

# **WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**19 SEPTEMBER 2016**

## **1. EFFICIENCY PLAN 2016/2020**

Report of the Chief Fire Officer.

RECOMMENDED

THAT Members consider and comment on the proposed Efficiency Plan 2016/2020.

## **2. PURPOSE OF REPORT**

This report is submitted to Members to seek comments and consideration of the proposed Efficiency Plan 2016/2020 due for submission by 14<sup>th</sup> October 2016.

## **3. BACKGROUND**

- 3.1 As part of the finance settlement announced in February 2016, in addition to the funding allocation for 2016/17, an offer was made for a multi-year funding settlement covering the period 2016/2020, subject to the submission of an efficiency plan.
- 3.2 When the budget was approved at the Fire Authority meeting on 15<sup>th</sup> February 2016 it was highlighted that the Government core funding figures referred to over the period 2017/18 to 2019/2020 were provisional and subject to the submission of an efficiency plan. At that point no details were available regarding the requirements of such plans and so the budget report recommended that the Authority accept in principle the offer of a four year finance settlement and direct the Treasurer to prepare and submit an Efficiency Plan and any other required documentation to the Home Office as required.
- 3.3 Subsequently, the Minister for Policing, Fire, Criminal Justice and Victims issued a letter indicating the issues that need to be contained within the Efficiency Plan. The letter is attached as Appendix 1.

- 3.4 As a consequence of the above, the proposed Efficiency Plan has now been drafted and is attached as Appendix 2.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out because the matters contained in this report do not relate to a policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

- 6.1 Securing indicative funding allocations for 2017/18 to 2019/20 would support good financial planning over the relevant period.
- 6.2 Specific financial implications are contained in Appendix 2.

**BACKGROUND PAPERS**

Authority Report, Budget and Precept 2016-2017 15 February 2016.

PHIL LOACH  
CHIEF FIRE OFFICER

## APPENDIX 1



Rt Hon Mike Penning MP  
Minister for Policing, Fire,  
Criminal Justice and Victims

2 Marsham Street  
London  
SW1P 4DF  
[www.gov.uk/home-office](http://www.gov.uk/home-office)

24 May, 2016

Dear Fire Authority Chair,

### **Fire and Rescue Authorities' Efficiency Plans**

As announced last year, the Government is offering single purpose Fire and Rescue Authorities firm four-year funding allocations to 2019-20 in return for robust and transparent efficiency plans. This will provide funding certainty and stability to enable more proactive planning of service delivery and to support strategic collaboration with local partners.

I am offering flexibility to Fire and Rescue Authorities on the format of your efficiency plans, but it is important that they should be locally-owned and published in a way which allows for transparency and progress to be scrutinised by local people.

I have set out some requirements for applying to accept this offer in the attached annex. It remains open to any Fire and Rescue Authority not to apply, and to continue to work on the basis of year-by-year funding allocations.

If you wish to take up the offer of a firm four-year funding allocation to 2019-20 please email [Firefunding@homeoffice.gsi.gov.uk](mailto:Firefunding@homeoffice.gsi.gov.uk) by **5pm on Friday 14 October 2016** and include a link to your published efficiency plan. Please be aware that we reserve the right to publish such plans to enable greater transparency if needed. We will of course inform you if we intend to do so.

To assist us with the easy identification of key information on forecast income and savings, a simple template will be provided shortly which should be completed and returned to my officials. For further enquiries please contact [harsha.thaker1@homeoffice.gsi.gov.uk](mailto:harsha.thaker1@homeoffice.gsi.gov.uk) in the Fire Strategy and Reform Unit.

I look forward to hearing from you if you would like to take up the offer.

A handwritten signature in black ink that reads "Mike Penning". Below the signature is a horizontal line.

**Rt Hon Mike Penning MP**

## **Annex**

### **Conditions of the multi-year settlement**

The Home Office will offer any Fire and Rescue Authority a four-year funding settlement to 2019-20, in return for a robust, transparent and locally owned efficiency plan.

Each efficiency plan should:-

- be published and easily accessible to the public on the fire and rescue authority's website, clearly stating what it contains;
- include the full 4 year period to 2019-20, and be open and transparent about the benefits the plan will bring to both the fire and rescue authority and the local community;
- demonstrate the level of cashable and non-cashable savings you expect to achieve through the Spending Review period, the timetable for delivery, and key risks and mitigation strategies;
- include the approach to increasing collaboration, including with the police and local public sector partners and in relation to procurement;
- demonstrate how more flexible working practices will be achieved, including more effective utilisation of retained firefighters;
- include a commitment to the publication of transparent performance information;
- include a clear strategy for the use of reserves; and
- include a commitment to publishing annual reports on the progress of the efficiency plan alongside the fire and rescue authority's statutory assurance statement, enabling local people to scrutinise progress.

Efficiency plans do not need to be a separate document. They can be combined with Medium Term Financial Strategies or the strategy set out in the guidance (<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>) on how you intend to make the most of capital receipt flexibilities if appropriate.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should authorities choose to accept this offer.

We reserve the right to publish efficiency plans.

### **Process for applying for the offer**

Interest in accepting this offer will only be considered if a link to a published efficiency plan is received by 5pm Friday 14<sup>th</sup> October. We will provide confirmation of the offer shortly after the deadline.

### **Process for those who do not take up the offer**

Those Fire and Rescue Authorities that choose not to accept the offer will be subject to the existing yearly process for determining the local government finance settlement. Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.

## **APPENDIX 2**

### **WEST MIDLANDS FIRE SERVICE** **EFFICIENCY PLAN 2016-2020**

#### **Background**

West Midlands Fire and Rescue Authority (WMFRA) fully supports service wide transformation and has achieved significant savings following reductions in central government funding of approximately £28 million over the Comprehensive Spending Review (CSR) period 2011/12 to 2015/16. This has impacted on both service support and service delivery functions by implementing more challenging and innovative approaches to the delivery of internal and external community facing services.

Service transformation has been achieved whilst at the same time meeting the Service's priorities and outcomes as set out in the 3 year rolling corporate strategy 'The Plan'. Critical to the delivery of The Plan is the Service Delivery Model (SDM). The SDM is the foundation of all planning and analysis and provides the level of resources needed to be able to respond to high risk (life and property) incidents within a risk based 5 minute attendance standard. This attendance standard enables the Service to reduce risk to firefighting and increase the survivability of the victim, as well as reducing the impact of fire on the local community and economy. The SDM is the lynch pin to supporting an integrated approach to the delivery of the Authority's prevention, protection and response services

Since the beginning of the CSR, the Service has worked alongside staff, representative bodies, partners and communities to implement changes which have delivered public service transformation. Through innovation and reform, new concepts and ways of working have been introduced.

Looking forward over the next four years (2016/17 to 2019/20), the Authority is set to receive further reductions in core funding of approximately £10 million. The Service will explore different approaches to achieve efficiencies to offset these funding reductions by focusing on growing and improving the services delivered to communities whilst seeking alternative funding streams to support the SDM.

## **The Plan 2016-2019**

The Authority's strategy for the provision of a fire and rescue service is driven by The Plan 2016-2019.

The Plan for 2016-2019 links closely with the Integrated Risk Management Plan, which is designed to enable West Midlands Fire Service to be responsive to react to the increasingly changing environment of the public sector.

The Service remains committed to its core services and their delivery through the Service Delivery Model - Prevention, Protection and Response. In addition, an area of focus within The Plan aims to demonstrate the strategic intent around the delivery of the organisation's Vision, Priorities and Outcomes via "Effective Delivery through Collaboration".

The Plan 2016-2019 can be viewed at <https://www.wmfs.net/your-fire-service/our-plan/>.

## **Savings to meet the funding gap 2016/17 to 2019/20**

The provisional four year settlement for the period 2016/17 to 2019/20 would result in a cumulative budget deficit of circa £10m if the Service did not make any efficiency savings. The areas where savings are anticipated and reflected within the medium term financial strategy are:

- Staffing £4m
- Flexible funding through business development £2m
- Internal restructures £1m
- General budget reductions £1m
- Council tax £2m

### **Staffing - £4m**

The strategy of West Midlands Fire Service (WMFS) is focused on making our communities Safer, Stronger and Healthier. To achieve this strategy requires the Service to undertake Integrated Risk Management Planning (IRMP). The ongoing analysis of

incident data allows WMFS to map the risks across the West Midlands to determine where incidents are likely to occur and who is at the greatest risk. This is achieved by understanding the factors which contribute towards the risk and putting in place mitigating steps through our integrated Prevention, Protection and Response activities, delivered by a whole-time workforce. When mapped against academic research around survivability, we have determined that a 5 minute risk based attendance time is crucial to increasing an individual's chances of survival during a fire.

WMFS employs a whole-time operational workforce to maximise the effectiveness of delivering prevention, protection and response activities. The organisation has considered alternative staffing models such as the retained duty system. However, when fully evaluated against our community safety strategy and The Plan, these models are unsuitable due to the:

- increase in attendance times which would work against the survivability research, impacting negatively on the likelihood of a person's survival at a high risk incident.
- Increased employment difficulties combined with higher turnover rates of retained duty system personnel resulting in higher overall employment costs.
- significantly reduced productivity of retained resources when delivering prevention, protection and health commissioned activities through an integrated prevention, protection and response model, e.g. West Midlands Fire Service whole-time firefighters provide a 'falls response' to some of the areas of the West Midlands which improves community outcomes by delivering a more effective and efficient joined up service approach which would not be achieved using a retained duty system.
- difficulties of retained crews gaining operational experience and maintaining competences which increases corporate risks associated with ensuring compliance with health & safety legislation.

There are also benefits to be realised for neighbouring Fire and Rescue Services as a number of our whole-time fully trained, competent firefighters live 'over the border' and also provide retained cover for their local fire and rescue service. In addition,

to support the SDM, the Service is trialling the use of Voluntary Additional Shifts whereby whole-time personnel make themselves available on an on-call basis to cover shortfalls in personnel, either on a pre-stated or reactive basis, thereby effectively providing a retained arrangement undertaken by whole-time firefighters.

The most effective way to ensure delivery of the budget savings was to suspend recruitment which ensured a reduction in the organisation's operational strength, primarily by individuals leaving the organisation through retirement. The reducing staff numbers have produced budget savings but in order to continue to deliver the current Service Delivery Model it requires increased flexible staffing arrangements including:

- Voluntary Bank Shifts
- Integrated resilience arrangements
- Voluntary Additional Shifts.

In considering new staffing model proposals, it is anticipated that there will be a reduction in the overall operational staffing establishment of 154 posts with the introduction of voluntary additional shifts to supplement the organisations operational capacity.

### **Flexible Funding Through Business Development - £2m**

In the current financial scenario a challenging target of £2m ongoing core funding has been identified to be achieved through alternative funding arrangements. This has been termed as 'flexible funding'.

Flexible funding services will be delivered as an integrated business model alongside core services through the Service's staffing establishment.

The key areas identified for income generation through flexible funding include:

- Commissioning through supporting the health sector and reducing risk to vulnerable people and through other public bodies such as local authorities etc.
- Income generation



- Sponsorship through social value opportunities.

### **Internal Restructures - £1m**

The Service has already made considerable savings over the last five year period following a number of internal restructures, predominantly across the Support Service functions. This approach will continue over the next four financial years with specific functional reviews scheduled for People Support Services, Administration and Fire Control. The intention moving forward is to consider once more the arrangements and structures for all Service Support functions combined with a management review across the Service as a whole.

### **General Budget Reductions - £1m**

As part of the Authority's budget process there is an annual exercise which requires budget holders to review and update their budget requirements for future years. It is anticipated that there will be reductions across a range of budgets as part of this exercise.

Also, as part of the Authority's overall budget setting exercise, a number of assumptions and estimates need to be considered. For example, an estimate is made to allow for increases in general inflation against the Authority's overall budget. This and other similar issues will be reviewed to determine whether budget holders should be required to operate within a nil inflation budget.

### **Council Tax Base - £2m**

Included within the medium term financial planning is an assumption that the Council Tax Base will continue to increase on average 1.25% each year, which would generate additional income of £2m over the period 2016/17 to 2019/20.

### **Collaboration**

WMFRA has maintained and built upon a strong collaborative relationship with other blue light services, local authorities and other partners throughout the West Midlands. Since 2014 West Midlands Fire Service (WMFS) and Staffordshire Fire and Rescue Service have worked in collaboration to provide a shared fire control function based at WMFS headquarters in Birmingham. In addition, the relationship with the health sector has been a critical

success factor in the way progress has been made in reducing emergency response demand and reducing the likelihood of having an emergency by taking preventative action in many different ways.

These include the Safe and Well check, road safety education, school visits and working with businesses. There will be even greater opportunities for collaboration following the formation of the West Midlands Combined Authority.

Nationally, Fire and Rescue Services now report into the Home Office, which maintains our close working with the West Midlands Police and Crime Commissioner. Recent examples of collaboration include:

- Joint work on strategic holding areas with Police and Ambulance
- Joint planning for events such as Political Party Conferences
- A joint Estates Strategy to identify the most effective and efficient use of buildings between the two Services
- Supporting West Midlands Police with Detection, Identification and Monitoring services

One key functional area of ongoing collaboration is Procurement. WMFRA Officers are already active participants at a national level in terms of collaborative fire service procurement and have made a commitment to the current national fire service procurement strategy. The opportunity is taken, where appropriate, to use existing procurement frameworks including a current joint collaborative procurement with the Police Service for ICT Hardware.

Other examples are highlighted on our website [www.wmfs.net](http://www.wmfs.net).

It all makes for a challenging but exciting new landscape in which to operate and influence – so we can be sure we're providing the best possible service to the communities of the West Midlands to make them safer, stronger and healthier.

### **Flexible Working**

Thanks to the commitment and professionalism of the workforce

the Service has been able to continue to deliver a world class service to our communities. The Service is committed to continuously improving the way it works but, in the face of reducing budgets, must look at different ways of delivering our services.

Thanks to new and more flexible approach to how fire stations are staffed, the Service continues to meet the average five minute attendance time for more serious incidents. This is in spite of having fewer operational staff. WMFRA are committed to this attendance standard.

### **Performance Information**

WMFRA has a commitment to the communities of the West Midlands to provide them with the confidence that we are continuously delivering excellent prevention, protection and response services in an efficient, effective and value for money way.

Through transparency reporting we continue to publish information and data which demonstrates we are doing things in the best way possible. This includes but is not limited to:

- The Plan 2016-2019
- Quarterly Performance Monitoring
- Statement of Accounts
- Statement of Assurance and The Report
- Annual Audit Letter.

### **Use of Reserves**

Reserves are an essential part of good financial management and WMFRA considers the level of general balances it considers appropriate to maintain before it determines the level of Council Tax to charge in any year.

In order to set a balanced budget in 2016/2017, WMFRA assumed no movement in general balances, leaving £9.2m general balances at the start of the financial year. The Authority holds general balances as funding to meet any unforeseen events and to support ongoing service transformation.

In addition, consideration is given to the level of earmarked reserves required. The total level of these reserves at the start of the financial year was £40.2m. These mainly relate to the Authority's commitment to fund its Capital Programme (£25.4m)

and maintain its Insurance arrangements (£7.5m). The remaining £7.3 million will support the delivery of a number projects which will deliver operational training, ICT systems and equipment enhancements. It is intended the earmarked reserves (other than the Insurance Reserve) will be utilised over the four year life of the Efficiency Plan.

### **Progress of the Efficiency Plan**

WMFRA is committed to publishing an Annual Report which will include progress on delivering the Efficiency Plan.