

Meeting: Combined Fire Authority**Date: 22nd June, 2016****Subject: Draft Efficiency Plan, 2016/17 to 2019/20****Report by: Treasurer****Author: Mark Noble, Head of Financial Strategy, Leicester City Council****For: Decision****1. Purpose**

1.1 The purpose of this report is to seek the Combined Fire Authority's approval to the proposed efficiency plan.

2. Recommendations

2.1 The Authority is recommended to:-

- (a) Approve the efficiency plan described in this report;
- (b) Accept the Government's offer of a four year finance settlement;
- (c) Delegate authority to the Treasurer (in consultation with the Chair) to amend this plan to reflect Home Office guidance and the views of consultees, before it is submitted to the Government;
- (d) Note that progress in delivery of the plan will be published annually.

3. Executive Summary

3.1 It goes without saying that the authority is committed to delivering services as efficiently as possible. This report describes how efficiencies are secured in practice.

3.2 The Government has made an offer of a four year finance settlement. A condition of accepting it is the preparation of an efficiency plan. This plan must be submitted to the Government by 14th October.

3.3 Efficiency planning is, in any event, good practice and this report documents the service's policies in this regard. Thus, the report "kills two birds with one stone."

3.4 The report should be read in conjunction with the medium term financial strategy and the integrated risk management plan, which the authority approved on 10th February, 2016. These can be found on the authority's website.

3.5 The report is essentially in two sections:-

- (a) It sets out the overarching principles by which the service seeks to deliver efficiency;
- (b) It states how those principles are worked out in practice.

3.6 Since writing this report, guidance has been received from the Home Office about the required content of efficiency plans (most of which has already been followed), and more advice may follow. Hence, the recommendations to this report seek authority to make amendments to the text before it is submitted.

4. Report Detail

Principles

4.1 The service naturally seeks to deliver its services as efficiently as possible. It seeks to do so in the following ways:-

- (a) By **working in collaboration with local partners**, in order to:
 - Better focus on prevention instead of emergency response;
 - Promote a policy of multi-skilling, such that all incident responders can (at some level) meet needs presented; and regardless of whether health, crime or safety needs predominate;
 - Secure efficiencies in procurement and back office services.
- (b) By promoting an **efficient, modern force with flexible working practices**;
- (c) By promoting a **culture** where efficiency is embedded in all we do.

4.2 The authority has recently reviewed its political management arrangements, and the leader of the County Council and elected mayor of the City Council have been made Chair and Vice-Chair respectively. By appointing leadership from the highest political level in the area, the constituent councils have signalled their determination to drive forward an ambitious programme of change and modernisation.

4.3 Assisted by the offer of a four year settlement, the Authority has been able to approve a four year medium term financial strategy which has:-

- (a) Provided funds for a new integrated risk management plan, approved with the budget in February 2016. This plan shifts resources to emerging risks, utilises new approaches for responding to incidents, and provides certainty over future operational capacity;
- (b) Promoted efficiency in the use of buildings, vehicles and management structure;
- (c) Built upon opportunities for collaboration with other blue light services, and the City and County Councils;

- (d) Made constructive use of reserves to support the management of change, and the delivery of capital infrastructure, without increasing the service's overall indebtedness.

4.4 The remainder of this report describes how the service has, and will continue to, deliver efficiency through the application of these principles.

Collaboration

4.5 The service will continue to seek opportunities to work with the police, ambulance service and other local partners to improve community resilience and reduce requirements for emergency response.

4.6 A key current project is "Braunstone Blues". Braunstone is a deprived area of the city of Leicester, which has placed greater demand on the emergency services than any other part of Leicester, Leicestershire or Rutland. A joint project with the emergency partners, the clinical commissioning group and Leicester City Council is designed to improve community awareness and reduce the requirement for emergency response. The programme includes the formation of a multi-agency team to provide:-

- (a) A series of "Healthy, Safe and Secure" visits to residents' homes. The purpose is to improve residents' awareness of healthy living, safety from fire and other causes of injury, and home and vehicle security. In line with the multi-skilling principle, any member of the joint team is empowered to provide this advice on behalf of all services;
- (b) A "Citizens' Academy" programme to train local people to take responsibility for the wellbeing of their own area. This will be delivered in a variety of face to face and on-line methods, and cover topics as diverse as identifying the signs of child sexual exploitation and illegal bomb making facilities. It will also inform residents about the services available in the local area, so they can better help themselves and their neighbours;
- (c) A series of local projects with existing service providers using the capacity and skills within the multi-agency delivery team.

4.7 Key outcomes of Braunstone Blues are shown below. These will be monitored:-

- Identify new models of collaboration and integration between emergency services and other public services;
- Improve outcomes for communities, and deliver greater efficiency and effectiveness within shrinking budgets;
- Reduce demand on the three emergency services and on other public services;
- Reduce risk of harm to residents and communities;
- Reduce demand on hospital and local GP services;
- Establish a cohort of expert citizens through the Citizens' Academy.

- 4.8 The service will continue to seek opportunities to collaborate with other services in pursuit of the multi-skilling principle. A key current project is the “Emergency First Responding” (EFR) programme. Firefighters have received enhanced emergency medical training and are able to deliver lifesaving intervention at RED 1 and RED 2 incidents. Outcomes to-date include attendance at 738 calls from 6 fire stations who are part of the programme; a further 4 stations are due to take part from 2016/17.
- 4.9 Other collaborative projects include:
- (a) “Warning Zone” which promotes fire safety, road safety and anti-extremism amongst Leicester schoolchildren;
 - (b) Support to schools through the delivery of a comprehensive education programme that is targeted to every Key Stage 1 and 2 pupil;
 - (c) Youth engagement through the provision of fire cadet schemes in the county area;
 - (c) The “Lightbulb” project in the county area. This is part of the Better Care Fund, and integrates practical housing support for the vulnerably housed into a single service that is available to all, easy to access and use, and provides support shaped around an individual’s rather than an organisation’s processes.
- 4.10 The service will continue to work with other organisations to share services and accommodation, thus achieving synergies and economies. Current initiatives include:-
- (a) The recent extension of Coalville Fire Station, expanding its footprint, and providing new accommodation for the police and ambulance services;
 - (b) A recently completed project to share accommodation with the ambulance service at Castle Donnington. That service’s Hazardous Area Response Team (HART) is currently based at Mansfield, and relocation will facilitate improved response times in all 5 county areas it serves;
 - (c) Sharing of space with the ambulance service at our headquarters in Birstall;
 - (d) The sharing of a health and safety co-ordinator with the police service, which has introduced innovative approaches through sharing best practice, and provided access to a greater pool of resource employed by the police service. Savings of £12,000 per year have also been achieved;
 - (e) The utilisation of a police officer to help promote arson reduction and investigate suspicious fires, and a shared specialist investigation capability with all five regional fire authorities;
 - (f) The sharing of control room and financial systems with Derbyshire and Nottinghamshire fire services;

- (g) The service has worked collaboratively as part of a consortium of nine fire authorities to jointly procure insurance and protection cover. From November 2015, the consortium established the Fire and Rescue Indemnity Company (FRIC) which established pooling arrangements, providing cover for low value losses previously covered by conventional insurance arrangements. With a strong commitment to working together, FRIC aims to reduce the frequency and cost of risk related incidents through improved risk management.
- 4.11 By working with partners the service will procure more efficiently and utilise specialist procurement skills the organisation does not employ. A recent example of this arrangement utilised the greater procurement capacity of Leicester City Council, to procure IT hardware. This initial work enabled LFRS to procure 121 computers; following this success we are looking at our future replacement plans for other products and will consider procuring some 500 PCs/laptops, together with screens, servers and mobile phones.
- 4.12 A review of procurement process, function and provision in conjunction with the Leicestershire constabulary is about to commence. We will receive the findings of this review by the end of 2016, which will inform our future procurement strategy and allow processes to be improved as needed.
- 4.13 The service will continue to share services with the City and County Councils. Current projects include:-
- (a) The use of City Council finance and County Council legal services, which enabled the service to reduce its senior management by two;
 - (b) The pooling of treasury management activity with the City Council, which will (by 2017/18) save the cost of one set of treasury advisors, and reduce the administrative burden at the fire service (particularly when coupled with changes in the MTFs and the avoidance of borrowing).

Efficient, Modern Force with Flexible Working

- 4.14 The service will continue to seek ways to improve its operational efficiency, by:-
- (a) Modernising crewing arrangements;
 - (b) Making use of the latest, most efficient fire-fighting equipment;
 - (c) Reducing back office and management costs, where it is safe to do so, in order to invest in the frontline.
- 4.15 Recent and proposed initiatives include:-
- (a) The introduction of the day crewing plus duty system at Wigston fire station is currently in progress. This will be the sixth station to move to this system,

which is both economical (saving £0.4m per station compared to traditional crewing rosters) and popular; whilst also offering full, round the clock cover;

- (b) The use of resources freed up by the financial strategy to upgrade two fire stations from on-call to whole time status;
- (c) The use of switch crewing at central Leicester fire station, whereby the same crews can use traditional appliances and the aerial ladder platform;
- (d) Reductions in the numbers required in a standard crew;
- (e) Changes to working practices at Fire Control, leading to savings of £150,000 per year and a reduction in establishment;
- (f) A review of support services, which reduced establishment by 11 staff in 2015/16;
- (g) A forthcoming review of the size of the vehicle fleet, removing the need to retain some equipment, and seeking to share specialist appliances with neighbouring services;
- (h) Replacement of traditional appliances with tactical response vehicles (TRVs). Five such vehicles will be acquired as a consequence of the new IRMP, using funds freed through the medium term financial strategy. The cost of providing these is £0.8m less than the equivalent traditional appliances, and each requires a crew of two instead of the standard four.

4.16 The current MTFS envisages further savings of £350,000 per annum through detailed scrutiny of investment in buildings, fleet, support staff and management.

Culture

4.17 The initiatives described above are not enough to ensure the service becomes as efficient as possible. A key element in embedding efficiency is ensuring the right culture.

4.18 The service's management team will continue to promote a culture that rewards innovation and promotes the efficient achievement of our objectives. This includes:-

- (a) delegating to a working group of firefighters responsibility for the specification of the new TRVs;
- (b) encouraging staff to think innovatively: an example of this is the recent expansion of the road safety scheme, through the introduction of a "firebike" that enables us to engage with motorcyclists to raise safety awareness;
- (c) leading the service's commitment to equality of opportunities.

- 4.19 The service is committed to transparency, which is, of course, a way of being accountable to the public for its use of resources. In particular:-
- (a) The service consults a wide range of partners in preparation of its budget strategy and IRMP;
 - (b) The service adheres to the transparency code and publishes details of senior salaries, all spending over £250, and all credit card payments amongst other requirements. It is committed to the publication of transport performance information;
 - (c) This efficiency strategy itself will have been the subject of consultation with key local partners before it is submitted, and the recommendations to this report, if approved, authorise the Treasurer to make consequent amendments.

5. Report Implications/Impact

5.1 Legal

The CFA is required to deliver the statutory duties set out in the Fire and Rescue Services Act 2004, Civil Contingencies Act 2004 and other legislation. The efficiency plan will assist the service in meeting these duties. Collaborative and partnership working will require consideration of the contractual arrangements to support this as required. Legal advice and support will also be required to support the accommodation efficiencies identified.

5.2 Financial

5.2.1 On 8th February, the Government published the local government finance settlement for 2016/17 to 2019/20. This included:-

- (a) Grant figures for 2016/17;
- (b) Indicative grant figures for 2017/18 to 2019/20.

5.2.2 The Government has offered local authorities, including fire authorities, the option of a four year settlement. Whilst details of the offer remain imprecise, the Government states that:-

- (a) There is a clear commitment to provide, at minimum, the amount of revenue support grant stated in February (the indicative grant figures);
- (b) Business rates top-up grant “will not be altered for reasons related to the relevant needs of local authorities”. This means that the grant will vary to reflect changes related to business rates, such as annual inflation.

5.2.3 The Government caveats its offer with a statement that the figures will hold “barring exceptional circumstances.”

5.2.4 In practice, the certainty provided by a multi-year settlement facilitated the preparation of the MTFs, and enabled us to plan with greater confidence.

5.2.5 Of particular note is the approach to reserves we have now adopted. This has:-

- (a) Enabled the authority to keep £3m in general reserves (required for unforeseen circumstances). Increased certainty provides the potential to reduce this in 2017/18;
- (b) Allowed £1.8m to be transferred to a new reserve, which will help deliver transformation;
- (c) Facilitated the setting up of a new capital fund, with an initial balance of £1.3m. This, with annual revenue contributions, has enabled the service to cease leasing appliances and fund its capital needs from current monies. Over time, as existing leases expire, this will translate to a direct revenue saving for the authority.

5.3 Risk

No specific impact arising from this report.

5.4 Staff, Service Users and Stakeholders

Key local partners will be consulted over the summer, and the plan amended accordingly.

5.5 Environmental Implications

None arising from this report.

5.6 Impact upon Our Plan Objectives

This efficiency plan will support the achievement of the authority's medium term financial strategy and integrated risk management plan.

6. Background Papers

- (a) Budget strategy 2016/17 to 2019/20, approved by the Combined Fire Authority on 10th February 2016;
- (b) Integrated Risk Management plan, also approved by the Authority on 10th February, 2016.