



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

Date: 4 April 2014

Purpose of Report:

To outline the proposed programme for achieving and demonstrating Value for Money in 2014/15 and to report progress against the Value for Money Programme for 2013/14.

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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 Government’s austerity measures continue to take effect, our ability to use resources as efficiently and effectively as possible is 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 2013/14 Value for Money Programme

- 2.1 A report was presented to the Finance & Resources Committee in April 2013 which set out the programme of work for 2013/14.
- 2.2 The Equipment Section was planning to achieve savings in the region of £20k over 2013/14 and 2014/15 by reducing the number of gas tight suits purchased as part of its replacement programme. Due to a change in operational use the replacement of gas tight suits has now been deferred until 2014/15 but the Equipment Manager still expects the savings to be achieved. As anticipated, the implementation of in-house collections of Holmatro kit has resulted in savings, however the plans to train technicians to carry out minor repairs to Holmatro kit have been put on hold until 2014/15 due to changes in personnel. During 2013/14 the Equipment Section has delivered procurement savings in excess of £25k without compromising on the quality or effectiveness of the products purchased. Examples include a 50% saving on new branches, a 40% saving on salvage sheets, a £6.4k saving on officers’ torches and a £6k saving on tools.
- 2.3 The trial carried out by the ICT and Finance Departments on the use of EzeScan software to automate invoice processing has been unsuccessful.

The ICT Department will now explore the possibility of trialling software that is specifically designed to work with the Agresso finance system.

- 2.4 The ICT Department still hopes to achieve savings by using PCs and multi-functional printers to send and receive facsimile mail, thus eliminating the need for fax machines and dedicated fax lines. The IT Development Officer has been tasked with looking at the fax service requirement, with a view to fax lines being removed by the end of the financial year. This is likely to reduce line rental costs by at least £9k per annum and will also produce savings relating to the purchase of consumables and the purchase and maintenance of equipment.
- 2.5 The upgrade of the wide area network (WAN) is due to be completed by the end of February 2014. It is predicted that the upgrade will generate ongoing annual savings of £17k, so the £43k installation costs will be recovered in less than three years. The upgrade will improve the performance and resilience of the network and this, together with plans to move to a Microsoft Volume Enterprise License, will enable the implementation of Microsoft Lync and the replacement of the existing telephony system with a modern Voice Over IP (VOIP) compatible system. The new VOIP compatible system will fully integrate with the existing Microsoft Active Directory, the new Exchange 2010 server and Lync 2010, and will provide a simple to use video and audio conferencing system and Lync instant messaging. This will reduce the need to travel for meetings and therefore reduce the associated costs and the environmental impact. The new telephone system will bring other benefits including free 'internal' telephone calls from one NFRS site to another, cost savings arising from the cancellation of existing PSTN and ISDN lines, increased security, and reduced email storage costs.
- 2.6 The Learning and Development Department has developed an internal course that enables all new operational supervisory managers to gain the Edexcel level 3 Award in Initial Incident Command. Approximately 40 staff will be attending this internal course during 2013/14 and 2014/15 instead of going to the Fire Service College as before. As the Fire Service College courses cost around £3k per person including travel and accommodation, the provision of this course internally will save around £120k over the two financial years.
- 2.7 The Procurement Team continues to achieve savings by various means including changing suppliers, re-negotiating with existing suppliers and sourcing substitute products. During the period from April 2013 to January 2014 the Team has delivered ongoing savings totalling £22.7k and one-off savings totalling £10.3k. It has been involved in numerous tenders, working with managers to ensure that value for money is achieved.
- 2.8 Managers are continuing to find ways to improve the efficiency of the Service by improving processes and securing procurement savings where possible, for example the retendering of the insurance brokerage contract has achieved savings of £7k. The Multi Activity Contract for estates maintenance and refurbishments has been in place for three years and, as the supplier is

now familiar with our requirements, the Estates Department has been able to reduce its expenditure on consultancy fees when planning refurbishments. The Estates Department also commissioned the services of an external specialist surveyor to examine business rates and appeal on our behalf. This has resulted in a one-off saving of £65k as well as ongoing savings.

Value for Money Programme 2014/15

- 2.9 A report was presented to the Fire Authority in February which set out the areas in which savings can be made in order to balance the revenue budget in the medium term. In addition to the items highlighted in this report, managers are continuing to seek savings in other areas, and to generally find ways to improve the efficiency and effectiveness of the Service wherever possible. This will be achieved by improving systems and processes to ensure that resources are being used as effectively as possible, and by securing good value for money when purchasing goods and services.
- 2.10 The implementation of the enhanced crewing model is due to commence in July. Initially the model will be piloted at Bingham and Worksop subject to satisfactory negotiation with the trade unions. This new crewing system will involve individuals providing immediate cover at these stations for 4 to 5 hours per day during peak hours, and providing on-call cover at other times. They will also work additional hours, either providing wholetime cover at a 'sister' station or carrying out any other activity which is deemed suitable. This will enable the wholetime establishment to be reduced. This model will therefore deliver the required levels of fire cover in these areas whilst also achieving cost savings.
- 2.11 Audits will be carried out on gas, electricity, water and phone charges to ensure that the Service is paying the correct amount for utilities. The Estates Department is commissioning a company called British Independent Utilities (BIU) to undertake an audit of gas and electricity charges. BIU will review all invoices from the last three years to look for evidence of overcharging and identify opportunities to recover revenue. They will also ensure that the suppliers are offering the most appropriate tariffs. Waterwatch UK will undertake an audit of water rates, looking for evidence of overcharging and ensuring that rateable values are correct. Similarly, the ICT Department is arranging an audit of phone bills from the past few years to ensure that the Service has not been overcharged. The Service won't incur any charges for these audits unless savings are made, as all three organisations operate on a "share of savings" basis.
- 2.12 There are plans for the Prince's Trust Teams to be run from fire stations instead of hiring rooms elsewhere. The Worksop and Sherwood Teams have already moved into Worksop station and Highfields station respectively, saving approximately £10k per annum. The Mansfield and Newark Teams will be moving into Mansfield and Newark stations in the summer, it is estimated that this will save an additional £13k per annum.

- 2.13 The Estates Manager is exploring opportunities to share premises with other organisations. It has already been agreed that East Midlands Ambulance Service will share four of the Service's sites, and they are considering sharing eight more. This arrangement will generate rental income, which will be partially offset by an increase in running costs at retained standalone sites. The running costs at wholetime stations will be largely unaffected. In addition to generating income, this could lead to closer working arrangements and present opportunities for further collaboration in the future.
- 2.14 There are plans for Nottingham City Council's Emergency Planning Team to rent accommodation at the new London Road fire station. As this means that the project to build the new station will fulfil the criteria of encouraging collaboration and improving local accountability, the Service may be able to bid for capital grant funding from central government.
- 2.15 The ICT Department has reviewed the Service's mobile phone requirement and is renewing the mobile phone contracts. It has undertaken a trial to identify which mobile devices are best suited to the needs of NFRS staff, and has categorised users into those requiring "talk & text", those requiring email capability, and those requiring smartphones. It is purchasing three new models of phone to meet these requirements, replacing the existing phones which had, in many cases, exceeded their intended operational lifespan. The purchase of the phones is to be partly funded by a "technology fund" which is provided by EE as part of the new phone contract. The contract itself gives better value for money, and has the potential to generate annual revenue savings of up to £23k provided that users stay within their allocated minutes of talk time. The Service is also switching the provider of the SIM cards used on fire appliances, and this is expected to generate annual savings of around £4k.
- 2.16 Office 365 E4 licenses will be purchased for the 115 users of Windows phones under the new Microsoft Volume Licensing Agreement. These licenses will enable users to install Microsoft Office on up to 5 devices and access a cloud-based server for email, chat, SharePoint and file storage. This will lead to more efficient mobile working. There is also the possibility that remote printing will be introduced for the users of mobile devices.
- 2.17 The Safecom printers currently used at Headquarters will be rolled out to stations. This will reduce printing costs and enable the supplier to remotely detect faults and monitor consumables, thus ensuring that problems are addressed promptly and effectively.
- 2.18 The Evaluation Officer is focused on developing and applying evaluation methods to training and risk reduction work, in order to deliver efficiency and effectiveness in these areas. The application of the SARA (Scan, Analyse, Respond, Assess) model to risk reduction work ensures that initiatives are effective and focused towards specific risk issues, which enables the development of clear measurable aims. The focus of future initiatives is influenced by the outcomes of the evaluation process, and lessons can be learned from those initiatives which have and have not been successful in

the past. The development of evaluation processes for training is still within its early stages. However NFRS consistently report upon attendees' reactions towards training courses, measuring perceived usefulness and relevance through the generation of both quantitative and qualitative data, in order to identify areas for improvement. Future work will focus upon developing methods to measure longer term outcomes.

- 2.19 The new mobilising system developed as part of the Tri-Service Control Project will deliver economy savings of £4k per annum through a reduction in maintenance costs compared to the current system.
- 2.20 The Supplies Manager is in the process of exploring options for collaborative procurement of certain goods, in partnership with Derbyshire Fire and Rescue Service. The intention will be to make economy savings, and details of the potential scale of these savings should become apparent as negotiations develop.

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

It is recommended that Members note the contents of the report.

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

None.

John Buckley
Chief Fire Officer