

# Integrated Risk Management / 2020 Planning Process

## Report of the Chief Fire Officer

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### 1 Purpose of Report

This report informs Members of the outcomes from the Integrated Risk Management Plan (IRMP) 2020 consultation process and seeks decisions on which proposals should be included in the Fire Authority's final IRMP 2015-20 Plan, to be published in April 2015.

### 2 Recommendations

The Fire Authority is asked to:

- a) Consider the recommended 'Overarching Principles', which underpin the Fire Authority's IRMP 2020 Process;
- b) Note the consultation feedback received from Phase 3 of the IRMP 2020 Process;
- c) Consider the recommendations from the Strategy and Resources Committee, contained in section 8; and
- d) Note the next steps required in the IRMP 2020 Process (detailed in Section 9) and delegate responsibility for their implementation to the Strategic Risk and Planning Group.

### 3 Background

Pressures from the Government's austerity measures led to the Fire Authority's putting in place its 'Public Value Plan', covering the period 2011 to 2015. This Plan aimed to reduce the costs of the Service by £3.2m, in order to ensure that the Service was running with a balanced budget by 2015. The Public Value Plan is now in its final year of implementation, with the Service on target to achieve the £3.2m savings identified therein.

Every indicator suggests that austerity is going to remain on the same trajectory after 2015, with reducing income and increasing cost pressures on the Service being the norm. The Fire Authority started its Integrated Risk Management Planning 2020 Process (IRMP 2020) in the spring of 2013. The purpose of the Process is:

1. To ensure that the Fire Authority has appropriate plans in place to deal with a potential shortfall in the Service's budget going forward to 2020; and
2. To ensure that the Service's resources continue to be used to best effect to reduce risk within the County.

It should be noted that, at the start of this process, the financial forecast predicted that the Service would be facing a £1.5m deficit in its budget by 2020.

The IRMP 2020 process consisted of three distinct phases:

**Phase 1** – The Service identified a number of ideas for cost reduction and undertook Initial Impact Assessments on those ideas with its staff.

**Phase 2** – A Full Impact Assessment, involving all stakeholders, was carried out on those ideas that may be required to meet the financial challenge.

**Phase 3** – Formal consultation was undertaken on those proposals, identified as being possibly suitable for implementation.

Having received a report, in February of this year, which outlined the results from the 'Full Impact Assessments', the Fire Authority agreed that:

1. The closure of the four 'Low Risk' fire stations should not progress through to Phase 3 of the IRMP 2020 Process.
2. The removal of one of the fulltime fire engines, from either the Shrewsbury or Telford areas, should not go through to Phase 3.
3. The Service should explore possible changes to the current wholetime shift systems, in order to generate up to £400k savings.
4. The possible merger of the Service's Fire Control function, with that of at least one other service, should be included in Phase 3.
5. Specific consultation on changes to the current shift systems, operated in Fire Control, should not be included in Phase 3, but may be required at a later date, if an option for change to the function does arise.
6. The Strategic Risk and Planning Group (StRaP) should consider possible changes to the terminology used in the Fire Authority's current IRMP Response Standards, at its meeting in March 2014, and should consult on those changes as part of the Phase 3 process.
7. The Fire Authority should delegate responsibility to StRaP, for developing and implementing a consultation process capable of exploring the issues identified above, and report the results back to the October meeting of the Fire Authority.

This report is the final step in completing all of these requirements.

Members are, therefore, asked to consider the information contained within this report, including the consultation feedback set out at the appendices, and consider the recommendations detailed in section 8.

## **4 2020 – The Changing Financial and Operational Context**

Since the IRMP 2020 Process was started in early 2013, the Service has seen a change in its very senior levels of management, in particular the role of the Chief Fire Officer. Recognising that many of the assumptions, upon which the IRMP 2020 process was developed, are constantly changing and to ensure that Members are able to make these important decisions based upon the most up-to-date information, the Chief Fire Officer has undertaken a review of the Service's changing financial and operational environment. The results of this review are summarised below:

1. Accurate long-term financial forecasts are very difficult to achieve.
2. The Service's budget is volatile, with changes almost on a monthly basis.
3. Since the initial forecasts, whilst some funding streams are better than anticipated, others are worse, for example, Government grant.
4. The Public Value Plan, involving a reduction of £3.2m in the Service's budget between 2011 and 2015, is on track to be achieved.
5. Because the Fire Authority planned ahead, through its Public Value process, the period when the Service's budget is likely to go into deficit has been shifted back, from to 2015/16 to 2017/18.
6. This has resulted in opportunities presented by the accumulation of reserves.
7. In July 2013, the forecast budget deficit was in the region of £1.5m by 2020, but is now reduced to £0.9m. This is the result of a range of influences but, in particular, due to:
  - Freeze grant being rolled into budget;
  - Referendum spending limit remaining at 1.99%; and
  - Increase in council tax revenues due to more houses being built.

In summary, although budget deficits continue to be predicted, the timescale for those deficits appears to be shifting backwards.

In addition to this financial context, the Chief Fire Officer is also mindful of the following changes to the operational environment, which have come about over the last few months:

1. The context for potential opportunities for merger / collaboration for Fire Control have altered; and
2. Consultation on proposed changes has yielded alternative options that could provide positive improvements to the Service, whilst still making the levels of savings that may be required.

## 5 'Overarching Principles'

Having reflected on the outcomes from the Chief Fire Officer's review, members of the Strategy and Resources Committee (S&RC) believe that the following 'Overarching Principles' are appropriate to the overall IRMP 2020 Process:

1. The target remains to reduce the deficit, by 2020, to nil.
2. Whilst continuing to consider all necessary cuts to the Service, there should also be a focus on continued service improvement.
3. The Service should make effective use of reserves to support change.
4. Future changes should be tailored to the needs of the community and the capacity of the Service.
5. The Fire Authority should continue to pursue collaborative opportunities actively with other organisations, where they offer potential advantages to the Service.

These principles should help to support Members, when deciding on the recommendations contained in this report.

## 6 IRMP 2020 Phase 3 Consultation Process

The consultation process involved feedback, on a number of proposals, from all relevant stakeholders, both internal and external. To accomplish this, two online tools were created, which presented information on the proposals to particular groups, and also enabled these groups to access an online survey, through which they could provide their feedback. The external tool was advertised through the press and media and access points via Shropshire and Telford & Wrekin Councils. Although hard copies of the information packs and questionnaires were made available to external stakeholders, who requested them, the vast majority of feedback was received through the online tool.

External feedback was only sought on those proposals which the 'Full Impact Assessments' had indicated could result in some impact on the level of service received by the public. The specific proposals considered (and an indication of the possible savings) are shown in Table 1.

Table 1: External Impact Proposals
1. The merger of the Service's Fire Control function with at least one other organisation (up to £300k)
2. The Draft IRMP Strategic Document and revisions made to the Fire Authority's IRMP Response Standards (no specific saving)

Internal feedback, from staff and their representative bodies, was sought on the proposals highlighted above, as well as the proposals set out in Table 2, for which there was unlikely to be any impact on the service to the public.

Again, an indication of the possible savings is also shown.

Table 2: Internal Impact Proposals	
3.	Changes to the shifts currently worked by wholetime staff (£400k)
4.	Converting the current uniformed staff (i.e. Grey Book conditions of service) roles in Business Fire Safety, into non-uniformed (i.e. Green Book conditions of service) roles (£50k)
5.	Use of Retained Duty System staff to fill short-term wholetime gaps (no specific saving)
6.	A reduction in the overall support staff budget (£105k)
7.	Changes to the current contracts for hydrant and hose testing (£20k and £10k respectively)

In addition to the proposals outlined above, a number of other changes to current budgets have also been considered by Senior Officers through Phase 3. Although there is inevitably some risk attached to these changes, with no predicted direct impact on the public or staff, formal consultation on these additional proposals was not undertaken. Consideration about the impact that would follow from these proposals was collated by the manager responsible for these budgets and then considered by the Executive Team. They are included here (Table 3 below) so that Members have a full picture of all proposed reductions considered during this phase of the Process.

Table 3: Other Proposals	
8.	Reductions to the amount added to Capital Reserves from the annual revenue budget (£120k)
9.	Reduction in the allocation from the revenue budget for ill-health retirements (£80k)
10.	Reductions to the occupational health contract costs (£30k)
11.	Reductions to the budget for recruitment advertising (£7k)
12.	Reductions to the budget for obtaining medical reports (£6k)
13.	Insourcing some of the non-specialist Workshops work that is currently outsourced (£6k)
14.	Stop seeking ISO14001 certification for the Service's environmental impacts (£4k)

If all of the proposals, outlined in Tables 1 to 3 above, were accepted and implemented, and the full estimated savings were achieved, this could result in a reduction in the Service's revenue budget of **£1.138m** per annum, by 2020.

All of the detailed responses received during the Consultation Process are given in the appendices. Section 7 provides a brief summary of that feedback for each proposal. Section 8 then lists the recommendations, suggested by the members of the S&RC, in relation to each proposal.

## **7 Summary of the Consultation Feedback and Members' Considerations**

This section summarises the feedback received on each of the proposals shown in Tables 1 and 2 and also provides a summary of those impacts considered relevant to the proposals outlined in Table 3. It also outlines the main conclusions that members of the S&RC reached as a consequence of this feedback.

### **Proposal 1 - The merger of the Service's Fire Control function with that of at least one other organisation (responses from staff and public)**

- Both the public and staff groups are concerned about the potential negative impacts from the four issues raised during the Full Impact Assessment phase, most notably in relation to the loss of local knowledge, where more than 85% of the public and 77% of staff are 'quite' or 'very' concerned.
- Putting measures in place and giving assurances that these negative impacts would be overcome does allay some of these fears. More than 60% of the public and staff, however, remain unsupportive of the proposal to lose Fire Control from within Shropshire's borders.
- Members and officers feel that many of the problems relating to the loss of local knowledge could be overcome through modern IT solutions.
- Officers have also noted that there appears to have been a change in the status of the opportunities available for such amalgamation over the last few months, most notably with the West Mercia and Warwickshire Police project.
- Members are still very conscious that, if the Fire Control function were to be out-sourced, then the Fire Authority would lose control of the future costs of this important function. The feeling being that, once it is out-sourced, it would be difficult to bring it back into the Service, if costs became untenable. This was one of the risks facing the Fire Authority during the national Regional Control Centres project (stopped by the current Government because of the many technical problems and escalating costs) and it is still a concern.
- Members also noted that alternative options were suggested by Fire Control staff themselves, during the consultation process, and have also been outlined within the detailed comments received.
- Members felt that, whilst the decision is within their gift, it may make more sense to improve the cost effectiveness of the Fire Control function as much as is possible, and maintain the benefits of having that function within Shropshire's borders.

## **Proposal 2 - The Draft IRMP Strategic Document and revisions made to the Fire Authority's IRMP Response Standards (responses from public and staff)**

- The feedback on the contents, layout and style of the IRMP Strategic Document was predominantly positive.
- There were, however, a number of comments about the complexity of the information contained within the document, which the Service is keen to address in the final document.
- Of those that expressed an opinion, approximately 66% of the public and more than 80% of staff agreed with the changes to the terminology used to define the Service's IRMP Response Standards.
- Members noted the letter from Prees Parish Council, outlining its concerns at not having been upgraded to 'Town and Fringe', as was the case with Baschurch. In considering whether the Prees Village and Prees Higher Heath areas should be upgraded, Members considered the following points:
  1. The population growth that has occurred between the last two censuses in the Prees and Prees Higher Heath areas;
  2. The likelihood of further growth in these areas in the coming years;
  3. Whilst future changes in the Government's classification scheme cannot be predicted, in comparing the Prees and Prees Higher Heath figures to the Baschurch figures, it is feasible that these areas could be close to a reclassification at some stage in the near future; and
  4. The fact that these areas already attract an actual response time that is consistent with an upgraded classification, due to the proximity of Prees fire station.
- Members of the S&RC were, therefore, minded to recommend that the Fire Authority considers varying its IRMP Response Standards in this way.

## **Proposal 3 - Changes to the shifts currently worked by wholetime staff (responses from staff)**

- In responding to the question about whether an individual would be prepared to change to the Day Crew Plus (DCP) shift system, 26 people responded that they would. Whilst the Service would only require 14 people to operate this system, it should be noted that, of the 26 positive responses, only 5 of these were currently wholetime staff.

- In responding to the question about which, if any, Individuals or groups could potentially be disproportionately affected by these changes, staff responded by emphasising their concerns about:
  1. The reduced family friendliness of the DCP shift system, and its impact on dependants;
  2. The possibility that some staff may be required to change compulsorily to this system at some stage in the future;
  3. The excessive number of hours that would have to be worked; and
  4. The risk from changes to the European Working Time Directive, which could make the system unsustainable.
- Members noted that capital investment would be required, if the Service was to implement the DCP shift.
- Officers highlighted that the DCP shift system was only put forward as an example of a shift system that could achieve the sort of savings being targeted here (£400k). Officers believe that other options are also likely to give similar levels of savings, perhaps without some of the downsides of DCP.
- The Service has become aware that the European Commission is in the process of gathering information relating to the Working Time Directive. This could raise further concerns about any changes to the current regulations, possibly impacting on the sustainability of DCP into the future.
- Members noted that the delay in the financial imperative to make change, due to the Fire Authority's prudential management through Public Value, offers the opportunity for the Service to undertake a full and proper review of all possible shift options, including the involvement of staff, rather than simply taking the first option that could work.
- Improvement in productivity should be the focus of any review, matching resources to risk, rather than simply cost reduction.
- Members discussed the time frame that would be appropriate to any suggested review. It was agreed that ample time needed to be given to ensure the review is undertaken appropriately, but that there should not be too great a delay in identifying options that could assist the Fire Authority in meeting its future financial challenges.

**Proposal 4 - Converting current uniformed staff (i.e. Grey Book conditions of service) roles in Business Fire Safety, into non-uniformed (i.e. Green Book conditions of service) roles (responses from staff)**

- The questions, asked during consultation on this proposal, related to how perceived issues from implementing such a change could be overcome. Several hundred comments were received, which would be considered as part of making any changes to these roles.



- Officers highlighted that a review of the current grading of the Green Book staff in Business Fire Safety is being undertaken, the results of which could reduce the potential savings to be made within this proposal.
- Members and officers are concerned about the impact a wholesale change could have: there would be reduced experience of actual fires, if Grey Book staff were no longer to come into the department, and a loss of building construction knowledge being transferred onto the watches.
- Members are aware that this function is already very lean and delivers some excellent outcomes across Shropshire and Telford & Wrekin.
- Members and officers agreed that, with relatively limited savings to be made here, any change should be focussed on delivering the right service, at the right cost, and ensuring the right levels of safety, both for staff and the community.

#### **Proposal 5 - Use Retained Duty System (RDS) staff to fill short-term wholetime gaps (responses from staff)**

- The questions asked during consultation on this proposal, related to how perceived issues from implementing such a change could be overcome. Several hundred comments were received, which would be considered as part of implementing such a system at any stage into the future.
- In responding to the question about whether an individual would be prepared to participate in this type of scheme, only 14 people responded that they would.
- Members noted that with the secondment of a number of firefighters from Hereford and Worcester Fire and Rescue Service, to fill the current gaps in the wholetime establishment, the imperative for implementing this type of system has significantly reduced.
- Members are keen to ensure that the Service makes best use of its RDS staff and would welcome ideas for possible integration of the wholetime and RDS systems into the future.

#### **Proposal 6 - A reduction in the overall support staff budget (responses from staff)**

- The questions asked during consultation related to what suggestions staff have for further improvements to the Service's current systems and processes, with a view to increasing efficiency into the future.
- Officers highlighted that the Service is currently making changes to its many processes and systems as part of its Service Transformation Programme (STP). All of this work is intended to increase efficiency within the Service, ultimately offering opportunities to look at reducing costs.
- The feedback received from consultation will be used to inform on other areas to explore.

- The STP currently has a very heavy demand on the Service's support staff, with the additional capacity required to implement these changes being achieved through short-term contracts.
- This 'Invest to save' programme will need to be continued, if these additional reductions in the support staff pay budget, over and above those achieved through the Public Value Plan, are to be achieved.
- Members noted that, where appropriate, this may involve insourcing some functions that are currently outsourced.

### **Proposal 7 - Changes to the current contracts for hydrant and hose testing (responses from staff)**

- The feedback received in relation to the effectiveness of both the current hydrant and hose testing outsourced contracts was predominantly positive, with more than 50% of responders stating that the hydrant contract appears to be effective and nearly 50% supporting the hose testing contract.
- In relation to hydrant testing, the main reasons given by those, who thought that changes to this contract were appropriate, related to the belief that wholetime staff could carry this out at no extra cost and that it would improve their knowledge of the local area (topography). Officers tend to disagree with this view, believing this to be a poor use of skilled firefighters and that there would potentially be a difference in the effectiveness of this testing in the more rural areas.
- Members noted that the £20k savings on the hydrant contract could be achieved through a review of the testing frequency, which, if done correctly, should result in minimal increase in risk.
- Members also noted that the current hydrant contract is due for renewal in 2017, which would possibly give the Service an opportunity to achieve these savings.
- Responders commented that hose testing could be undertaken by RDS staff, as part of their drill sessions. Again, officers are of the opinion that this time would be far better spent by RDS staff undertaking risk-critical training, rather than conducting tests on a very basic item of equipment.
- Members are also conscious of the limited savings possible from the change to the current hose testing contract (£10k) and consider the benefits would not be balanced against the impact on staff training time.

### **Proposals 8 to 14 – Other changes to budgets (responses from senior managers)**

#### **8. Capital Reserves contributions**

The Head of Finance feels that this change could be implemented with minimal risk to the Fire Authority.

**9. Ill-health retirement contributions**

The Head of Finance feels that this change could be implemented with minimal risk to the Fire Authority.

**10. Occupational health contract costs**

The Assistant Chief Fire Officer has concerns that, although these reductions have been made with the current contract renewal, this may not be sustainable into the medium to long-term.

**11. Recruitment advertising budget**

The Assistant Chief Fire Officer feels that this change could be implemented with minimal risk to the Fire Authority.

**12. Medical reports budget**

The Assistant Chief Fire Officer feels that this change could be implemented with minimal risk to the Fire Authority.

**13. Non-Specialist Workshops work**

The Head of Resources highlights that, to accommodate this change, the inspection frequency for the Service's blue-light fleet would need to be reduced from its current levels. This would negatively impact on the preventative inspections that Workshops currently undertake on the fleet, with a resulting increase likely in the number of faults incurred on appliances. In view of this, and the limited savings to be made, the Service is disinclined to progress this proposal.

**14. ISO 14001 certification**

The Head of Resources highlights that, the Service is one of very few that have been successful in achieving accreditation to the ISO 14001 standard. This clearly demonstrates the Fire Authority's commitment to reducing the environmental impact from its operations. The measures included in the renovation of the Shrewsbury site are an excellent example of the benefits from this work. In view of this, and the limited savings to be made, the Service is disinclined to implement this change.

**8 Recommendations from the Strategy and Resources Committee**

Having fully considered all of the feedback and information gathered throughout all three phases of the IRMP 2020 Process, at its meeting on 18 September 2014, members of the S&RC agreed the following recommendations:

**Proposal 1 - The merger of the Service's Fire Control function with at least one other organisation**

**Recommendation 1**

Suspend the existing merger proposals and undertake a Fire Control Review project, which should identify alternative options for improving the cost-effectiveness of the Fire Control function by up to £300k per annum. Report back to the Fire Authority with proposals for change within 12 months of starting the project.

**Recommendation 2**

The Service should maintain its current watching brief on all partner collaboration opportunities and those that may arise in the future.

## **Proposal 2 – The draft IRMP Strategic Document and revisions made to the Fire Authority’s IRMP Response Standards**

### **Recommendation 3**

Review and revise the Draft IRMP Document, based on the comments received through consultation, publishing the final version in April 2015. Change the risk classification for specific parts of the Prees parish, from ‘Rural’ to ‘Town and Fringe’.

## **Proposal 3 - Changes to the shifts currently worked by wholetime staff**

### **Recommendation 4**

Undertake a project to identify all possible options that could reduce the current wholetime staffing costs by approximately £400k per annum, whilst continuing to deliver a service matched to risk.

Report back to the Fire Authority with possible options within 12 months of starting the review.

## **Proposal 4 - Converting current uniformed staff (i.e. Grey Book conditions of service) roles in Business Fire Safety, into non-uniformed (i.e. Green Book conditions of service) roles**

### **Recommendation 5**

Review the Business Fire Safety Department and ensure that it is delivering the right service, at the right cost and that the right levels of safety are provided for staff and the community. Do not include a specific cost-cutting target as part of that review, or within the IRMP 2020 Plan.

## **Proposal 5 - Use Retained Duty System staff to fill short-term wholetime gaps**

### **Recommendation 6**

In progressing the wholetime shift system review project (see recommendation 4), it should be considered how the Service can make best use of its Retained Duty System staff, in any resulting Integrated Staffing System.

## **Proposal 6 - A reduction in the overall support staff budget**

### **Recommendation 7**

Continue with the commitment to reduce the support staff pay budget by £105k by 2020.

## **Proposal 7 - Changes to the current contracts for hydrant and hose testing**

### **Recommendation 8**

The current hydrants contract should be reviewed prior to the next contract renewal date (2017), with the aim of exploring all possible options for cost reduction.

### **Recommendation 9**

Do not take forward the proposal to change the way that hose testing is currently undertaken.

## **Proposals 8 to 14 – Other changes to budgets**

### **Recommendation 10**

Reduce the Capital Reserves contributions by £120k per annum.

### **Recommendation 11**

Reduce the ill-health retirements contributions by £80k per annum.

### **Recommendation 12**

Realise the savings currently available within the occupational health contract, but do not include as long-term reductions.

### **Recommendation 13**

Reduce the recruitment advertising budget by £7k per annum.

### **Recommendation 14**

Reduce the medical reports budget by £6k per annum.

### **Recommendation 15**

Do not make changes to the current non-specialist Workshops work.

### **Recommendation 16**

Do not stop ISO 14001 certification.

## **9 Next Steps**

The following actions will need to be undertaken in order to implement the recommendations contained within this report:

1. The Draft IRMP Strategic Document 2015-20 will be modified to take account of the comments received during consultation and will then be published in April 2015;
2. An IRMP Action Plan, covering the first year of the five-year plan (i.e. 2015/16), will be developed and published alongside the Strategic IRMP Document 2015-20;
3. The IRMP Action Plan 2015/16 will be implemented and monitored; and
4. The IRMP Strategic Document 2015-20 will undergo an annual review process to ensure any assumptions, upon which it is based, remain valid.

### **Recommendation 17**

Members are asked to delegate responsibility for carrying out the actions listed above to the Strategic Risk and Planning Group, with appropriate progress reports coming to the Fire Authority through the Strategy and Resources Committee.

## **10 Financial Implications**

If the recommendations contained in section 8 are approved, the Service's revenue budget could be reduced by up to £1.038m per annum by 2020, which would more than meet the current forecast deficit for that period, of £0.9m.

## 11 Legal Comment

Section 21 of the Fire and Rescue Services Act 2004 provides the statutory authority for the Fire Service National Framework and requires fire authorities to have regard to the Framework in carrying out their functions. The Framework sets out requirements to produce an IRMP and any considered budget cuts must take the Framework and IRMP into full account.

## 12 Initial Impact Assessment

An Initial Impact Assessment has been completed. A detailed Impact Assessment for all proposals, resulting from the recommendations above, will be undertaken as part of each individual project that follows. These Impact Assessments will make full use of the information gathered during all three phases of the IRMP 2020 process.

## 13 Equality Impact Assessment

There are no equality or diversity implications arising from this report. An Equality Impact Assessment is not, therefore, required.

## 14 Appendices

Please note that, in light of their length, the appendices have not been attached to this report but can be accessed on the Service's website via the following link:

<http://www.shropshirefire.gov.uk/meeting/8-october-2014>

### Appendix A

Results from the external consultation process

### Appendix B

Results from the internal consultation process

### Appendix C

The Fire Brigades Union Initial Response to Shropshire Fire and Rescue Service's Integrated Risk Management Plan 2015-2020

### Appendix D

Other written responses received during the consultation process:

- i. Letter from Prees Parish Council
- ii. Letter from English Heritage
- iii. Email from Staffordshire Fire and Rescue Service
- iv. Letter from Hereford and Worcester Fire and Rescue Service

## 15 Background Papers

Shropshire and Wrekin Fire Authority 26 February 2014  
Report 15 – Integrated Risk Management 2020 Process