



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

VALUE FOR MONEY

Report of the Chief Fire Officer

Agenda Item No:

Date: 30 March 2012

Purpose of Report:

To outline the proposed programme for achieving and demonstrating Value for Money in 2012/13, and to report progress against the Value for Money Programme for 2011/12.

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1. BACKGROUND

- 1.1 Value for money (VFM) is obtained when an optimum balance is achieved between the “3Es”:

Economy is the price paid for what goes into providing a service, for example the cost of labour or materials.

Efficiency is a measure of productivity, or how much you get out in relation to what you put in.

Effectiveness is a measure of the impact achieved. This measure may be qualitative or quantitative. Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity.

- 1.2 As a publicly funded organisation the Fire and Rescue Authority has a duty to achieve value for money. As the funding reductions announced in the 2010 Spending Review take effect, our ability to use resources as efficiently and effectively as possible will become more important than ever.
- 1.3 The Value for Money Programme is presented annually to the Finance and Resources Committee. This programme outlines how the Service intends to achieve value for money during the forthcoming year.

2. REPORT

PROGRESS AGAINST THE 2011/12 VALUE FOR MONEY PROGRAMME

- 2.1 A report was presented to the Finance & Resources Committee in April 2011 which set out the programme of work for 2011/12.
- 2.2 Efficiency statements are no longer required by central government, however it was considered important to still identify and report efficiencies. This is because efficiency savings achieved in one particular area may highlight best practice or examples of innovation that can be transferred to other areas of the service.
- 2.3 The Procurement Department has gone through the retendering of a number of large and small contracts with external providers during 2011/12 generating savings of £83k throughout the year with many having benefits in future years. This includes contracts for stationery & cleaning materials currently estimated to be making an annual saving of £63k compared with 2010/11. A second large contract retendered during 2011/12 was for the cleaning & grounds maintenance of Service premises covering a five year period- this contract confirmed that our current supplier (Nottinghamshire County Council) was giving VFM with a tender price £467k cheaper than the next nearest tender. New procedures have also been developed by the Procurement department to ensure that resources are used in the most

efficient way, including the recycling of items no longer required by the previous user.

- 2.4 The insurances for the service were retendered for 2011/12 generating a saving of £60k.
- 2.5 During the 2011/12 the full benefits of the finance and procurement system, Agresso have started to be appreciated. The system has allowed new processes to be introduced to help ensure that purchases adhere to the procurement rules set out in Financial Regulations and has allowed the standardisation of products kept in the electronic catalogue, so that more beneficial prices can be obtained from suppliers. Invoices are now scanned into the system so that budget managers can see the full invoice detail and no longer have to wait for finance department staff to photocopy and send invoices out when there are queries.
- 2.6 The Estates Department is currently in the middle of a project for investment in Sustainable Energy Technologies agreed at the July 2011 Finance & Resources Committee. This project involves installing Photovoltaic cells at 5 sites for the purpose of reducing the carbon footprint of the Service and estimated to generate annual savings of £35k.
- 2.7 The consultation on the Fire Cover Review has now completed and the changes to be implemented were agreed at the Fire Authority in December 2011. The review of Fire Cover has demonstrated that an improved level of service can be provided to the community with fewer resources than previously.

VALUE FOR MONEY PROGRAMME 2012/13

- 2.8 The challenge for the organisation going forward is not only to maintain but to improve services with less money. The requirement therefore is that the Service must seek to continue to develop the organisation whilst achieving VFM. This will be done by looking at the 3 E's as a whole when offering services or making changes to the organisation. For this reason the programme will now begin to look at initiatives that not only bring monetary savings but will also offer other more intangible benefits.
- 2.9 The following initiatives are planned during 2012/13 and each is anticipated to bring about wider benefits to help ensure the organisation is efficient and effective:
 - 2.9.1 The Service has developed, through the Knowledge Transfer Partnership, a new toolkit for the evaluation of Community Safety interventions. This toolkit will have two evaluation approaches; the first will be to place NFRS incident data into context through analysing trends in relation to external factors. This method can then be used to identify a prevalent safety issue and to assess the potential impact of an initiative. A second will be to evaluate initiatives which do not directly aim to reduce the occurrence of a certain type incident through

such things as interviews and focus groups. This toolkit will enable benchmarking on a national basis and allow direct comparison between interventions and initiatives. This will help to ensure that expenditure on community safety initiatives is targeted at the areas which are likely to benefit most, thereby achieving better value for money.

- 2.9.2 The Procurement Department is introducing a new e-procurement system called Intend. This system will enable the Procurement Department to keep a full audit trail of any tenders completed, ensuring that all tenders follow the correct processes and that the achievement of value for money can be demonstrated.
- 2.9.3 Further benefits are expected to be appreciated by the finance and procurement system, Agresso by the Finance Department during the 2011/12 year end closedown as new automated reports will be generated by the system. This will free up the time of staff and allow the emphasis to move away from collating data towards validating and quality assuring the statement of accounts.
- 2.9.4 The Service is still in a transitional period brought about by the Comprehensive Spending Review and the Fire Cover Review. Managers are currently implementing plans to bring about significant change in the Service. This is being co-ordinated by a multi-disciplinary team of senior managers led by the Area Manager Strategic Support who will oversee the implementation of plans to achieve implementation of the Fire Cover Review, restructuring and budget savings and will regularly report progress to the Corporate Management Board. These changes are about ensuring that the Service provides better services to the community with fewer resources in the future.
- 2.9.5 During 2013 the implementation of the new HR system is anticipated. The system is expected to bring benefits in the following areas: being a single point of data entry of employees' details, integration with the payroll and self-rostering systems & improving management information.
- 2.9.6 The Service has recently had a bid accepted by Central Government for investment in a new tri-service control system; this project is due to be progressed through 2012/13. The anticipated benefits of the system will relate to it being regional and giving improved resilience which will allow the current control room at Central Fire Station to be decommissioned. Processes will be improved as interfaces will exist between various systems thereby reducing duplication.
- 2.10 The areas identified below are expected to bring about monetary savings during the year as well as ensuring the Service is efficient and effective;
 - 2.10.1 Over 2012/13 Equipment and Procurement are going to be working on a collaborative project reviewing clothing and uniform - this is to include going out to tender on contracts and a review of the current controls in

place for the issuing of PPE, this is expected to bring about savings of £18k.

2.10.2 The procurement team are going to continue to take a pro-active approach to ensuring the Service receive VFM on all items purchased, through regular reviews of the online catalogue and contracts in place. They will continue the promotion of VFM in all areas of purchasing within the Service and offer support to employees when required.

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. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report does not consider matters of policy. Equality impact assessments will be prepared as initiatives are developed.

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.

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

None

Frank Swann
CHIEF FIRE OFFICER