of £114k were included in the 2009/10 Forward Look Statement. The dual contract system allows existing wholetime firefighters to provide cover at retained stations during their off-duty periods. This generates savings because the wholetime firefighters do not require the same training as civilian retained recruits, and ongoing 'refresher' training requirements are also reduced. During 2008/09 16 wholetime firefighters were employed on dual contracts. In the period from April to November 2009 the number of wholetime firefighters moving onto dual contracts has decreased to just 4. As ongoing savings are calculated relative to the 2007/08 baseline it has been necessary to revise the cumulative savings to reflect this fluctuation in the level of activity. As a result the forecasted cumulative savings for period from 2008/09 to 2009/10 has been reduced by £69k to £44k. The new figure of £44k reflects the current level of activity. It is recognised that these savings are likely to continue to fluctuate in the future, as not only is it difficult to predict the numbers of staff who will wish to move onto dual contracts, it is also necessary to limit the total numbers of staff on dual contracts in order to maintain a suitable level of resilience within the Service.

FORECASTED EFFICIENCY SAVINGS FOR 2009/10

- 2.6 The 2009/10 Forward Look Efficiency Statement identified net cashable savings of approximately £450k. 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. These savings account for £295k of the total forecasted amount.
- 2.7 The majority of activities included in the Forward Look Statement are progressing as planned, but three projects have slipped. The first of these is the implementation of the Unwanted Fire Signals policy, which took effect from 1 December rather than in September as originally planned. As a result of this delay the estimated savings for 2009/10 have been reduced by £4.5k to £9k. The second project to have slipped is the use of specialist Home Safety Check Operatives to carry out home safety checks instead of using retained crews. The savings expected to be generated by this initiative in 2009/10 have been reduced

by £16.9k to £12.7k. Finally, the savings that were expected to arise from the purchase of specialist appliances using the Firebuy Frameworks are now unlikely to materialise in 2009/10, as the appliances are not expected to be purchased until 2010/11. Therefore the estimated savings have been reduced from £12k to zero. Whilst these slippages will obviously affect the level of efficiency savings achieved in 2009/10, they are not expected to significantly affect the final amount of savings that will be reported at the end of the current spending review period, as they will still contribute to the cumulative savings reported next financial year.

- 2.8 In addition to the savings reported in the 2009/10 Forward Look Statement, new savings totalling £33.7k have been identified during the financial year. The majority of these savings relate to changes made to pre-determined attendances (PDAs). As a result of these changes there are fewer mobilisations by retained crews in some areas, as the calls are now covered by wholetime crews instead. It is estimated that these reductions in retained mobilisations will generate savings of £23.7k in 2009/10, and full-year savings of around £28k. Savings are also being generated by the introduction of Driver Check Testing, which has reduced the number of driving refresher courses required. Check Tests are being carried out to update drivers on all legislative factors and vehicle accident statistics, and to assess whether they require a full driving refresher course. The reduction in the number of full driving refresher courses has saved £8.8k since April, and it is anticipated that the savings will increase to around £10k by the end of the financial year.
- 2.9 The savings generated by the changes to absence management procedures have exceeded the original estimate included in the Forward Look Statement. This is due to the fact that the new Absence Administration post was evaluated as a grade 1, rather than a grade 2 as was anticipated. The forecasted savings for 2009/10 have increased by £3k to £29k.

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