

Consolidated 2020 Strategic Planning Process

Report of Chief Fire Officer

For further information about this report please contact Paul Raymond, Chief Fire Officer, on 01743 260205 or Steve Worrall, Assistant Chief Fire Officer, on 01743 260204.

1 Purpose of Report

This report set out summary proposals for the consolidation of the Fire Authority's existing planning processes, enabling the creation of a '2020 Strategy'. The 2020 Strategy would represent a long-term strategic Integrated Risk Management Plan (IRMP) for the communities of Shropshire and Telford and Wrekin. The proposals set out in this report have been discussed and agreed in principle by the Authority's Strategic Risk and Planning (STRaP) Working Group.

2 Recommendation

The Fire Authority is requested to:

- a) Consider the proposals set out within this report, and, if approved,
- b) Instruct officers, working in conjunction with members of STRaP, to prepare and bring to the Fire Authority a formal programme brief for the implementation of a consolidated 2020 strategic planning process.

3 Background

The global financial crisis has, according to many critics, exposed a fundamental weakness in the traditional approach to long-term corporate strategic planning. In this turbulent economic environment, the current set of planning and control tools has become less relevant, where the Fire Authority finds itself striving to meet the localism agenda, balancing national priorities (as set out in the Fire and Rescue National Framework) and operating within declining budgets.

In particular, the traditional integrated strategic planning and IRMP processes no longer comprehensively fulfil their functions, given the current high levels of economic uncertainty, as it is very difficult to align risk-based planning assumptions with different potential future scenarios that are now financially constrained.

To address this predicament it is proposed to develop and implement a consolidated 2020 strategic planning process that aligns and unites a number of historical planning processes and introduces the concept of scenario planning to create the Fire Authority's '2020 Strategy'.

The proposed approach to the consolidation of existing planning approaches is summarised in Figure 1 below.

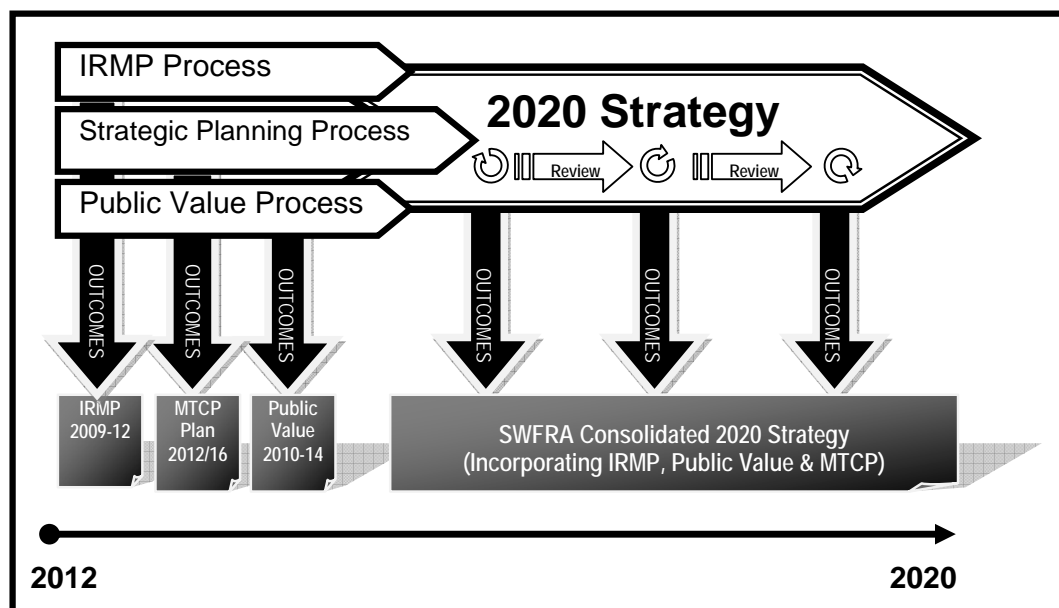


Figure 1 – Summary Overview of consolidated 2020 planning process

4 Consolidated 2020 Strategic Planning Process

Central to the development of the 2020 Strategy will be the introduction of scenario based planning.¹ The concept is not new but it is an important element of corporate management in unstable conditions.

Over the past few years, the demands upon the Fire Authority have increased significantly, due to the increasing insecurity that has come from a multitude of unexpected shifts in Government policy and financial uncertainty.

¹ Source: Dr Felix Iacob (2010)
The Revival of Scenario Planning: an Integral Part of Reliable Corporate Management

These shifts can negatively affect the quality of both the Authority's and Service's strategic business decisions for the community, especially if they occur together. While, for example, the IRMP process, which in part is based on previous risk experience, can make sense in a stable economic environment, this is no longer the case in times when long-term trends have an increasing tendency to break up unexpectedly. The greater the number of uncertainties around future Government policy and financial instability is, the smaller the benefit of the IRMP is to the community. Thus, the greater the uncertainty is, the stronger the need for a change of direction in how the Fire Authority plans and reshapes the Service to align to the future (2020). The only certainty that the Fire Authority can plan upon is the strong likelihood that budget growth will decline.

The direction of development is clear: more flexibility, focus and acceleration. An alternative approach is needed to enable the Fire Authority to systematically think ahead long term with the aim of providing a reliable basis for what might today be considered as unorthodox decisions in the future. The task is not to project the future based on past experience (as the IRMP process promotes), but to derive alternative and consistent future scenarios in order to have a means of dealing with them at an early stage. This is what scenario planning can do.

5 The Evolution of Scenario Planning

Scenario based planning provides alternative images of potential futures; they serve to enable the Fire Authority to think ahead rather than to forecast future situations, without any assessment of the likelihood that they will occur. Scenarios consist of a consistent set of external factors, over which the Authority has little, but in all probability no, influence, examples of which are:

- Climate Change
- Terrorism
- Revenue Support Grant
- Business Rates
- Demographic Changes
- Open Public Services agenda
- Social Media
- Interest Rates
- Inflation

In the past, many fire authorities have been relatively successful in extrapolating the past to forecast the future, particularly to support benchmarking performance and the IRMP process. The disadvantages voiced by the critics of the scenario technique usually address the process of scenario creation and not the results. Today, scenario-based planning has become more of a sensitivity analysis or long-term forecast, as well as systematic considerations of alternative future scenarios.

The Chief Fire Officer Association (CFOA) has recently launched its own 2020 strategy that seeks to utilise scenario-based planning to form a vision of the future. In the wider fire service sector the Federation of European Union (FEU) Fire Officer Associations has recently launched the - *Pan European Fire Strategy 2020 - A safer Europe for all.*² The proposals set out in this report seek to engage with the work of both CFOA and the FEU to enhance the quality of scenario assumptions.

6 Scenario Planning in Three Steps

The scenario-based planning process advocated to the Fire Authority can be as complex (or simple) as desired. There is a pragmatic way of implementing scenario-based planning to both the Authority and Service. This approach is based on a systematic and tightly-organised series of strategic workshops (anticipated to be in the region of 30 Member led workshops), utilising some of the techniques developed through the previous staff consultation sessions (undertaken through IRMP and the Public Value Review). The workshops would engage a wide and diverse range of participants, including community groups, partners, the private / voluntary sector, staff and representative bodies.

At its core, this approach is about the evaluation of relevant IRMP models and possible strategic courses of action in the context of well-defined scenarios necessary to meet community safety aspirations regarding prevention, protection and response. Successfully executed, it is a well-balanced mix of quantitative and qualitative scenario assumptions.

The outline approach, as illustrated in Figure 2 below, involves three steps:

1. The theoretical anticipation and subjective evaluation of possible environmental developments (*Think*)
2. The calculation of the effects these scenarios have on the fundamental Key Performance Indicators of the Fire Authority, using the appropriate models (*Calculate*)
3. The systematic preparation of adjustments to the IRMP and necessary measures to provide community assurance (*Prepare*)

These three steps are discussed in more detail below.

² http://www.previ.be/pdf/FEU_2012.pdf

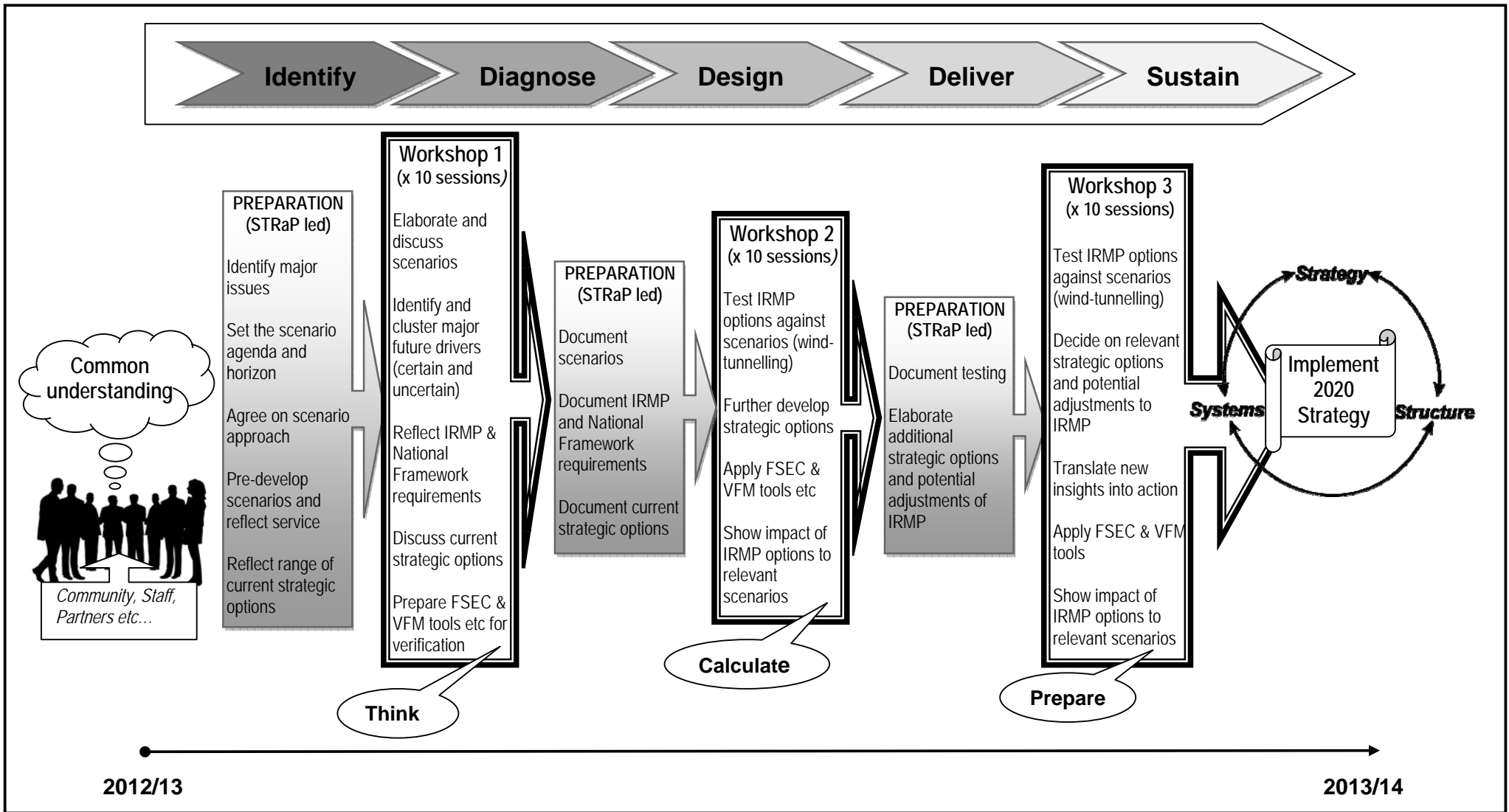


Figure 2 - Key Steps in Scenario Planning

7 Step 1: Think

The future cannot be predicted, but equally it does not emerge out of the blue. For the Fire Authority to be successful it will need to identify and select some of the uncertainties that are critical to the delivery of an effective IRMP and for which it needs to be prepared. To some extent the Fire Authority has been successful in this area previously as illustrated through the Public Value process and the foresight to plan ahead for what was the eventual demise of the FiReControl Project. Speculating on uncertainties creates the scope for the development of possible future scenarios and strategy alignment.

Conventional views to the delivery of fire and rescue services will need to be challenged – from both a provider and user perspective. Alternative approaches to service delivery and community safety need to be created through the inclusion of diverse interests both from within the Fire Authority / Service and moreover from the community and private / voluntary-third sector. It is particularly challenging to consider events that are extremely unlikely to happen, but bear an exceptionally high-risk potential, the so-called *black swans*.

Using the Fire Authority's existing Member-led processes, and close liaison with CFOA and the FEU, new thinking can be facilitated through a variety of different steps:

- a) Reflect on current developments and trends (local, national and international).
- b) Distinguish between certain and uncertain trends (identification of *certain* and *predetermined elements*).
- c) Analyse alternative developments of uncertain trends.
- d) Infer scenarios through coherent combinations as well as aggregation and description of the relevant variations of uncertainties.

Scenarios considered by the Fire Authority should be consistent and relevant. Consistency means that all features of a scenario do not overlap each other within a given timeframe. Equally important, scenarios are relevant if the fundamental fire and rescue issues and interests of key stakeholders are to be addressed. Effectively, the selected scenarios should reflect substantially different future states and not only slight variations of a theme.

8 Step 2: Calculate

The measurement of the success of the Fire Authority's service to the community is often measured through a range of key performance indicators (KPIs) (known locally as *Public Value* measures), not least of which is a judgement of value for money (VFM). A strategic decision of the Authority for action in any given selected scenario will be based on KPIs, VFM and the creation of public value (PV).

The interface between the scenarios and KPIs, VFM and PV is shaped by accurately defined assumptions (see Figure 3 below). External assumptions reflect the essential characteristics of the defined scenarios (including, but not limited to economic, technological, social and political characteristics). Internal assumptions denote the essential elements of the IRMP process (including the strengths and weaknesses of the IRMP, public value, organisation and resources).

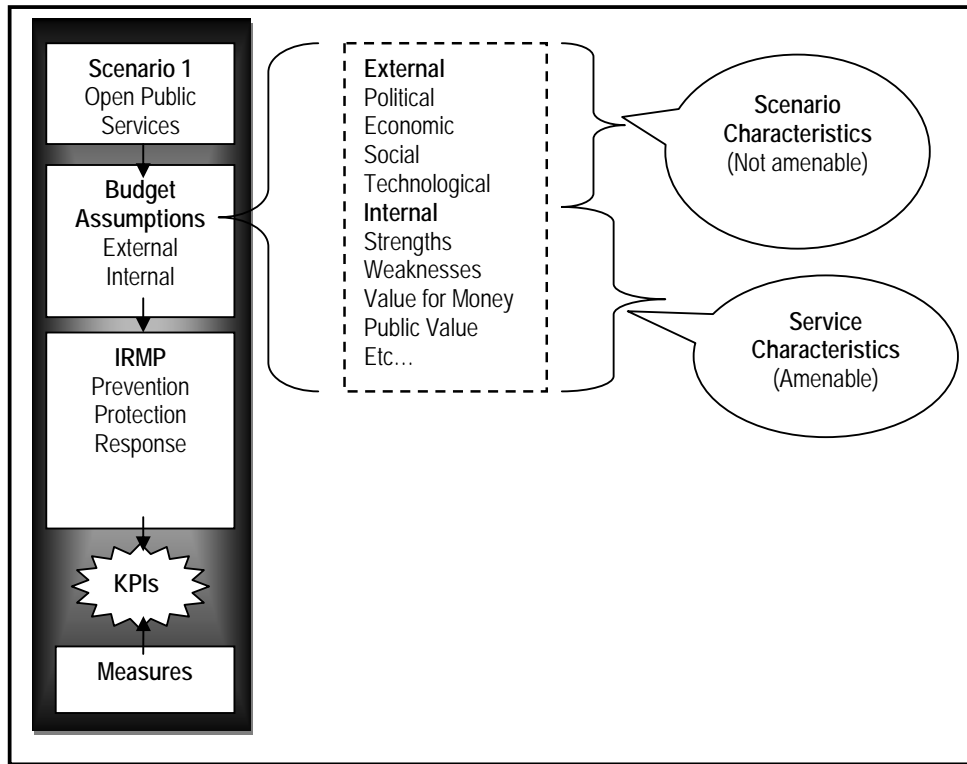


Figure 3 – External and Internal assumptions of the planning process

It is proposed that Member-led workshops (similar in format to the Public Value consultation sessions) will be held to set the external and internal assumptions, and reflect on their causal relationships, which are tightly connected to the Fire Authority's existing integrated strategic planning process through rules and standards that govern both legal and financial constraints, to which the Authority must conform.

The current IRMP is tested — like in a *wind tunnel* — by applying the previously defined scenarios. In order to show the success of the IRMP in the different scenarios, KPIs are determined by using VFM and PV measures. The results of the wind tunnel test are used to create a 2020 strategy / scenario-matrix.

9 Step 3: Prepare

A question the workshops will seek to answer is:

‘Do the current IRMP and PV priorities of the Fire Authority sufficiently secure the professionalisation and sustainability of the Service in the relevant scenarios?’

Or are further measures, or even changes to the IRMP, necessary to help ensure future stability in some of the scenarios?

These are questions that cannot usually be answered by a simple ‘yes’ or ‘no’, but there are general criteria that provide guidance.

It is recommended that the Fire Authority consider the strategic options that preferably:

- a) Provide a satisfactory IRMP performance (in respect of protection, prevention and response) in as many defined scenarios (**robustness**) as possible
- b) Leave the 2020 strategic options open as long as possible (**flexibility**)
- c) Allow the parallel pursuit of competing options for as long as possible (**multi-track**)
- d) Provide the highest yield in terms of the creation of public value, even if the other scenarios result in losses (**risk**)

The greatest benefits for the Fire Authority of scenario planning / effective criteria selection are enhanced robustness and flexibility. The multi-track model can be too resource-intensive to the Service and, as such, generally too costly; and the level of risk is often high.

Robustness and flexibility are the key criteria that can help the Fire Authority future-proof the IRMP. In times of great volatility and uncertainty, flexibility can be even more important than robustness. Flexibility can enable a more adaptable IRMP on the basis that a delay in strategic decision-making by the Authority is possible and not linked to excessively high opportunity costs. The current financial crisis illustrates that there are some fire authorities that failed to speculate on the nation’s financial uncertainty and, as consequence of now being cash-strapped, have made knee-jerk cutbacks with little thought to the consequences to their IRMP. The Fire Authority’s Public Value process enabled, for an interim, four-year period, significant budget reductions to occur without undue detriment to the existing IRMP.

By testing IRMP / PV strategy options, using relevant scenarios and preparing action programmes, focusing on possible developments early, valuable time can be gained that, in turn, can be used for counter-control measures. This could create the decisive advantage in securing effective prevention, protection and response arrangements for 2020.

An illustration of how strategy options and scenarios could be tested is shown in Figure 4 below.

IRMP 2020 Strategies	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2020 Strategy No 1	●	◐	○	◐
2020 Strategy No 2	◐	●	◐	●
2020 Strategy No 3	○	○	○	○
2020 Strategy No 4	●	●	◐	○

Key:

Very Successful ○

Successful ◐

Unsuccessful ●

Figure 4 – Scenario/Strategy Matrix

10 Consolidation of Existing Planning Processes

The proposals set out within this report cannot operate on the basis of scenario planning in isolation. The existing integrated strategic planning process sets out the financial framework and timeframes, in which the Fire Authority is obliged to operate.

The Public Value process has identified and set out a four-year strategy of phased budget reductions, amounting to approximately £3 million. This strategy is unaffected by the proposals.

The Fire Authority is legally mandated to prepare a three-year IRMP. The current IRMP 2009 / 12 Plan underwent a comprehensive refresh during 2011 and is now the subject of ongoing review to address the Government's new priorities, as set out within the draft Fire and Rescue National Framework 2012. A summary of the Framework requirements is appended.

11 Conclusions

The creation of a 2020 Strategy, developed through a consolidated approach (incorporating scenario based planning that seeks to align and unite the existing IRMP, PV and integrated strategic planning arrangements), will enhance the effectiveness of Fire Authority's future plans for the community.

The proposal, if approved by Members, will increase the *visibility* of the future and widens the room for manoeuvre in how the Fire Authority adopts a long-term view on shaping the Service (and IRMP) to meet the requirements of a changing world. It also enhances Members' ability to evaluate the potential impact of possible environmental changes (be these political, economic, social or technological).

Is scenario planning worth the effort? This is a decision for the Fire Authority to make. The current financial crisis shows that, all too often, the really important issues and decisions are addressed, by some public sector organisations, far too late. The result is often a dangerous balance between operational risks and unresolved strategic issues.

12 Next Steps

This report has been presented to members of the Fire Authority's STRaP Working Group, who have discussed and agreed in principle the proposals set out. Subject to the approval of the Fire Authority, it is proposed that officers in consultation with STRaP, develop the recommendation set out above into a formal '2020 Strategy' programme brief for implementation at an agreed date.

13 Financial Implications

There are no direct financial implications arising from this report.

14 Legal Comment

Section 21 of the Fire and Rescue Services Act 2004 provides the statutory authority for the Fire Service National Framework and requires FRAs to have regard to the Framework in carrying out their functions.

15 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Human resources 5 Part 2) and have determined that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An initial Equality Impact Assessment has not, therefore, been completed.

16 Appendix

Fire and Rescue National Framework 2012 (DRAFT) - Integrated Risk Management Plan Requirements *(taken direct from Framework)*

17 Background Papers

There are no background papers associated with this report.

Fire and Rescue National Framework 2012 (DRAFT)

Integrated Risk Management Plan Requirements (*taken direct from Framework*)

Integrated risk management planning plays a key role in identifying, assessing and mitigating fire and rescue related risks.

Paragraph 1.3

Each fire and rescue authority must produce an integrated risk management plan that identifies and assesses all fire and rescue related risks that could affect their communities, including those of a cross-border, multi-authority and/or national nature. The Plan must have regard to the community risk registers produced by Local Resilience Forums and any other local risk analyses as appropriate. Fire and rescue authorities' integrated risk management plan must:

Paragraph 1.7

- demonstrate how prevention, protection and response activities will best be used to mitigate the impact of risk on communities, through authorities working either individually or collectively, in a cost effective way; and
- set out their management strategy and risk based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005 in accordance with the current Statutory Code of Compliance for Regulators and Enforcement Concordat.

Paragraph 2.3

- be easily accessible and publicly available
- reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies, and partners
- over at least a three-year timespan and be reviewed and revised as often as it is necessary to ensure that fire and rescue authorities are able to deliver the requirements set out in this Framework; and
- reflect up to date risk analyses and the evaluation of service delivery outcomes.

Paragraph 1.8

Fire and rescue authorities must make provision to respond to incidents such as fires, road traffic accidents and emergencies within their area and in other areas in line with their mutual aid agreements and reflect this in their integrated risk management plans.

Paragraph 3.2

Fire and rescue authorities must provide assurance on financial, governance and operational matters and show how they have had due regard to the expectations set out in their integrated risk management plan and the requirements included in this Framework. To provide assurance, fire and rescue authorities must publish an annual statement of assurance.

The Government does not plan to issue additional integrated risk management plan-related guidance. The Department for Communities and Local Government values the multi-partner Integrated Risk Management Plan Steering Group, put in place to take this work forward.