

# IRMP<sup>1</sup>/2020 Planning Process: Phase One Impact Assessment Summary Outcomes

## Report of Chief Fire Officer

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### 1 Purpose of Report

This report sets out the summary outcomes arising from the Phase One Impact Assessment, together with the recommendations of the Fire Authority's Strategic Risk and Planning Group (StRaP).

### 2 Recommendations

Members are requested to:

- a) Note the summary outcomes, derived through the Phase One Impact Assessment; and
- b) Recommend to the Fire Authority that:
  - i StRaP members lead the Phase Two Impact Assessment process, providing due consideration to the options presented at Appendix B;
  - ii Officers lead internal impact assessments and implement (as appropriate) the options presented at Appendix C; and
  - iii The Fire Authority receives from the Strategy and Resources Committee in February 2014 refined proposals for consideration for formal consultation and implementation.

### 3 Background

The financial constraints facing the Fire Authority during the next several years will require further budget reductions, amounting to approximately £1.9 million by 2019/20. This is in addition to the current £3 million worth of measures, implemented through the Public Value programme instigated in 2010.

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<sup>1</sup> IRMP: Integrated Risk Management Plan

Whilst the Public Value measures have, by and large, protected frontline service provision, the scale of additional cuts to the Authority's budget may lead to actions, which, if agreed, could result in:

- Reduction of frontline fire appliances;
- Closure of fire stations;
- Merger of the Fire Authority and Service (or elements of the Service, e.g. Fire Control) with a neighbouring Fire Authority / Service; and
- Consequential staff redundancies, arising from one or more of the above.

Whilst none of the above may be considered desirable, the reality is that, unless changes are brought about to the Authority's budget grant settlement and/or a relaxation on precept capping, a combination of such measures, together with lesser identified cost-saving initiatives, may be necessary.

The proposals set out within this report should be considered as one-off, medium-term options and not long-term solutions to budget pressures facing the Authority, pressures that may further worsen beyond the year 2020.

## **4 Phase One Impact Assessment**

The Fire Authority's IRMP/2020 strategy has sought, through structured discussions with staff, to strike a balance between aligning the Service to an ever-changing environment, whilst at the same time exploring cost-cutting measures. The outcome of the process to date is a clearer and shared understanding of the challenges and opportunities that lie ahead, together with a subjective initial assessment of the impact of further potential budget reductions.

Phase One has examined a wide range of options and determined the potential impact of each, if implemented, together with an approximation of likely savings that may arise. Each option has been considered in respect of the following factors:

- Impact on local community
- Impact on individuals / teams
- Impact on Fire Authority aims and objectives
- Impact on Fire Authority Integrated Risk Management Plan (IRMP)
- Impact on 2020 scenario outcomes

The impact findings have been scored and moderated to provide a value based upon two criteria: potential savings and overall impact, which might be either positive or negative. The results of the Phase One impact assessment for each option, ranked in respect of indicative cost savings, are presented in summary at Appendix A. A number of minor options have been excluded from the summary, where the potential savings are less than £5,000, albeit these options will be implemented, where appropriate.

Adopting the Pareto Analysis Principle<sup>2</sup> (80/20 rule), Members of StRaP have considered the outcomes of Phase One and identified those options that should proceed to Phase Two for a more detailed impact assessment, and those that should be set aside at this stage in the process.

The options considered have been categorised into three areas, namely:

- a) Options, which should proceed to a Member-led Phase Two Impact Assessment (options that have a combination of relatively high impact and high cost savings). These options are presented at Appendix B and collectively equate to approximately £3.2million.
- b) Options, which should proceed to an officer-led, internal Phase Two Impact Assessment (options that have a combination of relatively low impact and low cost savings). These options are presented at Appendix C and collectively equate to approximately £0.5million.
- c) Options, which should be placed aside at this stage in the process. These options have been reviewed by StRaP members and, based on an assessment of risk, are considered unsuitable for implementation at this time. These options are presented at Appendix D and collectively equate to approximately £0.6million.

The relative position (in terms of savings and impact) of each option is illustrated pictorially in the scatter diagram at Appendix E.

## **5 Indicative Financial Savings**

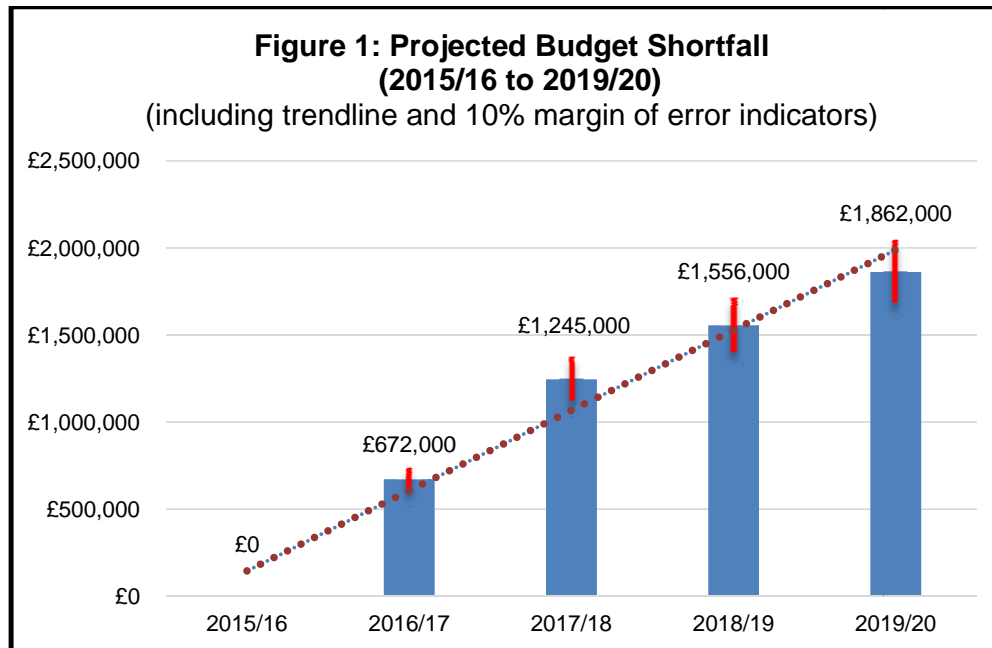
Phase One has sought to identify indicative cost savings for each option, recognising that in some cases the implementation of certain multiple options may cancel out or reduce the total savings achievable. The identified savings for each option are summarised at Appendix A.

The level of savings to be secured is estimated to be circa £1.9 million by 2019/20, although a number of variables, such as further grant changes and adjustments to capping levels, may lead to additional changes in this planning assumption.

Projections indicate that the shortfalls in the Authority's budget will begin to emerge in 2016/17, and continue incrementally through to 2019/20 (and possibly beyond). The scale of the likely annual shortfall (including a margin of error bar of 10%± (shown in red)) is illustrated in Figure 1 on the following page.

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<sup>2</sup> [http://en.wikipedia.org/wiki/Pareto\\_analysis](http://en.wikipedia.org/wiki/Pareto_analysis)



What can be deduced from Figure 1 is that the annual shortfalls are, in relative terms, incremental and consistent in growth. Consequently, the profile of options to be implemented should be broadly aligned to the projected shortfalls to avoid unnecessary over-expenditure or premature reductions in service delivery. Clearly, however, where the degree of impact of any given option(s) is relatively low, but the savings are high, it would be prudent to implement the option(s) earlier than necessary to accumulate savings that may potentially offset / delay high-impact options at a later stage.

## 6 Phase Two Activities

The total value of the options considered (circa £4 million) exceeds the predicted target saving of £1.9 million, necessary by 2019/20, and, as such, whilst a range of options will be considered at Phase Two, it is not envisaged that all options will be implemented.

The primary purpose of Phase Two is to assess in greater detail the impact of each option, particularly where multiple linked options could be implemented, resulting in a more refined programme of savings. Core to the assessment is being ever-mindful of the consequences of any options to the Fire Authority's IRMP<sup>3</sup> and the requirements of the Fire and Rescue National Framework<sup>4</sup>.

The options presented at Appendix B will be discussed with staff and stakeholder groups via a Member-led (StRaP) approach, resulting in the production of a programme of streamlined proposals, profiled to the budget reductions. Of the options presented at Appendix B, only those that achieve realistic expected savings of circa £1.3million will be recommended to the Fire Authority in February 2014, and thereafter subjected to a period of formal consultation and scrutiny prior to implementation at a later stage.

<sup>3</sup> <http://www.shropshirefire.gov.uk/managing-the-service/irmp/strategic-plan>

<sup>4</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5904/nationalframework.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5904/nationalframework.pdf)

## 7 **Horizon Scanning**

It must be noted that Phase Two will not be carried out in isolation of emerging national debate concerning the proposal of either 'fire-fire-fire' or 'police-fire-ambulance' mergers (as previously reported to the Fire Authority<sup>5</sup>). A Government announcement is expected in the autumn concerning possible mergers, the implications of which (if any) to the proposals arising in Phase Two will be made known to the Fire Authority.

## 8 **Financial Implications**

There are no additional financial implications arising from this report other than those set out within it.

## 9 **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.

## 10 **Initial Impact Assessment**

An Initial Impact Assessment has been completed and a full Impact Assessment will form part of Phase Two.

## 11 **Appendices**

### **Appendix A**

Phase One Impact Assessment Results (ranked by value of savings)

### **Appendix B**

Phase Two Member-Led Options for Impact Assessment

### **Appendix C**

Phase Two Officer-Led Options for Impact Assessment

### **Appendix D**

Phase One Options - Set Aside

### **Appendix E**

Phase One Summary Results – Scatter Diagram

## 12 **Background Reports**

### **Shropshire and Wrekin Fire and Rescue Authority**

- 25 April 2012, Report 9 - Consolidated 2020 Strategic Planning Process
- 18 July 2012, Report 15 - 2020 Strategic Planning Process
- 13 February 2013, Report 15 - 2020 Strategic Planning Process

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<sup>5</sup> <http://www.shropshirefire.gov.uk/sites/alpha.shropshirefire.gov.uk/files/fra/14-horizon-scanning-mergers-amalgamation.pdf>

### Phase One Impact Assessment Results (Ranked by Value of Savings)

Code	Proposal	Financial impact	Summary Impact score	Resultant Impact Score	Estimated savings
AC1	♠Explore changes to the current shift pattern used in the Whole-time, that could reduce staffing numbers by up to 25%	5	-6	-1	£1,300,000
AC4	♠Removal of one W/T pump (Shrewsbury or Telford area)	5	-12	-7	£900,000
AC8	Close up to 4 Retained stations across the county, in line with current IRMP fire cover review (Baschurch, Clun, Hodnet and Prees).	4	-12	-8	£600,000
FC3+4	♥Whole or partial merge of Fire Control with Hereford and Worcester Fire and Rescue Service, reducing staffing by up to 50%	3	-6	-3	£300,000
Ex1	Combine with a neighbouring Fire and Rescue Authority - not including Fire Control which is considered separately	4	1	5	£250,000
FC1+8	♥Explore changes to the current shift patterns in Fire Control, that could reduce staff numbers by up to 25%	2	-5	-3	£120,000
Fin1	Reduction in the budgeted contributions to Capital Reserve, for items purchased from Reserve.	1	-1	0	£120,000
AC10	All RDS stations to return to 2 hour drills per week	2	-4	-2	£120,000
AC7	Reduce the Group Support Teams by 1/3 in the rural areas	2	-7	-5	£100,000
Fin2	Reduction of Ill Health Retirement Contribution budget	1	0	1	£80,000

Ex7	Reduction of 3 support staff posts	1	-3	-2	£75,000
FS6	Non-attendance to Automatic Fire Alarms in RDS areas between the hours of 8am and 6pm, each day.	1	-8	-7	£70,000
FS1	Convert all grey book posts, in Business Fire Safety, into green book posts	1	3	4	£50,000
AC3	Utilise RDS staff to cover short to medium term WT vacancies	1	2	3	£50,000
T&D4	Reduce the support, monitoring and auditing to all personnel in development	1	-3	-2	£50,000
FS4	Stop RDS staff conducting Home Fire Safety visits and fitting of smoke alarms, by utilising volunteers (WI, BRC) in our rural areas.	1	-4	-3	£50,000
HR6	Reduction in Occupational Health Budget	1	0	1	£30,000
Ex5	Voluntary reduction in hours worked by non-uniformed staff	1	-5	-4	£30,000
Res7	In-source Hydrant Maintenance	1	0	1	£20,000
Res4	In-source Fire Hose Testing	0	-1	-1	£10,000
FC7	Fire Control income generation	1	-4	-3	£10,000
HR2	Reduction in recruitment advertising budget	0	-1	-1	£7,000
HR5	Reduce the Medical Reports budget.	0	0	0	£6,000
Res11	In-source non-specialist work in Workshops	0	-2	-2	£6,000
Res3	Remove 13.5 ladders from half of the fleet	1	-6	-5	£5,000
				<b>Total</b>	<b>£4,359,000</b>

**Notes:**

- a) The two proposals marked ♠ would, if both implemented, deliver overall reduced savings than the collective individual values shown for each option.
- b) The two proposals marked ♥ would, if both implemented, deliver overall reduced savings than the collective individual values shown for each option.

### Phase Two Member (STRaP) led options for Impact Assessment

Code	Proposal	Financial impact	Summary Impact score	Resultant Impact Score	Estimated savings
AC1	♠ Explore changes to the current shift pattern used in the Wholetime, that could reduce staffing numbers by up to 25%	5	-6	-1	£1,300,000
AC4	♠ Removal of one W/T pump (Shrewsbury or Telford area)	5	-12	-7	£900,000
AC8	Close up to 4 Retained stations across the county, in line with current IRMP fire cover review (Baschurch, Clun, Hodnet and Prees).	4	-12	-8	£600,000
FC3+4	♥ Whole or partial merge of Fire Control with Hereford and Worcester Fire and Rescue Service, reducing staffing by up to 50%	3	-6	-3	£300,000
FC1+8	♥ Explore changes to the current shift patterns in Fire Control, that could reduce staff numbers by up to 25%	2	-5	-3	£120,000
				<b>Total</b>	<b>£3,220,000</b>

**Notes:**

- c) The two proposals marked ♠ would, if both implemented, deliver overall reduced savings than the collective individual values shown for each option.
- d) The two proposals marked ♥ would, if both implemented, deliver overall reduced savings than the collective individual values shown for each option.



### Phase Two Officer led options for Internal Impact Assessment

Code	Proposal	Financial impact	Summary Impact score	Resultant Impact Score	Estimated savings
Fin1	Reduction in the budgeted contributions to Capital Reserve, for items purchased from Reserve.	1	-1	0	£120,000
Fin2	Reduction of Ill Health Retirement Contribution budget	1	0	1	£80,000
Ex7	Reduction of 3 support staff posts	1	-3	-2	£75,000
FS1	Convert all grey book posts, in Business Fire Safety, into green book posts	1	3	4	£50,000
AC3	Utilise RDS staff to cover short to medium term WT vacancies	1	2	3	£50,000
HR6	Reduction in Occupational Health Budget	1	0	1	£30,000
Ex5	Voluntary reduction in hours worked by non-uniformed staff	1	-5	-4	£30,000
Res7	In-source Hydrant Maintenance	1	0	1	£20,000
Res4	In-source Fire Hose Testing	0	-1	-1	£10,000
FC7	Fire Control income generation	1	-4	-3	£10,000
HR2	Reduction in recruitment advertising budget	0	-1	-1	£7,000
HR5	Reduce the Medical Reports budget.	0	0	0	£6,000
Res11	In-source non-specialist work in Workshops	0	-2	-2	£6,000
Res3	Remove 13.5 ladders from half of the fleet	1	-6	-5	£5,000
				<b>Total</b>	<b>£499,000</b>

### Phase One Options - Set Aside

Code	Proposal	Financial impact	Summary Impact score	Resultant Impact Score	Estimated savings
Ex1	Combine with a neighbouring Fire and Rescue Authority - not including Fire Control which is considered separately	4	1	5	£250,000
AC10	All RDS stations to return to 2 hour drills per week	2	-4	-2	£120,000
AC7	Reduce the Group Support Teams by 1/3 in the rural areas	2	-7	-5	£100,000
FS6	Non-attendance to Automatic Fire Alarms in RDS areas between the hours of 8am and 6pm, each day.	1	-8	-7	£70,000
T&D4	Reduce the support, monitoring and auditing to all personnel in development	1	-3	-2	£50,000
FS4	Stop RDS staff conducting Home Fire Safety visits and fitting of smoke alarms, by utilising volunteers (WI, BRC) in our rural areas.	1	-4	-3	£50,000
				<b>Total</b>	<b>£640,000</b>

**Notes:**

- Options AC10, AC7, FS6, T&D4 and FS4 have been risk assessed by StRaP members and considered not appropriate for implementation at this time.
- Option Ex1 has been considered and deemed not appropriate at this time, due to potential national plans to amalgamate the nation's emergency services. A Government statement is expected in autumn 2013.

Summary Results of Phase One Impact Assessment – Scatter Diagram (Impact v Cost Savings Matrix)

