

Response to Sir Ken Knight report - Facing the future: findings from the review of efficiencies and operations in fire and rescue authorities in England

Report of the Chief Fire Officer

For further information about this report please contact John Redmond,
Chief Fire Officer, on 01743 260201

1 Purpose of Report

This report brings to Members' attention the letter setting out Shropshire and Wrekin Fire and Rescue Authority's response to Sir Ken Knight's review of efficiencies and operations in fire and rescue authorities in England, which was published in May 2013.

2 Recommendations

The Fire Authority is asked to note the contents of the report

3 Background

In December 2012 Sir Ken Knight, the outgoing Fire and Rescue Adviser, was commissioned by the Fire Minister to undertake a review into efficiencies and operational improvements in the delivery of fire and rescue services in England. The report was published in May 2013.

During the teleconference held on 23 May 2013 to discuss the report, the Minister said that he welcomed responses to the review in order for him to consider a Government response in the autumn.

This letter is an amended version of the report submitted to the Fire Authority in July 2013.

The Fire Minister is collating responses to the Facing the Future report in readiness for a statement in the House of Commons in the autumn. Due to the closing date for the submission falling outside of the Fire Authority meeting timetable, the contents of the letter have been agreed with the Chair of the Fire Authority and the letter was submitted to the Fire Minister on 12 September 2013.

4 Financial Implications

There are no direct financial implications arising from this report.

5 Legal Comment

There are no direct legal implications arising from this report.

6 Initial Impact Assessment

This report sets informs Members of correspondence between the Chair of the Fire Authority and the Fire Minister. As such, an Initial Impact Assessment is not required, for the report.

7 Appendix

Letter dated 12 September 2013 from Chair of Shropshire and Wrekin Fire and Rescue Authority to Brandon Lewis MP, Under Secretary of State for Communities and Local Government

8 Background Papers

Facing the future: findings from the review of efficiencies and operations in fire and rescue authorities in England, May 2013



To

Brandon Lewis MP
Under Secretary of State for Communities
and Local Government

Date 12 September 2013

Contact Stuart West

Email stuart.west@shropshire.gov.uk

Direct Line 01743 260 201

Our Ref: Your Ref:
SW/JR/let09rh

Dear Brandon

Facing the Future: Findings from the Review of Efficiencies and Operations in Fire and Rescue Authorities in England

Introduction

In December 2012 Sir Ken Knight, the outgoing Fire and Rescue Adviser, was commissioned by the Fire Minister to undertake a review into efficiencies and operational improvements in the delivery of fire and rescue services in England.

During the teleconference held on 23 May 2013 to discuss the report, the Minister said that he welcomed responses to the review in order for him to consider a Government response in the autumn.

This letter provides a response on behalf of Shropshire and Wrekin Fire and Rescue Authority to the report

Executive Summary

Shropshire and Wrekin Fire and Rescue Authority welcomes the report as a stimulus for further discussion, debate and scrutiny to ensure that it provides the best service for the people of Shropshire.

The report makes the case that although, nationally, incident numbers have reduced by 40% in ten years fire and rescue services have shown very little change in resources to reflect the reduction in demand.

Shropshire Fire and Rescue Service compares very favourably in terms of the reduction in incidents highlighted in the report and also in the reduction in staffing and resources (15% fewer firefighters, 25% fewer station managers and above and a 20% reduction in fire engines since 1998).



The report states, ominously, that “*the potential savings highlighted in this review are unlikely to be sufficient for some FRS to be able to live within their reducing budgets*”. This Service calls for an impact assessment to be completed to identify the potential ramifications of this statement for the Service.

The report highlights that ‘on-call’ staff are an efficient way of providing the service and that a 10% increase nationally would save £123m. This Service’s performance compares well with this observation, with 82% of its fire engines staffed by retained firefighters. We endorse the proposal for **an increase to 51%** for other services.

This Service agrees with Sir Ken that, if some of the larger authorities changed crewing types to include ‘on-call’ staff in their urban areas very similar to Shrewsbury or Telford, much of the cuts imposed could be implemented without further impact on Shropshire and other underfunded services.

The report highlights that staffing varies considerably across all services with the ratio of staff to managers being as high as 1:11 in one service. This Service’s ratio at 1:23 is among the most efficient top three in England.

The merger of services is still considered an option by fire and rescue services nationally, even with potential barriers, such as council tax equalisation. This Service recognises similar, if not better, outcomes can be achieved, however, via closer collaboration and joint working, as shown by this Service working with Hereford and Worcester.

We disagree with Sir Ken’s assertion that the funding formula is fair, based on our experiences of recent years, which has seen unequal distribution and restriction on revenue raising imposed upon us, eg by the restrictions in the ability to raise local taxes.

We feel that greater scrutiny by fire authorities would help in some fire and Rescue services to address the inequalities between the provision of service between organisations.

Mergers and sharing resources is seen as a potential route to better efficiency across the blue light services. Mutualisation and the introduction of a Commissioner’s role, such as the current Police model, are also discussed as well as the non-responder roles being allocated to the local authority. This Service would be interested in further investigations of these approaches.

Report Commentary

The following sections provide overview of each of the five chapters of Sir Ken’s report and, where appropriate, provide commentary in respect of the position of Shropshire Fire and Rescue Service. The five chapters are as follows:

Chapter 1

What is efficiency and how efficient is the delivery of fire and rescue services in England?

Chapter 2
Deploying resources

Chapter 3
Collaborating for efficiency

Chapter 4
Driving efficiency

Chapter 5
What is the future for Fire and Rescue?

What is efficiency and how efficient is the delivery of fire and rescue services in England?

Incidents have reduced by 40% and fire deaths are at an all-time low, but expenditure and firefighter numbers have stayed broadly the same.

Shropshire and Wrekin Fire and Rescue Authority has been very successful in reducing the risk from fire and other emergencies since it became a Combined Authority in 1998. Since 1998, we have reduced the number of primary fires we attend by 41%, which compares favourably with the average reduction seen in England of 39% (page 20). We have been particularly successful in reducing the number of accidental house fires by 30% over the same period.

Sir Ken's report states that the method of funding via the funding formula is fair and that 'money seems to go further in some areas than others'.

We disagree with Sir Ken's conclusion regarding the funding formula and believe that we have been significantly underfunded since 1998, with most of our funding being provided by local tax payers through council tax precept. Most other fire authorities receive the largest part of their funding through Government Grant. West Midlands receives 70% and Staffordshire 65%, compared with this Authority at only 35%. This is largely due, we believe, to fundamental flaws in the grant funding mechanism, which does not recognise the costs of delivering a fire and rescue service in a large, mostly rural, fire service without a coastline.

We find it difficult to accept that efficient services like ours' – recognised in CAA and APA audits – are having their budgets cut significantly at the expense of many services without any visible efficiencies. This position has been compounded by the most recent announcement on funding for 2015/16 in which it is proposed that there will be a 10% cut in budget. This could however, equate to only 7.5% for those authorities who bid for a 'pot' for efficiency changes. As an Authority that is more efficient than most, we are unlikely to require access to that funding however, perversely, we will therefore have to shoulder the full 10% cut whilst those who are catching us up eg who employ wholly full time staff complements, wont.

Our risk profile, together with available funding, means that we spend £43 per person per annum delivering our fire and rescue service. The average for England is £38, however the most expensive costs £58.98 per person.

Efficiency

Sir Ken cites efficiency as “*achieving the best possible service for the public*” (line 11 page 11). He applies a market economy approach to the provision of a fire service. It is more difficult to apply the concept of supply and demand for a fire service, because it is not just a case of focussing on the number of incidents, but the risks that need to be addressed. It takes the same number of firefighters and fire engines to extinguish a fire, whether it is ten fires per week or one per month. In sparsely populated areas, such as Shropshire (which has the lowest per capita population density per hectare in England at 0.91/h), achieving a reasonable service is dependent upon meeting the risk, not just the level of activity, for much of our area. This is a key issue for many services. The comparisons in the report compare variables against population, which skews the results against low population density counties like Shropshire.

We would like to highlight that in terms of the basic tenet of the report ie to match budget to risk, this Service has reduced resources in line with reducing the frequency of critical events. Between 1998 and 2013 we have:

- Removed 5 frontline fire engines or 20% of our appliances
- Reduced the number of firefighters by 15%, mostly the more expensive full-time staff
- Reduced incident commanders (senior officers) by 25%; and
- Outsourced support staff functions to reduce costs.

Sir Ken’s report does not point out that the reduction in resources in line with the reduction in activity is only part of the story. The Fire Authority is legally required to provide an effective fire service, which must be based on risk. The Service locally provides sufficient resources to provide one fire engine in 15 minutes for 85% of incidents.

We believe that the current levels of resource provide a ‘**Minimum Acceptable Level of Provision**’. When many other fire and rescue services can guarantee one appliance in 6 minutes and 3 fire appliances in 15 minutes, there is a fundamental issue of fairness in the way fire services are managed and services provided in different areas which seems to have little to do with variations in risk.

Of concern to this Service is the direction of travel of grant cuts in future, as the average reduction in grant per head was 9.9%, with the lowest at 5.4% (Avon) and the highest at 14% (Shropshire). Further substantial cuts could put this Service in jeopardy. We are working hard to avoid this position, however our budget is strictly year on year whilst less efficient services are maintaining or increasing their share of grant.

Deploying resources

Prevention; protecting front line; on-call fire-fighters; only delivering other work that is really cost effective and delivering demand reduction

Sir Ken recognises that moving resources to prevention work has delivered significant improvements in domestic and industrial safety from fire. He does not mention the extensive work that this Authority, for example, has done over the last ten years in road traffic collision prevention.

Recent reports from the Department of Transport show that working with others has reduced those killed and seriously injured by such collisions by around 58% since 2000.

In the same section Sir Ken seems to suggest that authorities, who try to avoid redundancies, are not being effective. This is, of course, his opinion but this Authority has saved many hundreds of thousands of pounds in redundancy costs by professional headcount management. The decision to avoid redundancies has been a practical one and not one driven by moral or political reasons.

Sir Ken is the first to spell out very clearly what 'crewing efficiency', suggested in Sir George Bain's report of 2002, really means. Sir Ken points out that, if English fire and rescue authorities increased the number of on-call fire-fighters by just 10%, the savings could be as much as £123,400,000.

This Authority has long recognised that the most efficient fire service is delivered using the correct number of wholetime and on-call fire crews, based mainly on a quantum of demand and risk in any given area. Currently 82% of fire engines in Shropshire are crewed by on-call staff, saving approximately £900,000 per fire engine on full-time firefighter costs.

Sir Ken clearly points out that in many more urban areas the on-call crewing arrangement would be effective and cost efficient. London and West Midlands have no on-call crewing arrangements.

The report outlines several different crewing models some of which are in operation in this Service. It is interesting that one of the case studies of good practice, highlighted in the report, is the Retained Support Officer role employed here in Shropshire.

Demand Reduction

Also in this section Sir Ken points to the work many brigades do in the wider community sense. We have all heard about fire-fighters teaching children to swim, mothers to cook healthily and youngsters to box. However Sir Ken asks the reasonable question: "*is this an effective use of resources?*"

This Authority carried out an intensive 'Public Value' review in 2010 and concluded that the community wanted this Authority to concentrate on delivering an effective fire and rescue service at a cost that the public would accept. Since that time we have continued to deliver an effective fire prevention and incident response service but have withdrawn from many of the community activities encouraged by the previous Government.

The report discusses better targeting of resources to reduce the number of incidents. In order to achieve this, Shropshire continues a long association with partners in the health services, local authorities and, most recently, with housing trusts. The Service is working with housing and social care teams to identify and provide support in the form of home safety advice for the most vulnerable people living at home. By doing so, they are helping them to remain at home as part of their care package, saving residential care costs and at the same time reducing potential fire risks in the community.

Staffing

The report identifies the huge difference in ratio of managers to staff across the English fire and rescue services. Each manager in Shropshire manages 23 staff (only three other brigades do better), whilst in Bedfordshire, for example, each manager has only 11 staff. What he does not point out, however, is that many authorities also have huge numbers of support staff as a percentage of all staff. Shropshire has just 11% of staff supporting the front line, whereas authorities, such as Cheshire and Merseyside have 23% and 28% respectively, suggesting that it is these authorities, and many others like them, who have a great deal of room for making efficiencies.

He goes on to discuss using non-uniformed (Green Book) staff for protection and prevention roles. In Shropshire there is only one uniformed member of staff in the front line prevention team and we have had non-uniformed inspecting officers in the protection team since 1999.

Finally in this section Sir Ken identifies a wide range of success in demand reduction outside the reduction in fires and road traffic collisions. In particular, he points to reduction in false alarms. Nationally 42% of all calls to the Fire Service turn out to be false alarms. These cause a huge strain on the budget, a fact recognised by Shropshire as long ago as 2000. Since that time we have reduced false alarms by 50% and this call type only represents 27% of our total.

Collaborating for efficiency

Mergers; equipment; interoperability; and cooperation with other blue light services

Structural collaboration

In this chapter Sir Ken revisits many of the old arguments for regional or national fire and rescue services, very clearly in opposition to the national government direction for localisation of services. It is interesting to note that the report states that there is certainly no evidence that the biggest authorities are the most efficient, indeed, based on our investigations, they are among the most inefficient.

On mergers, he states that these could be a solution to further efficiencies but one of the main reasons this is not happening is that there is 'a lack of local political appetite and incentive to combine.'

There have been at least four pairs of authorities, who have attempted in recent years to combine. Many others, including this Authority, are considering merger as part of the cost savings review. We do not believe, therefore, that the principal reason for mergers not happening is a lack of political appetite. Having spoken to Members and Chief Fire Officers in a number of areas, where there have been abortive attempts at merging, we can report that the significant blocks have been:

- Firstly, the business cases identified that there would not be significant savings that could not be achieved through other means (such as strategic alliances); and
- Secondly, the inability to charge differential council tax across an area. This last point means that any opportunities for savings would be quickly swallowed up in equalising council tax down to the lower of the two authority levels (council tax increase limits of 2% would prevent upward movement without a costly referendum).

The report does state that *“mergers may offer significant opportunities for efficiencies but a number of these efficiencies can be made by closer collaboration between fire and rescue authorities without the need for formal combination”* (page 46 section 4), which reflects Shropshire’s approach with regard to our collaboration with Hereford and Worcester.

Sir Ken also reiterates previous concerns at the duplication of effort in designing, commissioning and the evaluation of fire-related products and states that this is wasteful. He also states that there needs to be more trust between authorities to spread good ideas. There are two main points with this position;

Firstly, the duplication of effort – clearly, where authorities are looking at similar problems, it makes sense to join together in carrying out research etc. but there is also the argument that, on occasions, real improvements in facilities and equipment have only been achieved, when a fire authority takes the lead and develops solutions that are later picked up by others.

Take, for example, this Authority back in 1999, when we were the first to develop and buy PBI Gold fire kit. We were seen as mavericks and out of step. However, from 2012 all fire and rescue services in England now have PBI Gold or similar fire kit.

Sir Ken also seems to miss out the huge amount of effort that goes into sharing procurement across all fire authorities. This Authority uses framework procurement, wherever possible and wherever it represents best value.

Secondly, is the question of interoperability? Although not stated, this can imply that fire and rescue services cannot work together, because they need to have the same equipment. It is the case that we cannot link every road traffic collision spreader to every hydraulic pump but the question is do we need to? If this was a problem, then, clearly, it would be a major part of any British Standard that we would all be required to buy against.

Customisation drives product development and, as long as the cost remains reasonable, this is generally acceptable. The alternatives could be national standard equipment (such as hose lines, fire kit etc.) but, on the negative side, there would be no product innovation amongst suppliers and a reduction in suppliers that would drive the price up. I am sure Sir Ken, with all his experience, understands that you play with the market at considerable risk.

Finally Sir Ken raises the discussion on shared blue-light services. There is no doubt that it makes a great deal of sense to join up fire and emergency medical provision. It happens across Europe and the USA and would make a great deal of sense locally. The question is which model would we use and what size should the joined up fire / emergency medical provision service be?

This Authority argues that such a joint provision for Shropshire would be very effective, especially if linked with ShropDoc, and a joint fire ambulance mobilisation centre in Shropshire. This is a theme proposed in a subsequent report to Sir Ken from the all-party Parliamentary Group on Homeland Security¹

It is doubtful, however, if significant savings would be made, as recent incidents suggest that there is more funding needed for the ambulance service in the area. However, the increased size of a combined fire and ambulance service would create efficiencies of scale but still retain local control. A mix of on-call ambulances, using our model and joint full-time fire / ambulance / paramedic provision would, we believe, provide the people of the area with a much improved ambulance and fire service

Driving efficiency Funding, reserves and scrutiny arrangements

Sir Ken suggests that most fire authorities spend to their budget and not to the risk within their areas. As this Authority is now going through a major review of risks and tackling funding pressures, whether this suggestion is fact or opinion will become clearer.

We are clear, however, and agree totally with the report, when it says that many authorities stated that funding needs to be reviewed, to ensure that this Authority does not continue to be a 'loser' in the funding share-out.

It is worth noting that the Government decides on how much money fire authorities need by doing their version of a risk assessment that drives the grant (and business rate share). This they then believe should be topped up locally with what local people can afford. Generally, this should be a three-way split between council tax, business rate and grant.

¹ which can be found at http://henryjacksonsociety.org/wp-content/uploads/2013/06/Blue-light-Report_LR.pdf

This Authority sets its budget by looking at its Integrated Risk Management Plan, Public Value, 2020 and medium-term financial plan, all risk-based planning tools. It decided on a 5p per week increase in council tax, which was agreed by the public through consultation. This was capped by Government at 3p. We are, therefore, managing down to budget not up to meet risk.

Sir Ken discusses reserves, which is a continued thread for Government to point to regarding cuts to the front line. In reality, the uncertain financial climate and the short-term nature of current Government planning prompts institutions to expand their reserves in anticipation of changes and short-term needs.

The Service holds reserves that are allocated as follows:

- 1 For risk-assessed issues, such as losing a fire appliance or fire station
- 2 To flatten out budgets that peak and trough: such as Retained Duty System salaries' budgets that rely on how busy a station is and to cover anticipated training needs
- 3 Those built up to avoid borrowing; and
- 4 In the present financial climate, those built up to cover the significant uncertainty of the current situation.

Sir Ken shows surprise that reserves have grown since 2010. This should not be a surprise, when the cuts are back-loaded but the retirement profile might not be. Some authorities, like ours (but not many others to be frank), froze recruitment and made cuts well ahead of the back-loaded curve. We have, therefore, built up larger reserves that we are using to make longer-term savings, such as procurement of appliances and equipment, paying for the new headquarters and station refurbishment. We save into reserves to spend to save in the long term.

Scrutiny arrangements are another of Sir Ken's long-time issues. He has experience of disengaged fire authorities and, indeed, was very surprised at the way our Members are so involved. He therefore feels that Chief Fire Officers have a free hand in doing whatever they like and are not challenged by their elected Members. Rather than making this situation better, he feels it preferable to change it completely and either go to down the Police and Crime Commissioner route, as recently advocated by the Home Secretary, or put in place external scrutiny.

My view is clear: yes, we should have improved scrutiny, perhaps with Independent Members, but the best way to obtain public scrutiny of our decisions is for Members to be more engaged with their local communities, as well as holding the Chief Fire Officer to account, which is the case here in Shropshire

What is the future for fire and rescue?

The foreword to this chapter provides some interesting commentary. Firstly Sir Ken indicates that he hopes readers do not fall into the trap of adding up the various efficiency ideas of this report. He states they are inevitably broad-brush, designed to give a scale of the sense of opportunity. He also states that the review is half-way through the Government spending period, where efficiencies are being received.

His observations include: 'whichever way I look at the efficiencies picture, it seems to me that the scale of change needed to fully transform the FRS is unlikely to be achieved through individual local action alone'.

This insight paves the way for potential significant and national changes, outlined in Chapter 5, albeit that the report indicates that fire and rescue services should not wait for any of these changes to be investigated, before taking advantage of the large number of opportunities that are already within their grasp.

It is in this chapter that a forecast is made of the aging population and impact that this will have on the risk profile, a key issue for Shropshire, albeit this future driver is not related back to level of service or, indeed, level of cost.

Attention is focused on the role of technology and innovation and, interestingly, in relation to sprinklers, Sir Ken suggests that, rather than lobbying the Government for regulation, local action should be taken to educate owners and occupiers of the benefits of fire suppression systems. Throughout this section, further examples are made of the application of sprinklers in relation to cooking related fires, and indeed the potential impact on fire fighting technology.

Further Observations

The report concludes that these are challenging times for the fire and rescue service and Sir Ken indicates a concern in terms of the pace of change and the hope that services redouble their efforts and come together to tackle change head on.

The report makes a wide variety of assertions without actually identifying the root cause. Differences in 'efficiencies' are highlighted but the rationale behind them is not explored, which could result in policy decisions at any level leading to unintended consequences that may be detrimental

The report assumes the Retained Duty System is sustainable and capable of greater demand. Whether this is the case would need investigating.

As we have seen, the grant formula needs to be reviewed, not only to reflect current risk and societal changes but also in anticipation of future changes.

The report makes no mention of external barriers to change, such as European employment legislation and, in some cases, over-burdensome regulations by Government policy.

The report totally misses the issue regarding the optimum size of a fire and rescue service. Whilst Holroyd provided some pointers in 1970, more could have been done in relation to criteria, such as geographical size, population, budget, optimum size of support services and / or the desire for co-terminosity with new ambulance trusts.

As with many other areas, due to the sophisticated nature of the research, there are resultant broad-brush statements, particularly in respect of 'latent capacity', scrutiny arrangements, public consultation, risk appetite and professional leadership.

We agree with the report in respect of sprinklers: they need to be targeted at the most vulnerable, builders need to make sprinklers aspirational and others will follow. Trying to replicate what has happened in Wales is likely to be a waste of time

The report does not mention attendance times as a method of assessing efficiency or linking it to the investment of resources. Neither does it discuss the assessment of risks faced by fire authorities. The Service itself is focussed on risk and yet it is not discussed within the report.

Conclusions

As the report acknowledges, over the last ten to fifteen years there have been a number of reviews, which have been partially enacted in respect of improvements to the Fire and Rescue Service. 'Facing the future' reflects on a decade of decreasing demand as a rationale for the Service and Government to further transform the sector to ensure that, in austere times, available resources are best matched to risk.

Notwithstanding some of the inherent weaknesses in the contents of the report, it is a useful stimulus for all stakeholders in the sector to have a meaningful discussion and, it is hoped, a future vision about what is needed for a solvent, sustainable and successful Fire Service. For these reasons, it must be welcomed. Shropshire Fire and Rescue does welcome the report as a stimulus for further discussion and debate and also as a vehicle to change some elements of policy to ensure that it continues to provide the best service for the people of Shropshire.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart West', with a horizontal line underneath.

Stuart West
Chair of Shropshire and Wrekin Fire and Rescue Authority