

Meeting: Combined Fire Authority**Date: 8th February 2017****Subject: Summary Report – Review of Management Arrangements****Report by: The Chief Fire and Rescue Officer****Author: Steve Lunn - Chief Fire and Rescue Officer****For: Information****1. Purpose**

To present the summary findings and recommendations following the completion of the review of management arrangements in Leicestershire Fire and Rescue Service (LFRS). The review was commissioned by the Combined Fire Authority (CFA) at its meeting on 22 June 2016.

2. Recommendations

The CFA is requested to:

- a) Note the contents of the report and the appendix attached to it;
- b) Note the changes to management arrangements within LFRS that have already been implemented;
- c) Note the significant financial savings that have been generated as a consequence of implementing the changes to the management arrangements;
- d) Agree that the Chief Fire and Rescue Officer; in consultation with the Chair, Vice Chair and Treasurer to the CFA should identify and implement appropriate arrangements in response to the weaknesses identified in respect of review of the finance function; and
- e) Agree that the Chief Fire and Rescue Officer; in consultation with the Chair, Vice Chair and Treasurer to the CFA should identify and implement appropriate arrangements in response to the weaknesses identified in respect of procurement and contract management arrangements.

3. Executive Summary

- 3.1. At its meeting that took place on 22nd June 2016, the CFA agreed that the Chief Fire Officer should commission a comprehensive review of the management arrangements in LFRS.

3.2. The scope and methodology of the management review was set out in the report that was presented to the CFA and in order to simplify the overall process, it has been managed in four distinct phases:

Phase 1: A review of the management structure options incorporating:

- An analysis of arrangements in similar organisations to establish benchmark comparisons;
- An analysis of the options relating to the number of middle and senior managers required to deliver all of the Service priorities; and,
- An analysis of the functional and structural alignment options to identify where efficiencies could be realised.

Phase 2: A review of contracts, duty systems and remuneration arrangements applicable to middle and senior managers incorporating:

- An analysis of arrangements in similar organisations to establish benchmark comparisons; and,
- An analysis of potential 'change' options to improve efficiency and reduce costs.

Phase 3: A review of management support arrangements incorporating the effectiveness of extant ICT business solutions and administrative support in order to determine whether efficiencies and economies could be realised.

Phase 4: A review of functions that have known weakness (Finance and Procurement) in order to identify what improvements could be achieved.

3.3. Phase 1 has identified that it has been possible to reduce the number of senior managers employed by the CFA with minimal compromise to the capacity to deliver all of the Service priorities. It has also identified the necessity to make some structural realignments in order to improve management efficiency.

3.4. Phase 2 has identified that scope has existed to amend contracts, duty system arrangements and remuneration packages applicable to senior managers and the changes implemented will improve efficiency and in addition, reduce the overall revenue (salary) costs to the CFA.

3.5. Phase 3 has identified that scope has existed to reduce the amount of administrative support provided to middle and senior managers. It has also identified that there is a requirement to replace some of the extant ICT business solutions. The reduction in administrative support arrangements has further reduced overall revenue (salary) costs and it is anticipated that the replacement of ICT business solutions will improve management efficiency.

3.6. Phase 4 has identified that there are weaknesses in the finance function and that there is a requirement to improve the team structure and to increase the accountancy capacity in the team.

Phase 4 has also identified that there is a requirement to improve arrangements as they apply to procurement and contract management arrangements. It is

proposed to address these weaknesses through the development of a partnership/collaboration arrangement with a suitable partner.

4. Report Detail

- 4.1. In the last seven (7) years, there have been three (3) major reviews of management arrangements in LFRS. The reviews have identified and subsequently implemented incremental changes applicable to both type and number of senior managers that the CFA employs.

By way of an example, in 2010 the top tier structures in LFRS consisted of four (4) directorates and eight (8) functional areas. Each directorate was managed by either a Deputy Chief Fire and Rescue Officer, an Assistant Chief Fire and Rescue Officer or a non-operational director (Treasurer and Director of Finance). Each functional area was managed by an Area Manager (either operational or support).

The table below identifies the type and number of middle and senior managers that were employed by the CFA on January 1st 2010.

Table 1: Number of Middle and Senior Managers 01.01.2010

Role	Number of Managers in Post
Chief Fire and Rescue Officer (CEO)	1
Deputy Chief Fire and Rescue Officer (Director)	1
Assistant Chief Fire and Rescue Officer (Director)	2
Treasurer and Director of Finance	1
Area Manager (Operational)	4
Area Manager (Support)	4
Group Manager	8
Station Manager	32
Total Number of Middle and Senior Managers	53

- 4.2. In April 2012, following the retirement of one (1) of the Assistant Chief Fire and Rescue Officers and one (1) of the Area Managers (Operational); combined with the retirement of two Group Managers and a number of Station Managers, the first major management review was completed. This review effectively reduced the number of directorates from four (4) to three (3); and the number of functional areas from eight (8) to seven (7).

This presented an opportunity to make some quite significant reductions in the number of middle and senior managers employed and the table on the following page identifies the scope and level of change that was achieved.

Table 2: Number of Middle and Senior Managers 01.04.2012

Role	Number of Managers in Post
Chief Fire and Rescue Officer (CEO)	1
Deputy Chief Fire and Rescue Officer (Director)	1
Assistant Chief Fire and Rescue Officer (Director)	1
Treasurer and Director of Finance	1
Area Manager (Operational)	3
Area Manager (Support)	4
Group Manager	6
Station Manager	24
Total Number of Middle and Senior Managers	41

4.3. The table identifies that the 2012 management review achieved an overall reduction of twelve (12) middle and senior management posts. In order to make the 2012 management structure changes viable, the span of responsibility applicable to every middle and senior manager; with the exception of the Chief Fire and Rescue Officer, was increased. In addition to this, new duty system arrangements were introduced for the purpose of maintaining operational preparedness and resilience to respond to emergency incidents for command and control.

4.4. Following the appointment of a new Chief Fire and Rescue Officer in June 2015, a second major review of the management arrangements in LFRS was completed. The changes were fully implemented in October 2015. The review identified that the role of Treasurer and Director of Finance and the role of Solicitor and Monitoring Officer (Area Manager Support) would be removed from the structure through redundancy. In order to fill any associated gaps in capacity, the functional delivery of the redundant roles was outsourced through partnership arrangements with the City and County.

It also determined that the role of Head of ICT (Area Manager Support) would also be removed from the structure. In addition to this, the number of Group Managers would be further reduced by one (1); and the number of Station Managers would be reduced by four (4). These reductions were achieved through natural attrition (retirement).

This review effectively reduced the number of directorates from three (3) to two (2) and the number of functional areas from seven (7) to five (5). As with the 2012 review, the outcomes presented an opportunity to make reductions in the number of managers employed and the table below identifies the changes that were achieved and subsequently implemented as of October 1st 2015.

Table 3: Number of Middle and Senior Managers 01.10.2015

Role	Number of Managers in Post
Chief Fire and Rescue Officer (CEO)	1
Deputy Chief Fire and Rescue Officer (Director)	1
Assistant Chief Fire and Rescue Officer (Director)	1
Area Manager (Operational)	3
Area Manager (Support)	2
Group Manager	5
Station Manager	20
Total Number of Middle and Senior Managers	33

- 4.5. The table identifies that; when compared to 2012; a further eight (8) middle and senior management posts were removed from the management structure. When comparison is made to the structure that existed in 2010, it can be demonstrated that the total number of middle and senior management positions had reduced by twenty (20).

As with the changes that were implemented in 2012, the span of responsibility applicable to every middle and senior manager; with the exception of the Chief Fire and Rescue Officer, was increased. In addition to this, minor 'tweaks' were made to duty system arrangements to ensure the ongoing resilience of command and control arrangements.

- 4.6. In June 2016 the CFA confirmed the appointment of an interim Chief Fire and Rescue Officer following an agreement reached with the substantive Chief Fire and Rescue Officer to terminate his employment as of June 1st 2016. At its meeting that took place on 22nd June 2016, the CFA requested that the interim Chief Fire and Rescue Officer complete a further major review of management arrangements.

- 4.7. The review has been completed in four phases:

Phase 1: A review of management structure options.

Phase 2: A review of contracts, duty systems and remuneration arrangements applicable to middle and senior managers.

Phase 3: A review of management support arrangements incorporating the effectiveness of extant ICT business solutions and administrative support.

Phase 4: A review of functions that have known weakness (Finance and Procurement).

4.8. In completing this review, the management arrangements in a number of similar organisations including Fire, Police and other Local Authorities have been examined. This has included an analysis of management structures, management roles, remuneration and contractual arrangements.

4.9. In accordance with the instructions of the CFA, where it has been possible to implement changes quickly, they have been actioned following consultation with the Chair, Vice Chair and Treasurer.

4.10. **Phase 1 Summary Findings**

Whilst the reviews that were completed in 2012 and 2015 achieved quite significant reductions in the number of middle and senior managers employed, neither of them fully considered the following aspects:

- The structures and arrangements that have been introduced into similar organisations;
- The structural alignment and relationships between management functions; and,
- The functional roles of middle and senior managers.

4.11. Further to this, when the management structure that was implemented following the completion of the 2015 review was analysed in detail, four (4) main aspects became apparent and these have formed the basis of completing Phase 1 of this review:

1. Whether the structural alignment of directorates, functions and teams was appropriate and fit for purpose;
2. Whether there was any scope to change the functional role of the most senior managers i.e. the Chief Officer team;
3. Whether; as a consequence of addressing aspect 2, there was any scope to achieve further reductions in the number of senior managers; and,
4. Whether sufficient capacity exists within any revised structure (number of managers) to deliver all of the Service priorities in addition to maintaining 'steady state'.

4.12. In respect of similar organisations, a comparison was made with our closet partners i.e. other regional CFAs in the Family Group. This identified that LFRS has a very 'lean' management structure. This level of 'lean' is most profound at Group and Station Manager level.

The table on the following page identifies the number of middle and senior manager positions employed in LFRS compared to Derbyshire and Nottinghamshire Fire and Rescue Services. The figures are based upon the management structures that were in place as of October 2015.

Table 4: Comparison of Number of Operational Middle and Senior Managers LFRS Versus Derbyshire and Nottinghamshire (October 2015)

Role	LFRS	DFRS	NFRS
Chief Fire and Rescue Officer	1	1	1
Deputy Chief Fire and Rescue Officer	1	1	1
Assistant Chief Fire and Rescue Officer	1	1	1
Area Manager	3	4	4
Group Manager	5	8	6
Station Manager	20	22	30
Total Number	31	37	43

- 4.13. When compared on a much wider scale, the other larger fire and rescue services in the Family Group do maintain higher levels of middle and senior management provision than those reported in the table above. Therefore, the review concluded that that whilst further reductions in the numbers of middle and senior management positions in LFRS could be considered, they would have to be linked to a much wider appreciation of management roles and functional relationships rather than just structural arrangements.
- 4.14. In a growing majority of fire and rescue services, structures are now more and more being based on a service delivery and service support model. The move to a two (2) directorate delivery model is consistent within the five (5) fire and rescue services in the East Midlands region. When these structures are analysed in detail, two features become apparent:
1. The Chief Fire and Rescue Officer generally has no role other than to manage and lead the Service; and,
 2. All services continue to employ a Deputy Chief Fire and Rescue Officer
- 4.15. An analysis of the structural alignment of functions and teams was undertaken and this determined that the 2015 review was flawed in so much that a number of service delivery functions had been located in the service support directorate and vice versa. Further analysis identified that some middle and more senior managers were required to effectively report to two (2) directors because of these flaws. It was therefore concluded that immediate action was required to rectify the conflicts and inefficiencies. Appendix 1 to this report illustrates the changes that have been made to the structure in order to achieve a better alignment of functions and teams to improve management efficiency.
- 4.16. The analysis of the role of the Chief Fire and Rescue Officer determined that there was scope for the postholder to undertake a broader management role

within the organisation. This conclusion was based on a study of the way that the role of Chief Executives have developed in other Local Authorities whereby in addition to leading their respective Services, many also maintain responsibility for the day to day management of key functions including Planning and Performance, Democratic Services, Corporate Communications etc. Appendix 1 to this report illustrates the changes that have been made to the role of the Chief Fire and Rescue Officer in LFRS. This change of role has facilitated a reductive change to the total number of senior managers that the CFA employs and this is outlined in paragraph 4.18 below.

- 4.17. In respect of the role of the Deputy Chief Fire and Rescue Officer, it was determined that there are only two (2) organisations who routinely employ a position of this nature and they are Fire and Police.

In the main, other Local Authorities have removed the Deputy position and moved towards a 'flatter' structure that relies on a Chief Executive and Director model. It was concluded that the removal of the Deputy Chief Fire and Rescue Officer role in favour of two (2) Assistant Chief Fire and Rescue Officers would provide a model that (a) would reflect a more 'modern' approach to structuring the Service; and, (b) would not have any material impact on LFRS' ability to function and deliver its planning priorities. Further to this, the change has also created an opportunity to reduce the top tier revenue (salary) costs. Appendix 1 to this report illustrates the changes that have been made to the structure following the removal of the Deputy Chief Fire and Rescue Officer role.

- 4.18. The final aspect that was challenged under Phase 1 of the management review was in relation to the capacity that exists within the organisation to deliver all of the Service priorities linked to the number of middle and senior managers employed. This concluded that if the role of the Chief Fire and Rescue Officer is expanded to directly manage functions that under previous structural iterations fell within the remit of an Area Manager, then it would be feasible to reduce the number of Area Manager posts by one (1).

Feedback from managers have indicated that capacity is a major issue given that the number of projects to transform the organisation is currently very high and this is impacting on individual capability to manage functions on a 'steady state' basis. In response to this, it is concluded that rather than employ additional full-time/permanent managers, better use should be made of the Transformational Change Budget to temporarily employ extra capacity to deliver projects and initiatives when the need can be justified.

- 4.19. In summary, the completion of Phase 1 of the review has identified a number of 'quick wins', which in consultation with the Chair, Vice Chair and Treasurer to the CFA, have now been implemented. The following revisions to the management arrangements were introduced on 1st September 2016:

1. The existing management structure was 'tweaked' in order to achieve a better alignment of the management of functions within the extant service delivery and service support model;

2. The role of the Chief Fire and Rescue Officer has been broadened in so much that the incumbent now maintains a much wider management portfolio;
3. The role of the Deputy Chief Fire and Rescue Officer has been removed in favour of a two (2) Assistant Chief Fire and Rescue Officer model.
4. One of the three (3) Area Manager (Operational) roles has been removed from the structure and this has been possible as a consequence of group managers reporting directly to the ACFO & the changes to the revised role of the Chief Fire and Rescue Officer; and,
5. A limited amount of Transformational Change funding has been made available for additional temporary posts to deliver the Service priorities following the approval of business cases to support the growth requirements.

The changes to the senior and middle management structures that were implemented in September 2016 have achieved gross savings that equate to just over £150,000 per annum. Appendix 1 to this report illustrates all of the structural changes that have been implemented as of 1st September 2016.

- 4.20. The table below illustrates the changes in the number of senior and middle managers employed by the CFA between 2010 and 2016.

Table 5: Number of Middle and Senior Managers 01.01.2010 – 01.09.2016

Role	2010	2012	2015	2016
Chief Fire and Rescue Officer	1	1	1	1
Deputy Chief Fire and Rescue Officer	1	1	1	0
Assistant Chief Fire and Rescue Officer	2	1	1	2
Treasurer and Director of Finance	1	1	0	0
Area Manager (Operational)	4	3	3	2
Area Manager (Support)	4	4	2	2
Group Manager	8	6	5	5
Station Manager	32	24	20	20
Total Number Managers	53	41	33	32

- 4.21. With the exception of the two (2) posts that were removed from the structure in 2015 (Director of Finance and Monitoring Officer), all other reductive changes to the number of middle and senior managers employed by the CFA have been achieved through 'natural wastage'.

4.22. **Phase 2 Summary Findings**

Although the reviews of the management structure that were completed in 2012 and 2015 provided a focus on duty system arrangements, they did not cover any major or minor aspects associated with contracts or remuneration packages applicable to middle and senior managers.

- 4.23. Phase 2 of this management review has focused on these matters and set out below are the findings along with the change proposals that were presented to the Chair, Vice Chair and Treasurer for immediate approval.
- 4.24. In relation to remuneration, the annual salaries paid to Station, Group and Area Managers are set at a national level and the pay scales for these positions are contained in the Grey Book. They are therefore contractual. The scales are updated on an annual basis to reflect any nationally negotiated pay rise and are 'fixed'. As a consequence, the pay scales for this cohort of managers cannot be amended unless a local agreement to do so is in place. There is no such agreement in LFRS and there is no appetite to establish one.
- 4.25. Phase 2 of the management review has identified an anomaly in the contractual arrangements as applicable to Area Managers (operational) in so much that they were allowed an additional five (5) days of leave over and above the stipulated allowance as described in the Grey Book. This matter has been addressed and the contracts of the two (2) incumbent managers now reflect a level of leave allowance that accords with the guidance i.e. it has been reduced by 5 days.
- 4.26. Phase 2 of the management review also examined duty systems but it was concluded that the implementation of the structural changes were not dependent on any change to these duty systems and therefore, no changes are being proposed.
- 4.27. The annual salaries awarded to the top tier of management including the Chief Fire and Rescue Officer, Deputy Chief Fire and Rescue Officer and Assistant Chief Fire and Rescue Officer are locally negotiated in accordance with the conditions as set out in the Gold Book. The Gold Book stipulates the minimum salary that should be awarded based on population bandings and the CFA, through negotiation with the Chief Fire and Rescue Officer will determine what the final salary will be.

From a national perspective, the Chief Fire and Rescue Officers salary is generally linked to the salaries of the Deputy and Assistant Chief Fire and Rescue Officers. When analysed, it can be established that Assistant Chief Fire and Rescue Officers generally receive between 70-80% of the annual salary awarded to the Chief Fire and Rescue Officer. Deputy Chief Fire and Rescue Officers receive between 80-85%.

- 4.28. During the last fourteen (14) years, chief officer pay has accelerated in value at a much quicker rate than that applicable to any other staff group. By way of an

example, in 2002, the annual salary for the Chief Fire and Rescue Officer was £87,159 per annum. By April 2015, this had increased to £149,220 per annum. This was reviewed downwards in June 2015 to £144,872 when a new Chief Fire and Rescue Officer was appointed.

- 4.29. In the same vein, the pay of Deputy and Assistant Chief Fire and Rescue Officers has also accelerated in a similar manner because of the salary linkage arrangements. For example, the annual salary awarded to the Assistant Chief Fire and Rescue Officer in 2015 was £112,996 per annum and the salary of the Deputy was £117,048 per annum.
- 4.30. The table below provides an indication of the range of salaries that were paid to Chief Fire and Rescue Officers as of September 2013. It should be noted that these salaries will have increased as a consequence of annual pay inflation and it is provided only for illustration purposes only.

Table 5: Family Group and Regional Fire and Rescue Services Pay Comparison for Chief Fire and Rescue Officers (Sept 2013)

Service	Annual Salary
Leicestershire Fire and Rescue Service	£148,220
Nottinghamshire Fire and Rescue Service	£141,592
Derbyshire Fire and Rescue Service	£140,536
Northamptonshire Fire and Rescue Service	£122,000
Lincolnshire Fire and Rescue Service	£111,223
Cambridgeshire Fire and Rescue Service	£168,302
Kent Fire and Rescue Service	£163,600
Lancashire Fire and Rescue Service	£150,000
Staffordshire Fire and Rescue Service	£144,873
Avon Fire and Rescue Service	£130,080
Cleveland Fire and Rescue Service	£148,422
Essex Fire and Rescue Service	£148,266
Hampshire Fire and Rescue Service	£143,823
Hertfordshire Fire and Rescue Service	£105,330
Humberside Fire and Rescue Service	£135,779
Surrey Fire and Rescue Service	£111,838

- 4.31. The table highlights is that there is a very wide spread of salary arrangements for Chief Fire and Rescue Officers. When a more detailed analysis is applied to the rates of pay, it can be concluded that there is little; if any, correlation between the size and complexity of the role and the actual level of remuneration paid.
- 4.32. Immediately prior to the appointment of the interim Chief Fire and Rescue Officer in June 2016, a revised remuneration package was agreed by the appointee in consultation with the Chair, Vice Chair and Treasurer to the CFA. The revised annual salary was set at £126,250 per annum. It was agreed that the reduction in overall salary (from £144,872) was a better reflection of the prevailing issues facing LFRS i.e. cuts to budgets, ability to pay and the general concerns about top management salary payments.
- 4.33. In accordance with the change of salary applicable to the Chief Fire and Rescue Officer, it has also been necessary to review the salary packages paid to both Assistant Chief Fire and Rescue Officers. In relation to this, it has been agreed that each will receive an annual salary equating to approximately 80% of the salary paid to the Chief. As of September 2016, each Assistant Chief Fire and Rescue Officer receives an annual salary of £100,969 each (down from £112,996 in 2015)
- 4.34. The changes to salary arrangements have resulted in revenue savings equating to £46,638 per annum plus employer's on-costs. The employment contracts for all three (3) incumbent Chief Officers have been amended accordingly to reflect the changes.
- 4.35. An additional element of the overall remuneration package that is provided to all middle and senior managers is the provision of a vehicle to undertake business and operational duties. Prior to June 2016, three levels of vehicle provision were made in LFRS and this accorded with general principles associated with seniority in role.
- 4.36. Station and Group Managers were provided with a 'base model' car, Area Managers were provided with a 'mid-range model' car and Chief Officers were provided with an 'executive model' car. By way of an example, the Chief Fire and Rescue Officer was provided with a Land Rover Discovery, the Deputy Chief Fire and Rescue Officer was provided with a Range Rover Evoque and the Assistant Chief Fire and Rescue Officer was provided with a 'mid-range' Ford Kuga. Area Managers were also provided with a 'mid-range' Ford Kuga and Station/Group Managers were provided with a 'base model' Ford Kuga. The average annual lease cost for each type of vehicle was as follows:

Land Rover Discovery	£6,180
Range Rover Evoque	£6,039
Ford Kuga (Mid)	£3,152
Ford Kuga (Base)	£2,867

4.37. Following changes to the 'provided' car arrangements that were introduced following the appointment of the interim Chief Fire and Rescue Officer in June 2016, there are now only two (2) levels of provision. Chief Officers are provided with a 'mid-range model' car and Area/Group/Station Managers are provided with a 'base model' car (at this time, all provided cars are Ford Kuga's). The changes that have been made to provided car provision has achieved an annual saving in relation to vehicle leases equalling approximately £9,000 per annum.

4.38. The recently completed review of fleet has identified that the current 'provided' car scheme is both effective and fit for purpose. However it will be subject to further review in 2018/19.

4.39. **Phase 3 Summary Findings**

Phase 3 of the management review has focused on the management support arrangements incorporating the effectiveness of extant ICT business solutions and administrative support provided to individual managers.

4.40. In respect of the ICT business solutions, it has been identified that many of the extant systems are either (a) out of date and no longer 'fit for purpose'; (b) limited in terms of what they can provide to the Service in terms of functionality; (c) 'clunky' in so much that they are highly inefficient and require high levels of resource commitment to keep them up to date; or, (d) are no longer supported in terms of development and maintenance.

4.41. The review has identified that a number of the existing ICT systems should be replaced and the financial requirements are set out in the 2017/2020 Budget Strategy. In summary, the new/replacement systems that will be procured are:

- A replacement incident recording system;
- A new electronic fleet tracking system;
- A replacement integrated learning and development management system;
- A replacement premises risk information system; and,
- A replacement performance management system.

It is anticipated that the new systems will improve managerial efficiency and enable LFRS to transform its business process arrangements.

4.42. The review of the amount of administrative support provided to managers has identified that a number of posts were being underutilised and that there was some capacity that could be removed from the organisation. As a consequence a reduction in administrative staffing has been agreed, taking opportunities presented when vacancies have arisen in order to avoid any redundancies.

4.43. The changes to administrative staff establishment will realise revenue saving in the region of £50,000 per annum.

4.44. Phase 4 Summary Findings

Phase 3 of the review of management has been focused on functional areas of the Service where there are perceived weaknesses that need to be addressed. The first functional area that was identified for review was the Finance function and Leicester City Council were commissioned to undertake an independent review of the current arrangements. The review was completed in December 2016 and it has identified a number of capacity and process matters that need to be resolved in order to ensure that the future provisions are much more efficient and 'fit for purpose'.

4.45. The main recommendations of the finance review are:

1. To increase the amount of accountancy skills within the department in order for it to operate more effectively and more efficiently;
2. To re-structure the department so it consists of a 'single' finance team who come under the remit of a 'single' department manager (the team is currently split into two sub-teams under two managers);
3. To re-profile some of the existing work processes to improve efficiency; and,
4. Through implementing the changes outlined above, for the current Head of Function to take a much more strategic role in managing the department and the Service.

4.46. The second area that was identified as having weaknesses is procurement. By way of providing some background, LFRS does not currently employ a procurement specialist and nor does it maintain a procurement department. Moreover, individual managers undertake procurement activities as part of their functional responsibilities.

4.47. Leicestershire Police were appointed to complete an independent review of LFRS procurement activities and it reported the outcomes in October 2016. In the main, the review identified that LFRS does get 'good value' from its procurement activities and does make extensive use of extant frameworks and other 'call off' contracts. However, the review also identified a number of weaknesses that do need to be addressed.

4.48. The weaknesses can be summarised as follows:

1. The procurement strategy and associated policies and procedures need to be updated;
2. Contracts and contract management arrangements need to be strengthened;
3. Managers responsible for procurement need to receive further training in

accordance with a revised procurement strategy; and,

4. The Service would benefit from having access to a procurement specialist who can address the points above.

- 4.49. To address the weaknesses, it is clear that additional support will be required from a procurement specialist. In relation to this, it is recommended that through a collaboration with a suitable partner, LFRS buys in the support in very much the same way that it currently contracts for Democratic Services (County) or the role of the Treasurer (City).

5. Report Implications / Impact

5.1. *Legal (including crime and disorder)*

In completing the review of management arrangements in LFRS, all legal duties and requirements have been complied with.

5.2. *Financial (including value for money, benefits and efficiencies)*

- a) The review of management arrangements has identified revenue savings in the region of £230,000 per annum.
- b) There will be an increased cost associated with the increase in accountancy support within the finance function and this is estimated to be in the region of £40,000 per annum.
- c) There is likely to be an increased cost associated with contracting in specialist procurement support but the amount is not known at this time.
- d) The proposed changes to ICT business systems has been factored into the Budget Strategy 2017/20.

5.3. *Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)*

- a) The changes that have been made to the management structure and the role and number of senior and middle managers employed by the CFA have had no impact on business continuity considerations.
- b) All changes have been realised without any recourse to dispute or the use of redundancy procedures.

5.4. *Staff, Service Users and Stakeholders (including the Equality Impact Assessment)*

- a) All management structure and other changes have been widely consulted with a range of staff groups before being implemented.
- b) In accordance with the instructions of the CFA, all changes to the management arrangements have been approved in consultation with the Chair, Vice Chair and Treasurer to the CFA prior to implementation.

5.5. ***Environmental***

The changes as they relate to the provision of vehicles for middle and senior managers will have a positive impact on environmental outcomes i.e. fewer vehicles that are more fuel efficient.

5.6. ***Impact upon Our Plan Objectives***

- a) The changes that have been made to the management structure and the role and number of senior and middle managers employed by the CFA will not impact on the achievement of the CFAs planning priorities.
- b) The changes have been implemented to improve the efficiency and effectiveness of the Service's management arrangements and at the same time, reduce the overall costs.

6. **Background Papers**

None.

7. **Appendices**

Schematic identifying the LFRS management structure.