

West Midlands Fire and Rescue Authority

Value for Money Strategy

CONTENTS

	Pages
Executive Summary	3
Introduction	4
Background – Our Approach to Developing Our Strategy	5
Our Priorities	6
Value for Money in the Fire & Rescue Authority	6
What do we mean by Value for Money?	8
Objective	9
How we will continue to deliver Value for Money	9
How we will implement the Strategy	12
Performance Management	13

Executive Summary

The West Midlands Fire and Rescue Authority has a strong track record of delivering Value for Money (VFM) services. Through our risk managed approach to service delivery we have aligned our resources with demand whilst continuing to increase the level of training, prevention and protection based activity and provided a high quality emergency response capability. We have seen an improvement in a number of our performance indicators relating to the level of fire safety awareness and the volume and nature of incidents that we respond to. As we continue to target our resources on the more vulnerable groups, we will demonstrate further our commitment to delivering VFM services. The challenge is to build on this progress and further embed a culture of innovation and improvement.

VFM is about providing continually improving services for our communities with the resources that we have and being able to demonstrate that we are doing so. Sometimes we can achieve greater VFM by improving the way that we implement and manage change or by closer scrutiny of our expenditure. This does not mean we buy the cheapest. For example we have invested in high quality goods such as the new breathing apparatus sets, our fire engines, fire fighters protective personal equipment and the Holmatro hydraulic equipment. We will not compromise on quality that could impact on the levels of service we provide or on essential equipment. We will continue to ensure our staff deliver a safe and an appropriate level of service that contributes towards "Making West Midlands Safer."

Our strategy has been developed in consultation with a number of key stakeholders and all feedback has been valued. Throughout our consultation there has been much debate about what is meant by the term "Value for Money" as it means different things to different people. We recognise that what really matters is not necessarily in the title but in how the VFM strategy is implemented or interpreted by the organisation. VFM is a phrase that was resurrected under Best Value which did not compel us to procure the cheapest products, practices and services. We also endorse the feedback that the value added element of VFM requires us to place emphasis on maximising skills and performance and morale and to create and sustain an appropriate organisational culture.

Maximising our efficiency will be an essential part of maintaining and enhancing our service quality in the years ahead, whilst staying within the level of funding that we are allocated. We recognise that we need to engage with our workforce on an ongoing basis and develop skills in areas such as change management, performance improvement and systems thinking. We will need to ensure that our elected Members, managers and staff have continuous improvement in VFM as an integral part of their roles. We will need to be able to utilise as a matter of routine a wide range of improvement tools and techniques to support effective decision making at every level.

We also recognise that this agenda requires inspirational leadership throughout the organisation with a strong focus on our communities and on our workforce. Our leadership style will continue to support a culture in which staff at all levels expect to be challenged on their use of resources. Equally, we expect our staff to challenge their managers to look for continuous improvement in the way they do things. Our staff should be encouraged to generate ideas about better ways of working as part of their day to day activity and should be an integral part of our performance management arrangements.

We will also pursue opportunities through our partnership working to seek benefits through greater collaboration. We must learn from others and tap into their expertise and experience as we continue along our journey from being good to being great.

Introduction

The West Midlands Fire and Rescue Authority is committed to providing high quality VFM services. This strategy outlines our approach to doing so and will be supported by a more detailed programme of work to ensure that our intent is translated into action.

We already consider VFM when making decisions and VFM has been headlined as one of our four key priorities in our Corporate Strategy. The financial and operational performance of the service has been subject to positive commentary in the “Rising to the Challenge” report. However, we recognise the need to place a greater emphasis on VFM if we are to respond to external influences and the economic downturn. The landscape is now one of reduction in public finances and we recognise the need to deliver further efficiencies.

We will ensure that our operation is economical and continue to improve its effectiveness and efficiency. Through taking a VFM approach we aim to minimise as far as is practicable the financial burden upon those who pay for the Service and fulfil our obligations to government and other relevant bodies.

This Value for Money Strategy will:

- Promote VFM throughout the organisation; and
- Ensure that the appropriate mechanisms to enable the delivery of VFM are in place, applied, regularly reviewed and evaluated.

Background – Our Approach to Developing Our Strategy

The West Midlands Fire and Rescue Authority's VFM Strategy has been developed in consultation with the Fire and Rescue Authority Members, Corporate Board and representatives of management, staff and unions. The strategy has been influenced and shaped by their views, their values and by what they consider to be important to the continuous development and delivery of our services. The following recurring themes from the consultation are as follows:

- We must ensure that everyone can contribute towards the development and delivery of services.
- Demonstrating VFM provides us with opportunities to review what and how we do things as well as the resources that we use, such as our buildings and our equipment.
- VFM can mean different things to different people – we need to ensure effective communication.
- We should not just focus on improving efficiency – the effectiveness (quality) of our service is just as important.
- We need to get the balance right ensuring that the level of our resources is sufficient enough to cope with unforeseen events.
- Benchmarking and best in class need to be more than just phrases.
- We need to focus on outcomes and ensure that investment decisions consider fully the costs and benefits in terms of “value added.”
- We need to be prepared and ready to limit spending as public funding reduces. We should be ahead of this and demonstrate VFM in a planned and considered way.
- We need clear and transparent measures that can show in a more meaningful way the relationship between our inputs and our outcomes. We believe that we provide a VFM service – we need to convince others that we are doing so.

Our Priorities

Our priorities are outlined in our Corporate Strategy document. These relate to People, Value for Money, Communities and Partnership and Response. Under each of our priorities we have identified the most important areas of activities and outcomes that we need to focus on.

Our consultation highlighted to us that it is still important when considering VFM that we:

- protect life and property
- are capable of responding appropriately to incidents
- have the capacity and capability to respond to major incident and threats
- have the right resources at the right cost and in the right place at the right time to enable us to do our job
- protect our communities and work with others to reduce risk and build sustainable communities
- continue to meet all our legal and statutory duties
- develop and maintain effective partnerships
- promote the work we do
- support and develop our workforce
- manage our performance, VFM programme activities and continually strive to being the best in all we do

Value for Money in the Fire & Rescue Authority

The National Framework document 2009 – 2011 outlines the priorities for the Fire and Rescue Authority which includes the requirement to demonstrate VFM as part of the risk based approach to service delivery. VFM is a key element of our performance assessment undertaken by the Audit Commission as part of the Use of Resources requirements. So VFM is not new, we have been demonstrating VFM as part of our improvement programme.

Some of the efficiencies have been reinvested in improving services and strengthening performance, reducing accidental fire deaths and deliberate fires. This is recognised in the following extract from the HM Treasury Report on the 2009 VFM Update. This highlights the relationship between our inputs i.e. the activity and effort that we put in and the outputs and outcomes i.e. the results of our efforts which are measured in terms of the benefit derived and which quantify the value that we add. The benefits or value we provide are clearly visible.

In England, VFM savings achieved have been recycled by the Fire and Rescue Services and combined with the Home Fire Risk checks and Fire Prevention Grant Programmes have enabled 1.98 million Home Fire Risk Checks to be carried out and 2.43 million smoke alarms to be fitted.

The West Midlands Fire and Rescue Authority has undertaken 153,622 Home Fire Safety Checks and fitted 182,995 smoke alarms

As a result of this and other investment statistics show that in England:

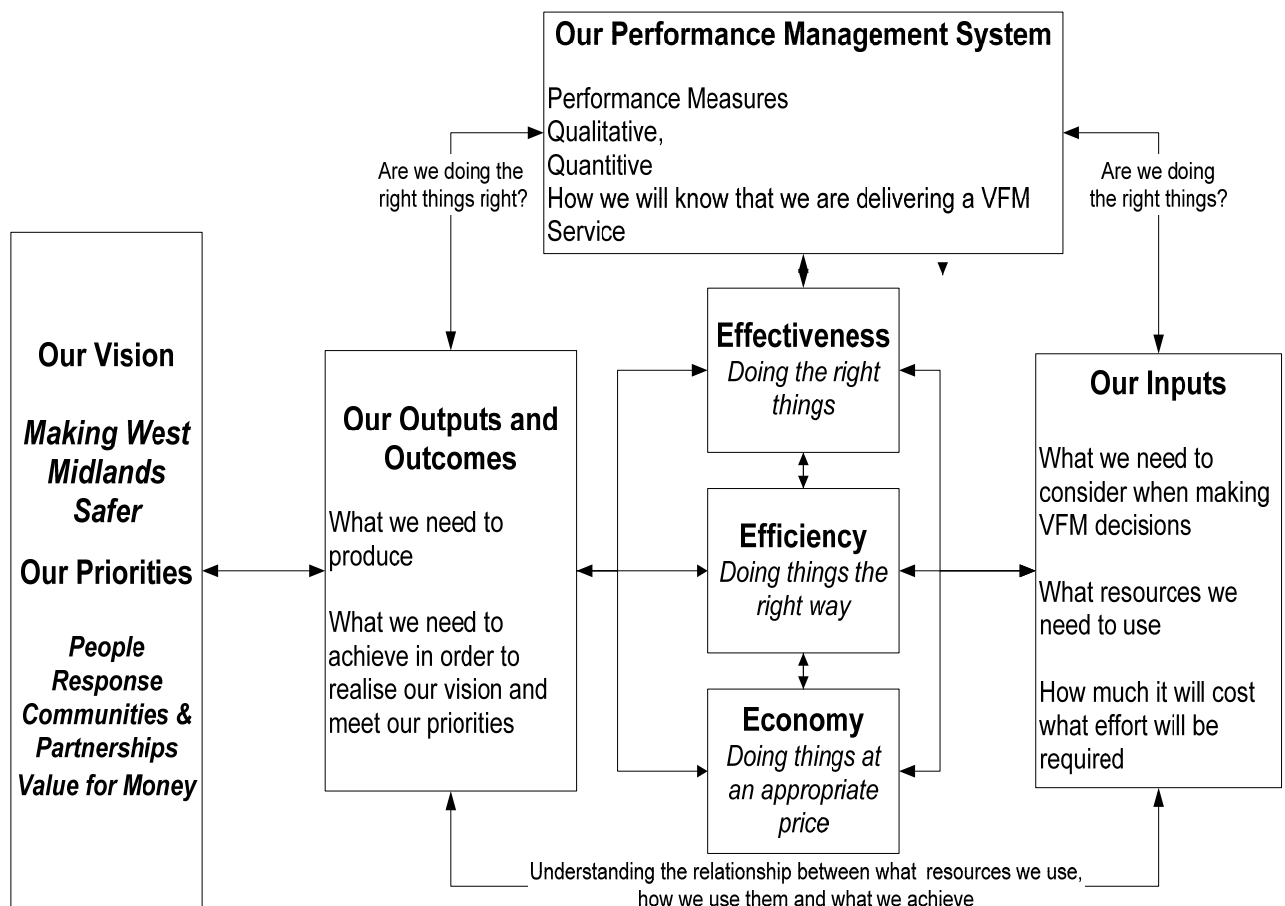
- accidental fires in the home nationally have fallen by a fifth in the decade 1997- 2007
- **accidental fires in the homes in the West Midlands have nearly halved in the period between 1999 - 2008**
- Nationally, deliberate vehicle fires more than halved between 2001 and 2007.
- **In the West Midlands deliberate vehicle fires have reduced by 70% between 2001 – 2008**

What Do We Mean by Value for Money?

VFM is about striking the best balance between economy, efficiency and effectiveness.

The relationship between these component parts, the links with our Corporate Strategy and the relationship between our activity and our outputs and outcomes is illustrated below:

VFM Diagram



Effectiveness - 'doing the right things'

Effectiveness is a measure of the impact achieved which can be quantitative and/or qualitative. Outcomes should be risk based and recognise the needs of different communities. Effectiveness is primarily associated with the outcomes for service users i.e. the extent to which objectives are met.

Efficiency - 'doing things the right way'

Efficiency is a measure of productivity – how much is obtained in relation to what is put in. Efficiency is primarily associated with the process and delivery i.e. performing tasks with reasonable effort.

Efficiency is about achieving the same level of output or outcome at a lower cost, or achieving a better level of output or outcome at the same cost. Simply put this means achieving more for less or achieving the same for less.

Economy - 'doing things at an appropriate price'

Economy is the price paid for what goes into providing a service. Economy is about reducing to an appropriate level the cost of resources for an activity and achieving good value measured against a performance criteria.

Value for money is achieved when a balance between all three elements effectiveness, efficiency and economy is delivered; appropriate costs, high performance and successful outcomes for those that we provide or our services for.

Objective

The objective of this strategy is to ensure that West Midlands Fire and Rescue Authority secures and can demonstrate improving economy, effectiveness and efficiency in the provision of its services and activities. By ensuring robust performance management we will measure, evaluate and promote organisational learning.

How we will continue to deliver Value for Money

We have the opportunity to seek improvement in VFM using a variety of approaches for example by:

- Reviewing the way we deliver our services and the resources we use.
- Applying lean system approaches and systems thinking.
- Rationalising the use of property and estates through robust asset management strategies including exploring use of shared premises.
- Working smarter in areas such as procurement, seeking more from our contracts and the quality of goods and services provided.
- Sharing and adopting good practices.

- Pursuing greater economies of scale and synergy in our back office and support costs such as administration. Eliminating unnecessary bureaucracy and making best use of technology.
- Improving the way in which we manage and deliver change ensuring that we maximise the benefits from our activities to secure better quality outcomes for our communities at an acceptable level of cost.

Service Planning and Delivery – we will:

- Work with our staff and the representative bodies to deliver VFM
- Focus our resources on the areas of greatest risk
- Engage with our service users to establish priorities and design effective services
- Work with partners to share capacity and commission services
- Adopt a lean systems approach to our work and structure
- Ensure an appropriate balance between resources used in service support and service delivery
- Develop and implement a VFM review programme
- Include VFM objectives and targets within our plans.

Performance Management - we will:

- Review our performance
- Evaluate the impact of our work with service users so that where possible we can link outcomes to fire service and partner inputs
- Integrate Performance Management with Financial Management
- Promote learning, sharing and the adoption of good practice
- Seek continuous improvement in all areas of work
- Include VFM objectives and targets within Individual Performance Development reviews
- Benchmark ourselves against similar organisations
- Adopt best practice VFM performance indicators

People Management - we will:

- Support our people by including VFM in development plans and programmes
- Attract, retain and invest in developing a suitably skilled workforce leading to a reduction in the cost of recruitment and continued improvement in the delivery of services
- Develop partnerships to enhance human resource service delivery

- Use human resource management information within the performance management arrangements
- Reduce absence levels to increase available productive time.
- Consult with our workforce on decisions that affect them and encourage them to develop new ways of working that can demonstrate VFM
- Consider VFM in our workforce planning arrangements

Procurement and Asset Management - we will:

- Consider the 'whole life' approach in spending and procurement decisions
- Consider within building replacement programmes energy and water usage, and carbon emissions
- Consider the viability of in-house/external provision for requirements that can be delivered by either option.
- Conduct fair and transparent competitions to support the delivery of value for money
- Commission services where appropriate and develop models of co-production with service users and communities
- Maintain strategies for managing our assets.

Financial Management – we will:

- Consider applying zero based budgeting techniques and ensure budgets are allocated to the point where the most effective decisions can be made
- Understand our costs, including whole life, transaction and unit costs, the main factors that influence these, and how they link to performance
- Consider the options for external funding in our service planning
- Produce forward and backward looking annual efficiency statements.

Governance – we will:

- Identify and manage risks to service provision
- Regularly review the effectiveness of our partnerships to ensure that they are providing effective outcomes and value for money.

Corporate Social Responsibility & the Environment - we will:

- Make efficient and effective use of energy and all our resources. Set targets that support a reduction in our carbon footprint and an improvement in our environmental performance.

- Assist our staff, contractors and our communities through our community safety strategy; to live and work sustainably.
- Develop policies and procedures that enable our workforce and communities to mitigate and adapt to the effects of climate change in the most cost-effective and efficient way.

How We Will Implement the Strategy

We will develop an improvement programme to manage and control the implementation of VFM activity. The improvement programme will report to the Fire and Rescue Authority and to the Corporate Board and will be supported by a number of focus groups, projects and working groups who will champion and facilitate improvement. The diagram below which has been reproduced from a Communities and Local Government Report “Delivering Value for Money in Local Government Meeting the challenge of CSR 2007” identifies a number of elements that will be built into our approach. We will also use the Appreciative Inquiry approach to develop and deliver our improvement programme that is being embedded into the organisation.



The programme will deliver:

- A number of practitioners who are proficient in lean systems and system thinking and who can apply this to all areas of the organisation.
- A VFM culture with inspirational and transformational leadership and a greater understanding of change management and organisational development principles.
- A performance management framework that encompasses VFM targets aligned to national requirements with indicators and measures that support the VFM agenda.
- The identification of projects and reviews where scope for significant benefits is identified that support the VFM agenda.
- An identifiable programme of capital investment.
- Greater synergy by exploring shared service provision and partnership working.
- Further development of information systems, including activity based costing models. Such models will enable us to determine in more detail what our activities cost and how these relate to outputs and outcomes.
- Elimination of non value-added or low value added activity or costs.
- External recognition that the service is delivering excellence in VFM services.

Performance Management

We will review our strategy and plans on a quarterly basis. These will be updated to reflect changes in direction and priorities depending on internal and external influences. We will performance manage our VFM activity to ensure that outputs and outcomes can demonstrate VFM in the way in which they are delivered.

On making our assessment we will consider:

- The views of our stakeholders – communities, workforce and their representatives.
- Outcomes from external audit and reviews
- Results of internal audit and reviews
- Achievement of efficiency savings and targets
- Comparative data with other like for like organisations
- Best practice
- Benefit realisation from projects and initiatives
- Return on investment – input\outputs and quality of service