



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Policy and Strategy Committee

FUTURES 2025 EFFICIENCY STRATEGY

Report of the Chief Fire Officer

Date: 13 May 2022

Purpose of Report:

To provide an overview for Members on the proposed approach to efficiency savings required by the Fire Authority.

Recommendations:

It is recommended that Members:

- Support the proposed approach detailed within this report;
- Receive a further report at the Fire Authority meeting in September 2022.

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1. BACKGROUND

- 1.1 Members will be aware that following a decade of austerity measures, the financial challenges in developing and securing a balanced budget for the Fire Authority are set to continue, certainly for the period of the current Community Risk Management Plan (CRMP).
- 1.2 Despite those financial challenges, the CRMP sets a clear ambition for Nottinghamshire Fire and Rescue Service (NFRS) to work towards being 'outstanding' by 2032 as its longer-term objective. This is also supported by the duty to continuously improve and the role of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) to inspect, monitor and report on the efficiency and effectiveness of fire and rescue services with the aim of encouraging improvement.
- 1.3 NFRS plans to put its communities first, primarily through balancing the delivery of public services through its prevention, protection and response activities.
- 1.4 The Transformation and Efficiency Strategy considered by Fire Authority in February 2020 agreed the approach to targeting resources over a 2-year period. These investments were built in to both revenue and capital budgets over the last two years and are included in the budget monitoring reports presented to Finance and Resources Committee.
- 1.5 The Medium-Term Financial Strategy and budget proposal reports considered by Fire Authority in December 2021 and February 2022 identified a worsening financial position caused largely by inflationary pressures, anticipated pay increases and a reduction in real term grant. A potential funding gap in excess of £2m has been identified for 2023/24 and beyond, although the situation remains uncertain in the current economic climate.
- 1.6 In February 2022, the Fire Authority approved the CRMP 2022-25 which sets out the strategic goals for the future of the Service. The Service also awaits the outcome of its recent HMICFRS inspection which may identify some areas for change.
- 1.7 The purpose of this Efficiency Strategy is to consider how the Service uses its limited resources to enable it to set a balanced budget, whilst still being able to deliver the CRMP and respond to the findings of the HMICFRS inspection.

2. REPORT

- 2.1 This report provides an overview for Members on the proposed approach to efficiency savings, yet ensures NFRS has a clear, balanced and proportionate approach to the delivery of services to communities, within the available financial resources of the Fire Authority.

- 2.2 Members will also be aware from previous reports, the Service has taken interim measures for the financial year 2022/2023 to assure the Authority's statutory duties and provide a balanced budget, overseen by the Head of Finance/Treasurer to the Authority. This includes provision for the limited use of reserves, on the understating this is not a sustainable and affordable approach longer term.
- 2.3 Continued financial pressures are likely to require sustained reductions in the available budget and this report is the first stage of planning and delivering those reductions, ensuring that Members have full oversight and scrutiny, with full public transparency. The table below, previously presented to the Fire Authority in February 2022, details the funding requirements for the life of the current 2022-25 CRMP.

Table 1 – Budget Requirement 2021/22 to 2024/25

	Revised Budget 2021/22 £'000	Budget 2022/23 £'000	Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000
Employees	36,147	37,153	39,134	40,856	41,673
Premises	2,797	3,346	3,737	3,860	3,937
Transport	1,794	1,766	1,796	1,788	1,824
Supplies & Services	3,739	3,941	3,941	3,966	4,050
Payments to other Local Authorities	783	908	1,034	1,160	1,183
Support Services	167	167	167	167	167
Capital Financing Costs	2,456	2,761	3,186	3,608	3,680
Income	(2,582)	(4,036)	(3,876)	(3,876)	(3,954)
Total	45,301	46,006	49,119	51,529	52,560

- 2.4 The broad areas of focus to deliver budgetary reductions are detailed below. Specific recommendations will be developed over coming months, with the aim of providing the Authority opportunity to scrutinise the recommendations, based on the advice of the Chief Fire Officer and wider strategic team.
- 2.5 Areas of Futures 2025 focus:
- Service pay budget;
 - Service non-pay budgets.

- 2.6 Clearly, any recommendation around pay means staff, who make up NFRS and this is likely to be felt organisationally, particularly as 'Our People' is a strategic goal within the current CRMP. The Service welcomes the positive relationship with the workforce and representative bodies, and the Chief Fire Officer has a clear focus that the dedication of the workforce should be met with open and transparent engagement, as well as developing solutions collectively.
- 2.7 As part of the work developing its CRMP, a strategic assessment of risk (SAoR) has been completed, and this will be used to inform future recommendations, based upon the risk and demands faced by NFRS in its service delivery activities.
- 2.8 Any proposals which amend the Service's emergency response model may be subject to public consultation and will be dealt with by the consultation framework already in place as appropriate.
- 2.9 The CRMP is constructed to support real ambition for communities, reflecting the ever-changing demand profile facing NFRS across prevention, protection, and response. As such, these demands will also be considered beyond the future efficiencies required, ensuring the Service's structure is capable, affordable, and deliverable to meet those balanced needs.
- 2.10 Current and continued pressures, including those arising from the Grenfell tragedy, Dame Judith Hackitt report and significant increased demand for fire protection will require resources, as such recommendations will seek to take account of this increase and need for investment. Clearly, at this stage it is not anticipated to this will be new funding for the Fire Authority.
- 2.11 Given the budget setting process, recommendations are planned to be presented to the Fire Authority meeting in September 2022, furthermore any public consultation would take place following that meeting, with the aim of being completed by the end of December 2022.
- 2.12 This approach is aimed to compliment the fire funding being announced by Central Government and provide sufficient time prior to the Fire Authority meeting in February 2023, to consider options in both balancing the budget and any supported changes to the Service's structured delivery model.
- 2.13 As detailed in the CRMP, a wider workforce review will be completed, with the initial stage already underway. This primarily focuses upon the support functions of the organisation and will be complimentary to the service delivery elements, due to be reported upon during 2022/23, with both these elements being co-ordinated by SLT officers and focus on delivering to communities.
- 2.14 The Service's 2032 ambition to be 'outstanding', fully aligns with the duty for continuous improvement, however, given the expectations on the sector and growing demands highlighted in this report, it is likely that adjustments will be required to the establishment and structure of it.

- 2.15 With any future proposals that are considered by the Fire Authority, which require public consultation, these will be delivered within the current consultation framework and co-ordinated by Corporate Support, under the leadership of the Assistant Chief Fire Officer.
- 2.16 In the near future, the Service will be receiving its HMI report, following the latest round of inspection, with a focus on three key pillars – effectiveness, efficiency and people. The report will be presented to the Fire Authority separately, but the Chief Fire Officer will ensure the learning identified also informs the approach highlighted in the Futures 2025 efficiency strategy.

3. FINANCIAL IMPLICATIONS

The Authority will be required to set a balanced and robust budget for 2023/24. The Efficiency Strategy is part of the planning process to ensure this can happen and that the Service remains financially sustainable in the longer term.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

- 4.1 Whilst this report does not present specific recommendations, any future reduction in financial resources will present implications, and these will be provided to the Authority and supporting committees for consideration by Members.
- 4.2 Staff engagement is essential to address concerns and the Service has clearly defined structures, both formally and informally. The pandemic also provided the use of virtual communications, and these will be included in a wider, supporting communications plan.
- 4.3 The Service's policy framework will also be reviewed and further options recommended to Members, for example, arrangements for future compensatory payments scheme and any amendments recommended to the scheme of delegation for the CFO, due to be reported on the review of the constitution by the Clerk to the Authority

5. EQUALITIES IMPLICATIONS

There are no equalities implications arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

This report does not present any additional implications at this stage, these will be reported in future report to Members should they be identified.

7. LEGAL IMPLICATIONS

This report does not present any additional implications at this stage, these will be identified and reported in future reports to Members as part of individual workstreams.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 Regardless of the efficiencies required, the Authority has a requirement to meet its statutory duties and by supporting the approach outlined within this report, options can be developed and recommended for Members' consideration as how best those duties can be met, deliver the required efficiencies and best manage risk.
- 8.2 Given the percentage budget allocated to employee costs (detailed within table 1 of this report) and projected savings required, this will require close engagement with the workforce and employee representative bodies. The Service has a positive history of engagement and embedded informal and formal systems that will be fully utilised in developing proposals to deliver efficiencies.
- 8.3 Given the projected funding levels, a do-nothing option is not available, therefore delivering a balanced budget clearly has risk implications for the Authority without making efficiencies. This report seeks support for the proposed efficiencies strategy approach.
- 8.4 As the Service puts communities first, public confidence and Service reputation is currently held in high regard, any recommendations that may amend public service will inevitably and rightly attract attention. Through the communication plan and any supporting consultation processes required, through providing information and re-assurance, this risk is likely to be better mitigated to some degree by the Service.
- 8.5 The ability and capacity to deliver change to meet the budgetary timescales available will need thorough project management and may impact upon the wider CRMP commitments. These will be reported as they arise either to the full Fire Authority or supporting committees and overseen and reported by the Head of Finance/Treasurer within the budget monitoring process and captured within the Annual Statements of Assurance between 2022 – 2025.
- 8.6 Workforce sustainability is already in the Strategic Risk Register with specific factors now growing in risk profile, namely the ability to recruit and retain staff, particularly in On-call and Service Support roles and a point reflected nationally within the sector.

9. COLLABORATION IMPLICATIONS

Whilst this report does not identify additional collaboration implications at this stage, it is fully expected potential collaboration opportunities be explored as part of any future package of efficiencies to deliver the Service and a balanced budget.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Support the proposed approach detailed within this report.
- 10.2 Receive a further report at the Fire Authority meeting in September 2022.

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

None.

Craig Parkin
CHIEF FIRE OFFICER