

Status of Report:

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Agenda Item:

16

Meeting: Combined Fire Authority

Date: 22 June 2016

Subject: Spending Reviews

Report by: The Chief Fire and Rescue Officer

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For: Decision

1. Purpose

1.1. The purpose of this report is to set out the approach and timeframe for conducting the three spending reviews agreed by the Combined Fire Authority (CFA). The appendices set out the baseline position and scope for each review.

2. Recommendations

2.1. The CFA is asked to:

- a) note the approach, scope and timeframe for each of the three spending reviews;
- b) note that the outcome of the reviews will be reported to the CFA;
- c) agree that, where 'quick win savings' are identified, the Chief Fire and Rescue Officer be authorised to implement such changes as long as these have no adverse effect on the delivery of services.

3. Executive Summary

3.1 The CFA faces funding reductions each year to 2019/20. Spending reviews have been commissioned to identify how to make savings while protecting 'frontline' services - Prevention, Protection, Response and Resilience functions. The budget strategy as agreed by the CFA in February 2016 identifies a need to save £350k between now and 2020. Implementing the outcomes from these reviews will yield at least that level of saving. The reviews are to be completed in financial year 2016/17 and the subsequent decisions implemented as early as possible, and no later than April 2020. The spending reviews will cover the following:

- Fleet: including vehicle provision, maintenance, procurement;

- Estates: including use of buildings, building maintenance, facilities management; and,
- Management arrangements: including number of managers employed, levels of remuneration and Terms & Conditions.

4. Report Detail

- 4.1. The CFA needs to deliver savings of £350,000 between now and 2020, while maximising the resource available for frontline service delivery – prevention, protection, response and resilience.
- 4.2. Early opportunities for savings have already been identified since the most recent Integrated Risk Management Plan (IRMP) was agreed at the CFA meeting on 12 February 2016. These include the sale and non-replacement of some vehicles, reductions in the size of the management structure and proposals for reduced Principal Officer salaries. Further savings remain necessary and any additional resources arising as a result will be redirected into enhancing the frontline service.
- 4.3. The spending reviews cover three areas of LFRS cost bases – Fleet, Estate and Management. These were agreed at the last meeting of the CFA.

5. Review Methodology - Self-Assessment

- 5.1. Leicestershire Fire and Rescue Service (LFRS) will carry out self-assessments against the three spending review areas. The self-assessment for each review will analyse and detail the current provision. This information will then be used in three key ways:
 - To identify whether current provision is being used to maximum effect;
 - To compare provision to other organisations, including similar fire and rescue services, using ‘family groups’ as the basis. It will also consider provision in neighbouring fire and rescue services and other Leicestershire based emergency services and local authorities;
 - To determine if current provision is appropriate or whether savings can be realised.
- 5.2. This approach will enable the CFA to make evidence based decisions on future provision. The CFA will be able to demonstrate Value for Money, enabling the service to operate at the highest possible standards.
- 5.3. The self-assessment will provide a detailed and deep investigation into provision against all three reviews. Significant data will be produced to ensure we fully understand costs and usage. Quick wins will be sought while planning longer term changes, both approaches reducing costs and improving Value for Money.

6. Rationale for approach

- 6.1. Self-assessment with CFA assurance is an economical means of carrying out the reviews. It avoids the cost of commissioning an external body or consultancy to carry out the work, which would still require significant internal support. LFRS has the necessary internal expertise to conduct the work. The assurance process will provide the CFA with confidence in the output.

7. Timeframes

- 7.1. The reviews will begin following CFA approval at its meeting on 22 June 2016. The timeframe for the reviews is:

Management and Fleet

Activity	Completion Date
Start self-assessments	23 Jun 2016
Complete self-assessments ready for assurance	25 Nov 2016
Presentation to CFA for approval	14 Dec 2016
Target for implementation	31 Dec 2017

Estates (extra time allowed for independent condition and usage survey)

Activity	Completion Date
Start self-assessments and conditions survey	23 Jun 2016
Complete self-assessments ready for assurance	27 Jan 2016
Presentation to CFA for approval	8 Feb 2017
Target for implementation	31 Mar 2018

- 7.2. In some cases the same people will be involved in collating the work across the three reviews. This is factored into the time taken to complete the self-assessments.
- 7.3. The target implementation timeframe aligns with the Medium Term Financial Strategy and Integrated Risk Management Plan.

8. **Project Management**

- 8.1. The spending reviews will be treated as a project. This will ensure regular updates to the Executive Advisory Board. The Chief Fire and Rescue Officer will be the Project Executive. The final approval will be provided by the full CFA.

9. **Report Implications / Impact**

9.1. ***Legal (including crime and disorder)***

The CFA is required to deliver the statutory duties set out in the Fire and Rescue Services Act, Civil Contingencies Act and other pieces of legislation. The spending reviews will identify how the necessary savings can be made while reducing or avoiding an adverse impact on frontline service delivery.

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

The CFA is required to deliver a balanced budget and Value for Money. The Medium Term Financial Strategy sets out how this will be done from 2016 – 2020 and identifies the need to reduce costs.

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

Failure to identify savings will increase the likelihood of having to reduce spend on frontline service delivery.

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

Carrying out the review will take significant internal resource with a subsequent impact on day to day activities. Consideration will be given to buying in expert resource as necessary to either support the spending reviews directly or to backfill staff who are engaged in the work to deliver them.

9.5. ***Environmental***

Improving the efficiency of the estate and fleet will reduce environmental impact.

10. **Impact upon Our Plan Objectives**

The spending reviews and the implementation of the outcomes will positively impact the following objectives from 'Our Plan 2020'

- A modern, safe and effective response to emergencies
- Making the most of financial resources
- Effective governance and openness to the community

11. **Background Papers**

Medium Term Financial Strategy

12. **Appendices**

Baseline position and scope for each review.

SPENDING REVIEWS – BASELINE POSITION AND SCOPE

Review of ESTATE

1. Aim

- 1.1. To provide a Combined Fire Authority (CFA) report into the estate owned and/or operated by Leicestershire Fire and Rescue Authority (LFRA). The outcomes will inform the future Estate Management Strategy (EMS).
- 1.2. To achieve revenue savings that can be redirected into frontline service provision.

2. Objectives

- 2.1. To ensure that the EMS is appropriate to support the delivery of LFRA's broader plans, on the basis of:
 - Type, number, use, condition and capacity of premises.
 - A suitable approach to maintenance, refurbishment and replacement
 - A suitable approach to facilities management, including cleaning
 - Delivery of Value for Money
 - An overall reduction in cost

3. Conducting the review

- 3.1. The estate review will be conducted in line with the approach set out in the accompanying report.
- 3.2. The self-assessment will make direct comparison of provisions with similar services i.e. with fire and rescue service Family Group members, neighbouring fire and rescue services and other emergency services within Leicestershire.

3.3. The review will be completed in line with the timescales set out in the accompanying report.

4. Estate categories

4.1. Estate provision will be considered within two main categories:

- Fire and rescue stations
- All other buildings

5. Baseline Position

5.1. LFRA uses 22 sites, owning 20 of them. There are 20 fire and rescue stations, a headquarters, and workshops/stores. Some buildings incorporate multiple functions:

- Forge Health (Occupational Health) is based at Wigston Fire and Rescue Station
- Specialist Training is based at Shepshed Fire and Rescue Station
- Fire Control is based at Southern Fire and Rescue Station
- Fire behaviour training facilities are based at Loughborough Fire and Rescue Station
- Real fire training is based at the Caterpillar site at Desford
- East Midlands Ambulance Service share our buildings at Headquarters. They will soon begin to share at Castle Donington and Coalville
- Coalville Fire and Rescue Station is being extended to incorporate a police station, meaning all three emergency services are co-located

The CFA own all of the estate with the exception of workshops and stores which are at Leicestershire County Council's County Hall site and Southern Fire and Rescue Station.

There is office space available at Central Fire and Rescue Station following a large team being moved to Headquarters in April 2015. Additional office space may also be able to be created at Southern Fire and Rescue Station.

6. In Scope

6.1. Throughout the scope the self-assessment will consider the estate provision in similar fire and rescue services and the economic, environmental and efficiency factors.

- Building numbers
Number of buildings that should be maintained to deliver frontline services and to support the delivery of frontline services.
- Provision of a headquarters
Future of the headquarters building. Whether it should be maintained, part leased out, fully leased out or sold. This requires consideration of:
 - the costs of buying or renting another building for HQ use, or
 - Identifying capacity in the rest of the estate to determine if it can absorb HQ functions.
- Maintenance and refurbishment
 - Recommendations for maintenance and refurbishment of the estate. A full conditions survey will form part of this review.

6.2. Sharing buildings

Assess which buildings could be shared with other organisations, in particular the police and ambulance services.

6.3. Efficiency of use of space

Assess how efficiently space is used in buildings. This will identify the potential to reduce the total number of buildings by moving functions into under used space.

6.4. Facilities management

Assess the Value for Money achieved in cleaning and maintenance contracts.

7. Out of Scope

- The number of fire stations. These will be provided for in line with the Integrated Risk Management Plan.

Review of FLEET

1. Aim

- 1.1. To provide a Combined Fire Authority (CFA) report into the vehicle fleet owned and operated by Leicestershire Fire and Rescue Service (LFRS). The outcomes will inform the future Fleet Management Strategy.
- 1.2. To achieve revenue savings that can be redirected into 'frontline' service provision. Initial indications identify that it should be possible to reduce the size of all fleet categories by up to 10%.

2. Objectives

- 2.1. To determine the scale of fleet provision that is needed to deliver the functions of LFRS. This includes the type, number, and category of vehicles.
- 2.2. To identify opportunities to share special appliances with other fire authorities.
- 2.3. To ensure that the future fleet replacement strategy is fit for purpose and complies with the principles of value for money and best value.
- 2.4. To ensure that the future fleet management and maintenance strategy is fit for purpose and complies with the principles of value for money and best value.
- 2.5. To reduce the cost of maintaining the fleet.
- 2.6. To identify vehicles which are surplus to requirements, and can be disposed of now, or at the end of their useful lives.

3. Conducting the review

- 3.1. The fleet review will be conducted in line with the approach set out in the accompanying report.
- 3.2. The self-assessment will make direct comparison of provisions with similar services i.e. with fire and rescue service Family Group members, neighbouring fire and rescue services and other emergency services within Leicestershire.
- 3.3. The review will be completed in line with the timescales set out in the accompanying report.

4. Fleet categories

4.1. Vehicle provision will be considered within two main categories and sub-categories:

- Statutory frontline service delivery
 - Emergency operational response
 - Prevention and protection

- Vehicles used to support frontline service delivery
 - Maintenance of operational response fleet
 - All other vehicles

5. Baseline Position

Changes to the fleet already this calendar year include the sale of three minibuses, none of which have been replaced. The workshops van was purchased at the end of its five year lease period as opposed to being immediately replaced with a new vehicle. One Ford Kuga has been purchased to replace the training school vehicle, which will be sold.

Statutory frontline service delivery		
Emergency operational Response	Pumping Appliances	28
	Special Appliances	26
	Ford Rangers (4WD with pumping capability)	10
	Flexi-duty officer response fleet	31
Prevention and protection	Fire Prevention Officers cars	10
	Fire Prevention Officers vans	2
	Community Safety Educator vans and cars	13
Frontline Total		122
Vehicles used to support frontline service delivery		
Maintenance of operational response fleet	Reserve Pumping Appliances	5
	Reserve Special Appliances (ALP)	1
	+1 Pump	1
	Reserve Flexi-Duty officer response cars	2
	Workshops vehicles	4
All other vehicles	Driving School Appliances	3
	Driving School Car	1
	Training School Appliances	2
	Fire Fit Appliance (fire cadets)	1
	Fork Lift Truck (workshops/stores)	1
	Charity Vehicles	5
	Partnership Car with Blaby District Council	1
	Station and Department Vans	23
Support Total		48

6. In Scope

6.1. Throughout the scope the self-assessment will consider the fleet provision in similar fire and rescue services and the economic, environmental and efficiency factors together with the public perception of vehicles used by officers.

- Number of vehicles
 - The number of vehicles that should be maintained in each vehicle category.
 - Assessment of future need and comparison with current provision, including that for special appliances.
- Types of vehicles
 - Suitable vehicle types to maintain within each fleet category to ensure that they are 'fit for purpose' and operationally appropriate.
 - Analysis of current arrangements and comparison to alternative schemes and arrangements, including those provided by neighbouring fire and rescue authorities.
- Provision of vehicles for officers
 - How to provide vehicles for flexi-duty officers who respond to incidents including the appropriate type of vehicle.
 - Analysis of alternative schemes and arrangements.
- Vehicle procurement/provision
 - How to procure or provide vehicles in the most cost effective manner.
 - Analysis of current arrangements and comparison to alternative schemes and arrangements, including those provided by neighbouring fire and rescue authorities and other public services across Leicester, Leicestershire and Rutland.
- Vehicle life span
 - The 'service life' for all vehicles in each category.
 - Assessment of technological advances and reasonable life expectancy.
- Vehicle maintenance
 - How to maintain vehicles in terms of servicing and testing to comply with legal and 'best practice' guidance.

- Analysis of current fleet maintenance arrangements and comparison to alternative schemes, including those provided by neighbouring fire and rescue authorities other public services across Leicester, Leicestershire and Rutland.

7. Out of Scope

7.1. The number and location of fire appliances. This will be provided for in line with the Integrated Risk Management Plan.

Review of MANAGEMENT ARRANGEMENTS

1. Aim

- 1.1. To provide a Combined Fire Authority (CFA) report into the management arrangements in Leicestershire Fire and Rescue Service (LFRS). The outcomes will form the basis for future arrangements.
- 1.2. To achieve revenue savings that can be redirected into 'frontline' service provision.
- 1.3. To assist in informing the CFA how the Service's management arrangements work in practice

2. Objectives

- 2.1. To ensure that arrangements are appropriate for the effective management of the LFRS in terms of:
 - An appropriate structure including numbers of managers to deliver the service delivery and enabling services functions within LFRS
 - Identifying opportunities to share staff and/or functions with other organisations
 - Reducing the cost of management arrangements.

3. Conducting the review

- 3.1. The management arrangements review will be conducted in line with the approach set out in the accompanying report.
- 3.2. The self-assessment will make direct comparison of provisions with similar services i.e. with fire and rescue service Family Group members, neighbouring fire and rescue services and other emergency services within Leicestershire.
- 3.3. The review will be completed in line with the timescales set out in the accompanying report.

4. Management Categories

- 4.1. Management provision will be considered within three main categories and two sub-categories.

- **Strategic Managers**
Incorporating the Chief Fire and Rescue Officer, Directors and Area Managers who carry out strategic leadership roles.
- **Middle Managers**
Incorporating Group and Station managers who perform tactical leadership roles at department level within LFRS.
- **Supervisory Managers**
Incorporating Watch and Crew managers who perform a coordination role at team level.

The two sub-categories of manager operate at all three of the main categories

- **Service Delivery Managers**
Perform the dual functions of management and incident command.
- **Enabling Services Managers**
Perform a single function of management and have no incident command requirements.

5. Baseline Position

- 5.1. LFRS employs a mix of operational and non-operational managers. Operational managers run from Crew Manager to Chief Fire Officer/Chief Executive Officer (CFO/CEO). There are non-operational managers up to the equivalent of Area Manager.
- 5.2. The role of operational Station Manager and above attracts an additional payment for working a 24/7 response rota. This ensures we can maintain suitable decision making and supervision at incidents in accordance with the National Operational Guidance including the four levels of Incident Command.

5.3. The baseline senior management numbers, as per 12th February 2016 are:

Role	Operational Posts	Non-Operational Equivalents
CFO/CEO	1	0
DCFO	1	0
ACFO	1	0
Area Manager	3	2
Group Manager	5	5
Station Manager	20	6
Total	31	13

On 12 February 2016 the cost for both operational and non-operational senior manager salaries, those at and above the role of Station Manager, was £3,280,875 (Inc. on costs). Proposals are already in hand to identify significant savings.

In Scope

5.4. The self-assessment will consider the management provision in similar fire and rescue services and the economic and efficiency factors.

5.5. The following will be in scope for the review:

- Balance across management tiers
Identify the appropriate balance across the tiers of management to ensure appropriate organisational development and control
- Management numbers
Identify how many managers are needed to support the structure
- Balance of manager types
Identify the appropriate balance of service delivery and enabling services managers. This will control salary costs and provide specific skills whilst maintaining the ability to manage incidents with a degree of resilience.
- Management structure
Developing an appropriate structure and duty system for 'Gold' and 'Silver' level commanders to support incident command and the Tactical and Strategic Co-ordination Groups
- Pay and Conditions
Consider pay and other benefits provided to managers, in line with both national and locally agreed terms and conditions. This will ensure that pay and conditions are commensurate with managerial and incident command responsibilities.

6. Out of Scope

6.1. Selection and promotion procedures

6.2. Managers below Station Manager and their equivalents in enabling services roles