

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

20 NOVEMBER 2017

1. DEVELOPING STRATEGY – THE PLAN 2018-2021

Report of the Chief Fire Officer.

RECOMMENDED

- 1.1 THAT the Authority note the progress made in supporting the delivery of The Plan 2017-2020 and the Financial Efficiency Plan (efficiency plan), during the current financial year 2017-2018.
- 1.2 THAT the Authority re affirm their continuing support for the strategic priorities and outcomes as outlined in The Plan 2017-2020 for 2018-2021.
- 1.3 THAT the Authority provide confirmation of continuing support to the CFO for the ongoing delivery of the Authority's 3 year rolling strategy for transformational service improvements, delivered through The Plan 2018-21. In particular, these will be delivered through:
 - implementing the programme of workforce reform and development in supporting the delivery of The Plan (2018 - 2021) and efficiency plan. A key area of focus will be the development of a Local Agreement.
 - the continuation of alternative funding activities to support the delivery of future strategy and the requirements of the efficiency plan, including the capability for staff to deliver these alternative funding activities.
 - The review of alternative options for staffing in enabling the effective delivery of the Service Delivery Model and improving public safety.

- 1.4 THAT the Authority consider the delivery of the above enabling services to be provided to local communities within a balanced budget, aligned to the Service's efficiency plan and The Plan 2018 – 2021.

2. **PURPOSE OF REPORT**

This report is submitted to seek the continued support of the Authority in pursuing the strategic direction of the Service as outlined in the Authority's 3 year rolling strategy, The Plan 2017-2020. In particular, to enable the achievement of the Authority's four-year efficiency plan 2016/17- 2019/20.

3. **BACKGROUND**

WMFRA Strategic Direction

- 3.1 West Midlands Fire Service (the Service) is committed to providing an excellent service to the communities of the West Midlands. The Authority agreed on the 20 February 2017: the updated annual plan and Integrated Risk Management Plan (IRMP) delivered through a rolling 3-year strategy; 'The Plan 2017-20'. The Authority's 4-year efficiency plan for the Service was approved on 19 September 2016, its broad make up is set out in paragraph 3.4.
- 3.2 The Authority's risk based 5 minute attendance standard, forms the basis of the Authority's strategy and is the Authority's evidence based commitment to the communities of the West Midlands. The efficiency plan facilitates a continual transformation of the delivery of services through an integrated strategy of service and workforce reform. Whilst seeking to meet the efficiencies set out over the 4-year efficiency period, the Authority also recognises the need at the same time, to transform the way services are delivered for the future, through diversifying the skills of the workforce as a mechanism to reducing vulnerability.

This approach will ensure that the strategy remains relevant for the future, providing services that effectively and efficiently meet the needs of the community, the maintenance of the Service Delivery Model and importantly the risk based 5 minute attendance standard for category 1 incidents.

- 3.3 To maintain our SDM and achieve the delivery of The Plan within a balanced budget, the Service has explored and is implementing a program of workforce reform. This supports a flexible and agile approach to developing the workforce, enabling the Service to respond to opportunities as they arise through a changing environment. This has included a revised staffing model and the introduction of alternative funded services, which broaden our service delivery to the community. We have continuously enabled our employees to be engaged and involved in this journey.

Financial Backdrop and Efficiency Plan

- 3.4 The current Authority approved financial efficiency plan, is made up as follows:
£m

Staffing	4
Alternative funding	2
Restructures	1
Other budget reductions	1
Council Tax	<u>2</u>
	10

4. PROGRESS AGAINST THE PLAN

Revised Staffing Model

- 4.1 The new staffing model has been developed over the past 18 months and performance has been reviewed over this current calendar year (1st January 2017–31st December 2017).

- 4.2 This review has highlighted that from a service delivery and fleet availability perspective the new staffing model is working well, with high demand from staff to undertake voluntary additional shifts (VAS). This innovative approach has provided staff with an opportunity to earn additional income on a voluntary basis at a time of national pay restraint.
- 4.3 A key performance factor which enables efficiencies to be realised is the ridership factor. Currently the ridership factor is at an average of 13.6. We are aspiring to a target of 12.5 and will continue to manage all the elements which contribute to the ridership factor to achieve this target.
- 4.4 The staffing model has also consistently enabled the highest levels of appliance availability than in previous years of over 99%. This has directly contributed to the achievement of our excellent Category 1 risk based (average) 5 minute attendance standard - currently at 4 minutes 41 seconds. The parameters around fleet availability, linked to public safety impacts and financial control mechanisms, will be a key consideration in supporting service transformation and delivery of The Plan (2018 - 2021).
- 4.5 The current staffing arrangements are being delivered through a local collective agreement with the representative bodies, which is in place until the 31st December 2017. This includes a VAS paid at flat rate as originally planned, supplemented by an additional disturbance allowance and travelling expenses.
- 4.6 The disturbance allowance arrangement was part of the trial to allow staff to fully experience the new staffing model and provide feedback on any personal and financial impacts. Evaluation undertaken has highlighted that the majority (75%) of staff who have undertaken VAS have not experienced any financial impact.
- 4.7 Staff and representative bodies are currently being engaged with a view to agreeing a sustainable staffing model, delivered within a balanced budget and the efficiency plan. Failure to achieve this is likely to have a detrimental impact on the Service Delivery Model and our risk based attendance standards.

Alternative Funding

- 4.8 In order to establish a balanced budget the Authority published its efficiency plan in October 2016. This plan specifically outlines the need for the Service to seek alternative funding opportunities, which will contribute £2m towards the £10m funding deficit.

A phased approach to achieving the target was set as follows:

£m

2016/17	0.25
2017/18	1.00
2018/19	2.00
2019/20	2.00

- 4.9 Seeking revenue through alternative funding as a transformational approach was also favorably supported by the public, through the WMFS WMFRA public consultation 2016-2017.
- 4.10 The Service has established a business development strategy to support delivery of achieving alternative funding opportunities and targets through three key work streams: commissioning/commercial, sponsorship and social value. All alternative funding services are aligned to the Services vision of making the West Midlands safer, stronger and healthier.
- 4.11 The introduction of new services through alternative funding has delivered wider benefits than just helping to meet the funding deficit. Currently a high proportion of the alternative funding income is generated through commissioned health activities related to the wider health agenda across the West Midlands. This includes non-emergency falls response activities across Coventry, Dudley and Wolverhampton and hospital discharges in Coventry.

Some benefits of this work include:

- engaging with the most vulnerable in our community from fire so directly supporting delivery of the Authority's strategy (The Plan).
- providing an increased and improved range of services to the most vulnerable people in our communities through professional and effective delivery of tangible outcomes.
- the income generated supports the Service to maintain its Service Delivery Model
- collaboration with the health sector and NHS, leading to Public Service Reform through delivering cross sector services, whilst making better use and value of public funding.

4.12 The target set for 2016/17 was effectively met. However, the target for 2017/18 is not likely to be achieved. This has been highlighted in a Policy Planning Forum and has been highlighted within the Monitoring of Finances report presented to Authority throughout the year.

Workforce Reform

4.13 We continue to look for opportunities to reach a local collective agreement, which will provide an evidence base and foundation on which to deliver and embed workforce reform. This will continue to be explored with Representative Bodies utilising the Employee Relations Framework (ERF). An agreement would ensure the sustainability of our SDM through enabling capacity, flexibility and agility within the workforce, whilst supporting employees to manage their work-life balance and wellbeing.

4.14 In enabling the sustainable delivery of our services, a key element of our workforce reform programme and public service reform is broadening the role of a firefighter, through flexible contracts, to deliver a wide range of services.

This is being achieved through new flexible contracts being issued to new entrants, which will enable the delivery of wider health activities as part of their contract of employment.

Business Continuity Arrangements

- 4.15 As an outcome of national pay negotiations the FBU support for the NJC trials has been withdrawn. In response, the local FBU have advised their members to withdraw from the delivery of non-emergency falls response service, back home safe and well and elements of the safe and well visit, not directly related to core prevention activities.
- 4.16 The national position directly impacts on alternative funding services and could lead to the Authority's credibility and reputation being put at risk. This may also impact on the Authorities ability to compete for future alternative funding opportunities. To mitigate this the Service has implemented a Business Continuity Plan (BCP) until 31st December 2017.
- 4.17 Business continuity arrangements delivered outside of the SDM are currently incurring costs which were not provided for when the budget was set. Whilst these continue to deliver a high standard of wider health activities they are not financially sustainable.

Future Delivery

Staffing

- 4.18 The staffing model is required to deliver annual budget reductions by 2019/20 of £4 million when set against the baseline of 2015/16. In 2016/17, the core funding reduction was met through various elements of the overall efficiency plan.
- 4.19 Staffing has not met anticipated levels of budget reductions. This is primarily due to the payment of a disturbance allowance and the continued payment of the 7.5% Late Shift allowance.

It is important to note that the temporary payment of disturbance allowance for VAS at either 25% and 50%, was not budgeted for when the efficiency plan was agreed.

- 4.20 The initial staffing agreement was to pay a disturbance allowance of 25% or 50% up to 31st March 2017. This was extended to 31st December 2017, in order to evaluate the financial disturbance more accurately and provide evidence of the financial cost to staff working a VAS across a full calendar year. Alongside disturbance allowance, there has been additional funding required of circa £270K to continue payment of the Late Shift Allowance.
- 4.21 If current staffing arrangements were to be maintained until the end of the efficiency plan (i.e. the payment of a disturbance allowance of 25% or 50%), this would see a reduction of approximately £1m in predicted staffing savings from £4m to £3m.
- 4.22 The areas of staffing and business development are key priorities for transformational change and to the delivery of the Authority's 3 year rolling strategy, The Plan. To enable effective delivery of these priorities and to meet the saving targets set out in the efficiency plan, workforce reform is a critical enabler.
- 4.23 The Authority recognises the importance of reaching a local collective agreement in achieving the strategic objectives of The Plan and the financial requirements of the efficiency plan.

Transformational Change: The Plan 2018-2020

- 4.24 Structured engagement continues to take place to inform a sustainable approach to supporting the delivery of The Plan 2018-2021. This includes updates via the established ERF, Policy Planning Forum and also through wider WMCA engagements, as well as other collaborative stakeholders.
- 4.23 Whilst the focus of these discussions will remain positive, it is important that the consequences of not achieving these future arrangements are also considered and understood.

- 4.24 Alternative funding work is integral to meeting our efficiency plan and therefore, the Service seeks to continue to implement its business development strategy. Critical to the success of income generation through alternative funding is for these services to be delivered through the SDM model, enabled through further workforce reform.
- 4.25 Factors constraining our ability and future opportunities to deliver alternative funding alongside unbudgeted staffing costs, particularly in terms of the overall efficiency plan, would create a greater need to identify efficiencies from elsewhere and/or would impact on our SDM. This could mean a reduction in the number of resources, fleet availability, changes to the status of vehicles (i.e. PRLs or BRVs) and an increase in attendance times.

Delivering Strategy through Workforce Reform

- 4.26 To enable the ongoing delivery of the SDM it is anticipated we will recruit approximately 350 new entrants on more flexible contracts by April 2021, which will represent 25% of our uniformed workforce. This has been done to make provision to deliver alternative funding and transformational change, allowing more diverse capability across the Service. As cited throughout this report, during this time we will continue to work with existing staff and representative bodies, to implement a plan for delivering a local agreement. We will also seek to explore and develop an integrated approach to the delivery of services and employment pathways, through utilising schemes such as apprenticeship and traineeships. This will also provide us with the opportunity to attract and develop individuals from underrepresented groups in to the organisation.
- 4.27 Leadership at all levels is essential in the delivery of the strategy. To ensure we have the appropriate skills, behaviours and capability from existing and future leaders, we will carry out a review of our management structure and requirements. This will result in the need for increased flexibilities in the workforce to deliver transformational change aligned to our Strategy.

- 4.28 Currently we have 27 new entrants within the organisation with a predicted 60 joining in the first 6 months of calendar years 2018, which will maintain our agreed temporary establishment levels.
- 4.29 This will also provide the required staffing levels to deliver the current health activities (through alternative funding opportunities) within the existing SDM. This will be introduced using a phased approach.
- 4.30 Until a position can be agreed regarding existing staff undertaking non-emergency falls response health activities, new entrants will be based at falls response stations at the beginning of 2018. This will enable the Service to deliver falls response and Back Home Safe and Well from within the SDM. This will also ensure we have the right people with the right skills in the right place. This will require some movement of existing staff and will be managed to ensure the minimum impact to individuals using the existing managing vacancies policy.
- 4.31 All actions to deliver the Authority's strategy as set out in The Plan 2018-2021 will be grounded in maintaining an assertive, safe and effective approach to managing emergency incidents and ensuring public safety. The integrated SDM provides the combination of resources and risk scores required to deliver these services.
- 4.32 This will be achieved through realising the opportunities that arise through a positive but changing environment, which embraces transformational change.
- 4.33 The need to implement change through workforce reform and development will be undertaken in consultation with representative bodies using the ERF, to enable strategic achievement of The Plan.
- 4.34 Not achieving our strategy will mean that the Authority and its communities will experience a reduction in services provided, due to a shortfall in our overall financial efficiency plan and subsequently an acute degradation of the Service moving forward. The Authority will not be able to achieve a balanced budget.

5. **EQUALITY IMPACT ASSESSMENT**

An Equality Impact Assessment has already been undertaken against The Plan 2017-2020 and will be reviewed in line with the recommendations in this report.

6. **LEGAL IMPLICATIONS**

There are currently no immediate or direct legal implications arising out of this report. However, the Service will consider any employee relations impact the transformational changes required may have and will do so as part its ongoing discussions with Representative Bodies and in line the Employee Relations Framework and Standing Orders.

7. **FINANCIAL IMPLICATIONS**

- 7.1 Transformational change with an assertive, safe and effective response is central to the delivery of the strategy of the Service, as set out in The Plan and approved by the Authority. The scale of the overall challenge to deliver efficient, effective services that meet the needs of the community in an environment of core funding reductions is significant.
- 7.2 The target annual income from 'alternative funding' as part of the efficiency Plan is £2m as reflected in paragraph 3.4. The phasing of 'alternative funding' across the four years of the efficiency plan 2016/17 to 2019/20 is contained in paragraph 4.8 and shows £1m in 2017/18 and £2m in 2018/19. In the current financial year a shortfall against the £1m is anticipated. As part of the Authority's budget setting process for 2018/19, consideration will need to be given to whether the £2m target for 2018/19 is realistic.
- 7.3 Specific temporary funding provision was made within the Authority's 2017/18 budget for Disturbance Allowance and to support measures to be introduced to achieve a ridership factor of 12.5.

As part of the Authority's 2018/19 budget setting process, consideration will need to be given to whether there is a need for any further extension of temporary funding provisions for staffing related issues.

- 7.4 Any budgetary impact relating to 'alternative funding' and staffing will form part of the 2018/19 budget report due to be presented to the Authority on 19th February 2018. At this stage, predominantly due to the 'alternative funding' and staffing issues referred to earlier in this Section, it is anticipated that in order to bring about the transformational Service changes highlighted in this report and to deliver the strategy reflected with The Plan, the use of Balances will be required as part of the overall funding arrangements to meet the Authority's 2018/19 budget requirements.

BACKGROUND PAPERS

The Plan 2017-2020

Budget report Feb 2017

Efficiency Plan Report 19th September 2016

PHIL LOACH
CHIEF FIRE OFFICER