



**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 April 2010

**Purpose of Report:**

To report progress against the Annual Efficiency Savings targets.

## CONTACT OFFICER

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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 £466k, which is a £16k increase on the original forecast of £450k 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 £74k from £995k reported in the Forward Look Statement to £921k.
- 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 £921k, there is currently a £26k 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 December 2009 the number of wholetime firefighters moving onto dual contracts had decreased to just 4. One of these individuals has subsequently resigned, so the number now stands at 3. 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 £73k to £41k. The new figure of £41k 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 (UWFS) policy, which took effect from 1 December rather than in September as originally planned. However, figures for the period from 1 December to 28 February indicate that the number of attendances to UWFS has fallen more sharply than predicted. Consequently the estimated savings for 2009/10 arising from the implementation of the UWFS

policy have increased from £13.6k to £18.9k despite the delayed start date. 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 from £29.5k to zero due to the delayed recruitment of staff. 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 £32k 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 £23k in 2009/10, and full-year savings of around £27k. 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 is expected to save around £9k this 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 risks to the organisation in not achieving the efficiency targets set both locally and nationally. These relate primarily to the Use of Resources score but also may influence the Value for Money conclusion of the auditors in their audit of the final accounts.

## **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**

Nottinghamshire Fire & Rescue Service							
APPENDIX A - EFFICIENCY MONITORING STATEMENT AS AT FEBRUARY 2010							
Forecasted Efficiency Savings included in 2009/10 Forward Look Statement							
Category	Description	Cashable Savings Forecast for 2009/10 (from Forward Look)	Revised Cashable Savings Forecast for 2009/10	Variance against 2009/10 Savings Forecast: (under)/over achieved	Cumulative Cashable Savings for 2008/09 - 2009/10 (from Forward Look)	Revised cumulative savings forecast for 2008/09 - 2009/10	Variance against 2008/09 - 2009/10 Cumulative Savings Forecast
Revised shift systems/crewing arrangements	Dual Employment Contracts	£23,284	£41,206	£17,922	£113,688	£41,206	-£72,482
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	£185,107	£185,107	£0
Other HR savings	Restructure of Senior Management Team	£36,362	£36,362	£0	£108,366	£108,366	£0
Other HR savings	HQ administration restructure	£40,204	£40,204	£0	£49,063	£49,063	£0
Other HR savings	Deletion of supernumary post following replacement of Dunkirk and Beeston stations by Highfields station	£21,252	£21,252	£0	£26,333	£26,333	£0
Other HR savings	Change of procedure for dealing with absence reporting	£26,063	£28,769	£2,706	£34,574	£37,280	£2,706
Other HR savings	Establishment of 2 non-uniformed posts to carry out HSCs currently undertaken by RDS staff	£29,562	£0	-£29,562	£29,562	£0	-£29,562
Other HR savings	Restructure of Fire Protection department (includes conversion of inspection posts from uniformed to non-uniformed)	£43,976	£43,976	£0	£43,976	£43,976	£0
Other HR savings	Restructure of Corporate Services	£5,101	£5,101	£0	£5,101	£5,101	£0
Other HR savings	Re-distribution of Organisation Development activity	£50,855	£50,855	£0	£50,855	£50,855	£0
Better procurement	Re-negotiated 3 year IT contract	£707	£707	£0	£4,205	£4,205	£0
Better procurement	Firebuy (purchase of special appliances)	£12,000	£0	-£12,000	£12,000	£0	-£12,000
Other IRMP savings	Unwanted Fire Signals Policy	£13,559	£18,900	£5,341	£13,559	£18,900	£5,341
Other	Change of policy regarding provision of meals at SDC	£3,165	£3,165	£0	£6,299	£6,299	£0
Revised shift systems/crewing arrangements	RTC best value review - transfer of posts (SRT)	n/a	n/a	n/a	£197,937	£197,937	£0
Better procurement	Firebuy	n/a	n/a	n/a	£114,409	£114,409	£0
<b>Total cumulative savings forecasted in 2009/10 Forward Look</b>		<b>£450,436</b>	<b>£434,843</b>	<b>-£15,593</b>	<b>£995,034</b>	<b>£889,037</b>	<b>-£105,997</b>
<b>Additional savings arising in 2009/10</b>							
Other IRMP savings	Amendment to PDA for City Hospital	n/a	£18,000	£18,000	n/a	£18,000	£18,000
Other IRMP savings	Amendment to PDA for Bestwood	n/a	£4,820	£4,820	n/a	£4,820	£4,820
Other HR savings	Review of driver check testing	n/a	£9,100	£9,100	n/a	£9,100	£9,100
		<b>£450,436</b>	<b>£466,763</b>	<b>£16,327</b>	<b>£995,034</b>	<b>£920,957</b>	<b>-£74,077</b>
<b>Impact on total efficiency target</b>							
		Annual Target	Cumulative Target	Savings reported in Annual Efficiency Statements	Revised Savings	Variance: Revised Savings against Annual Target	Variance: Revised Savings against Cumulative Target
	2008/09	£447,000	£447,000	£544,598	£454,194	£7,194	£7,194
	2009/10	£500,000	£947,000	£450,436	£466,763	-£33,237	-£26,043
	2010/11	To be confirmed	To be confirmed	n/a	n/a	n/a	To be confirmed