

Audit Commission National Report – Rising to the Challenge: Improving Fire Service Efficiency

Report of the Chief Fire Officer

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1 Purpose of Report

This report informs Members of national research conducted by the Audit Commission and reported during December 2008 in their publication entitled 'Rising to the Challenge: Improving Fire Service Efficiency.' It also provides a brief analysis of which areas for forcing out further efficiencies (as identified by the Commission) are available to Shropshire and Wrekin Fire and Rescue Authority (SWFRA).

2 Recommendations

The Fire Authority is asked to

- a) Note the contents of the report; and
- b) Agree the proposed approach for further analysis and reporting of the Audit Commissions report.

3 Background

The Audit Commission has responsibility for the performance assessment and audit of the 46 fire and rescue services in England, and is the body charged with providing explicit assurance that they meet the requirements of the National Framework. In 2004, the Commission published two progress reports on the modernisation programme and then undertook the first Comprehensive Performance Assessment (CPA) of fire services in 2005. In more recent times the Commission has provided annual Direction of Travel and Use of Resources assessments of all fire and rescue authorities.

During 2008 the Audit Commission conducted a national study which combined their findings from their work with the Service since 2004 with detailed analysis of operational, financial and incident data and with further field research at ten sites. From this research they produced a report entitled 'Rising to the Challenge: Improving Fire Service Efficiency,' which assesses the current level of efficiency and performance in the fire and rescue service and draws out lessons for the future for both the Service and the Commission in advance of the transition from CPA to the new Comprehensive Area Assessment (CAA) commencing in April 2009.

According to the Commission *"the report is designed for FRA members and CFOs and it challenges them to consider those areas where they might improve efficiency and effectiveness further in light of a tight funding settlement in 2011 and current economic difficulties."* The report is available on the Audit Commission website a link to which is provided at the end of this report.

4 Report Recommendations

The recommendations made by the Audit Commission are attached at Appendix A to this report; they are targeted at Fire and Rescue Authorities (FRAs); at Chief Fire Officers (CFOs); at Central Government and at the Audit Commission themselves.

5 Questions to ask

In addition to their recommendations the Audit Commission very usefully identifies a number of questions that each FRA and Service should ask and these are reproduced at Appendix B to this report.

6 Efficiency Savings Available

The overall findings of the Audit Commission's research is that *'the service overall could save up to £200 million,'* and, as would be expected, their report focuses quite heavily upon how those savings could be made.

Members will no doubt be disappointed to note that throughout the report the implications appear to be that efficiency savings will be found evenly across all FRAs. This is in direct contrast to earlier Government assertions through the National Framework that the costs and savings of modernisation could fall unevenly across FRAs. It is also in contrast to the Audit Commission's own pre-release presentation on the findings of their report where they stated that "clearly, the level of retained firefighters will limit scope to make some efficiencies."

Usefully, however, the report includes a table which highlights the areas where the Audit Commission consider that the efficiency savings of up to £200 million are available. A copy of the table is attached at Appendix C and comments upon whether these savings may be available to SWFRA are as follows:

Wholetime Firefighters

Example	If replicated across	Potential savings nationally	Notes
Reducing number of wholetime firefighters required to cover shifts	All metropolitan fire services	£50-75 million	
	Non-metropolitan fire services	£15-20 million	

Comment:

The potential savings in this area of between £65 and £95 million make up for almost half of the overall national efficiencies. The following points identify the potential for SWFRA to make savings in this area:

- The Audit Commission report identifies (page 10) that fire services in England employ 30,800 wholetime firefighters. Latest available CIPFA statistics identify that of these, 16,600 are employed by non-metropolitan fire services;
- SWFRA employs 164 wholetime firefighters;
- SWFRA therefore employs 0.53% of the total of all wholetime firefighters in England and 0.99% of non-metropolitan wholetime firefighters;
- If the potential savings were evenly distributed, SWFRA would therefore require to make 0.99% of the identified non-metropolitan savings i.e., between £148,000 and £197,000;
- Through its Integrated Risk Management Planning (IRMP) Action Plan for 2006/07 SWFRA changed its crewing arrangements for Aerial Appliances and thereby reduced the number of wholetime firefighters it employs by 8 representing a saving at that time of over £200,000; and
- SWFRA are currently considering (through their IRMP process) the feasibility of transferring a further 8 wholetime firefighter posts away from Watch based activities and into proposed Retained Development Teams. It is anticipated that this will provide a further efficiency of over £250,000 for improving the safety of our RDS personnel.

It is clear from the above that not only have SWFRA already made more than their share of efficiency savings identified in this area, but that proposals are in place to at least double those efficiencies.

Crewing of Stations with relatively lower levels of activity and risk

Example	If replicated across	Potential savings nationally	Notes
LLAR (day crewing quieter one-pump wholetime stations)	All fire services	£50-55 million	Requires recruiting more firefighters in the RDS. Assumed could also be applied to quieter two-pump wholetime stations in county and combined fire services.

Comment:

This example, which accounts for 25% of the identified available national efficiency savings, relates to a case study within the Audit Commission report (pages 38 and 39). The case study describes an approach taken by a large metropolitan service to change the way in which a number of their stations attending less than 300 calls a year are crewed. The table below demonstrates the efficiencies made by the metropolitan service and compares them with the activity levels and costs at our own Retained station in Oswestry.

	Metropolitan Station Before 'Efficiencies'	Merseyside Station Following 'Efficiencies'	Oswestry Fire Station
Number of Calls	Average of less than 300 per year for past 5 years	Continuing to fall (i.e. well below 300)	Average of 374 per year over 5 years. (2007/08 = 390)
Type of Crewing	Wholetime	Low Level Activity and Risk (LLAR). Wholetime day and Retained at night.	Retained (2 pump)
Crewing Costs	£1,000,000	£640,000	£200,000 (max)

The Audit Commission identifies that the metropolitan service concerned have now introduced the so called LLAR crewing system at five stations and have thus saved 5 x £360,000 which equates to £1.8 million. Members may find it difficult to understand how this method of crewing can be identified by the Audit Commission as an example of best practice or even as efficiency. The introduction of the long standing Retained Duty System (RDS) of crewing at the stations concerned would have resulted in savings of at least double those achieved (i.e., 5 x £800,000 equals £4 million).

Taking pumps off the run at night

Example	If replicated across	Potential savings nationally	Notes
Taking pumps off the run at night from least busy two-pump wholetime stations	All metropolitan fire services	£10-15 million	Only applicable in metropolitan areas where cover can more easily be provided from other nearby stations.

Comment:

Although this proposed efficiency is targeted solely at metropolitan services, it is worthy of mention that SWFRA already take 23 of their 28 pumps off the run at night. The difference is that all 23 can be recalled back to duty within 5 minutes should the need arise. This is the massive advantage of the RDS which again seems to have been ignored in this proposal.

Replacing second pumps with targeted response vehicles

Example	If replicated across	Potential savings nationally	Notes
Replacing second pumps with targeted response vehicles (TRVs) in two-pump day crewed stations	All fire services	£5-6 million over 10 years	Savings only achievable if TRVs replace, rather than add to, pumps.

Comment:

This efficiency is clearly aimed at those services with a high proportion of stations with two wholetime pumps. In Shropshire the only station with two wholetime pumps is Shrewsbury and this station provides second pump support to a number of surrounding Retained stations; it is therefore not viable to introduce a targeted response vehicle (with reduced crew) at this station.

Members will also recall, however, that through its IRMP process the Authority has carried out an extensive trial of a Small Fires Unit in the Telford area. The findings of that review were that there was not sufficient activity to warrant the permanent crewing of such a vehicle, but that at certain times (e.g., during long hot summers!) activity levels may warrant bringing such a unit back on the run. It is worthy of note again that should this be the case, our own 'targeted response vehicle' would be crewed by Retained personnel and, as such, much more cost effective than the example provided above.

Reducing false alarms

Example	If replicated across	Potential savings nationally	Notes
Reducing false alarms	All fire services	£12-15 million	The research report assumed that fire services respond with three pumps (Ref 18).

Comment:

The latest available statistics on levels of false alarms which have been validated by Communities and Local Government (CLG) are those applicable to 2006/07. Shropshire is shown as the sixth best performer in the league table for that year, with 64 false alarms per 1,000 non-domestic properties. Members will also be aware that through the Authority's IRMP process in 2005/06, the number of appliances sent to automatic fire alarms was reduced to one, with the exception of two being sent to life risks during night time hours. It is also somewhat difficult to believe that there are still fire and rescue services who send three appliances to false alarms, and thus to see how the identified savings can be made.

Reducing sickness absence

Example	If replicated across	Potential savings nationally	Notes
Reduce sickness absence	Those below best performing quartile level	£12 million	

Comment:

The Audit Commission report includes a chart (page 78) showing 'the number of days/shifts lost to sickness absence per wholetime firefighter 2007/08' and identifies that during that year 'fire services lost an average of 7.7 shifts/days per wholetime firefighter to sickness.' Shropshire is shown in the chart as having the second lowest levels of sickness in England at 4.3 shifts/days per wholetime firefighter and therefore it will be difficult to target the efficiency described above at SWFRA.

Collaborative procurement

Example	If replicated across	Potential savings nationally	Notes
Collaborative procurement	Those below upper quartile level	£8 million	

Comment:

The report identifies (page 61) that 'while there is a role for national procurement, fire services should have the ability to procure collectively outside of the national arrangements, if there is a good case for doing so.' This flexibility is essential if SWFRA are to continue to force out further efficiencies through procurement.

Delivering CFS with partners

Example	If replicated across	Potential savings nationally	Notes
Delivering CFS through partners	All fire services	Unknown	

Comment:

This is an area where SWFRA are already well advanced as is demonstrated by the fact that primary fire reduction (National Indicator 49) has been chosen as a Local Area Agreement (LAA) target by Shropshire Council. Our partnership working has also been consistently identified through the Performance Assessment process as one of the principle reasons why we have performed so strongly.

7 The Way Forward

In addition to their report, the Audit Commission has also provided what they describe as *'a tool to allow fire services to use the data in this report to benchmark their own performance.'* It is recommended that officers now use that tool to carry out a further in depth analysis of all of the Audit Commission's findings as they apply to SWFRA, and then report those findings back to the next meeting of the Fire Authority in April 2009.

It is also recommended that the findings described within this report of SWFRA's position with regard to national efficiency savings is reported in the next update of the Authority's Medium Term Financial Plan (MTFP), due to be published in June 2009.

8 Financial Implications

The financial implications of this report are described within the report.

9 Legal Comment

There is no legal comment to add to this report at this stage.

10 Equality Impact Assessment

This report informs Members of the contents of a national study which, amongst other things, identifies performance issues for the service as a whole with regard to equality and diversity. Any issues to be addressed by SWFRA will, however, need to be identified by the further research identified as necessary in the recommendations of this report. As such, there are no immediate equality and diversity implications associated with this report.

11 Appendices

Appendix A

Rising to the Challenge: Improving Fire Service efficiency
Recommendations

Appendix B

Rising to the Challenge: Improving Fire Service efficiency
Questions for fire services to ask

Appendix C

Rising to the Challenge: Improving Fire Service efficiency
Cumulative efficiency savings available

12 Background Papers

Audit Commission

Rising to the Challenge: Improving fire service efficiency

Available at:

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=EC882132-ECDD-4cae-9027-D7FC4760FF01&fromREPORTSANDDATA=NATIONAL-REPORT>

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	*
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

Rising to the Challenge: Improving Fire Service efficiency

Recommendations

Fire and rescue authorities should:

- challenge themselves and their Chief Fire Officers (CFOs) to improve efficiency as well as performance;
- lead their communities by taking hard decisions affecting staffing levels and deployment in the interests of efficiency;
- ensure that they have the right information to justify those decisions;
- defend decisions publicly once they have been made;
- challenge their CFOs to improve the diversity of their workforce;
- define their objectives for Regional Management Boards (RMBs), and participate beyond where required to in RMBs only where there is a good business case for doing so; and
- provide leadership on equality and diversity issues, supporting and encouraging effective culture change within the fire service.

Chief fire officers should:

- aim to meet or beat government savings targets by improving operational efficiency;
- continue to use those savings to invest in Community Fire Safety (CFS);
- identify the benefits of initiatives for the wider community and invest in them in proportion to their value;
- adopt good ideas for improving efficiency from other fire services, or adapt them to their own circumstances;
- systematically explore the available options for working with neighbouring fire services and pursue those that deliver the biggest efficiency savings;
- improve strategic planning and performance management of partnership working;
- improve the ability of managers at all levels to manage change; and
- provide leadership on equality and diversity issues, taking a lead in challenging behaviour that does not promote equality and diversity.

Central government should:

- actively publicise those fire services delivering all elements of modernisation, including efficiency, and encourage those with the furthest to travel;
- implement agreed proposals for developing operational guidance with the Chief Fire and Rescue Adviser (CFRA) and other stakeholders;
- review the role of RMBs and their place in the improvement infrastructure; then define and communicate its expectations of them and their potential value to FRAs;

- advocate the role the fire service can play in achieving broader community outcomes to other public services;
- publish data on efficiency savings by fire services; and
- provide leadership and guidance on equality and diversity issues and the development of an organisational culture that embraces equality and diversity.

The Audit Commission will:

- continue to challenge fire services to deliver value for money as part of the new use of resources assessment;
- ensure that Comprehensive Area Assessment (CAA) assesses fire services' performance across their expanding portfolio of activities; and
- provide a tool to allow fire services to use the data in this report to benchmark their own performance

Rising to the Challenge: Improving Fire Service efficiency

Questions for fire services to ask

- How well are we performing? How do we compare with similar fire services? Do we know why? How far have we reduced the risk to our communities?
- What has worked in improving our performance? What can we learn from what others have done?
- What impact has our CFS work had so far? Should we devote more resources to this work?
- How are we targeting our prevention, protection and community safety work? Has it reduced the risk in the target areas? If so, have we reflected that in our planning?
- Where have we made the majority of our savings so far? How do we compare to similar fire services?
- How will we meet our share of the £110 million efficiency savings required? Can we beat our target? What priorities would the savings allow us to resource?
- Can we save money by changing crewing or shift arrangements?
 - Can shift arrangements be changed?
 - Can any wholetime stations be converted to day crewed?
 - Can some cover currently provided by wholetime crews be covered by crews on the RDS?
 - Can smaller vehicles and crews be deployed to deal with smaller incidents?
 - What have other fire services like ours done?
- Do we match cover and resources to risks?
 - Do we know which areas have highest and lowest risk?
 - Can cover be safely reduced in low risk areas, for example during off-peak periods?
 - What have other fire services done in similar areas?
- How well do we engage with the public?
 - How well do we make the case for efficiencies?
 - How well do we explain the wider roles of the fire service?
- Can we work better with our neighbours?
 - What options for working together have we considered?
 - What benefits could we secure from each of these?
 - Do we share our good practice with other fire services?
 - When have we borrowed good ideas from others?
 - How can the RMBs help us deliver better collaboration?

- What activities are we engaged in with local partners? Which provide good value to the community for the time and money we spend? Have we prioritised those that support our objectives cost-effectively?
- How will we increase the numbers of women and people from minority ethnic communities in our workforce? How are we increasing the representativeness of senior management? What have we learned from other fire services or other public services? How are we monitoring progress on the requirements set out in the equality and diversity strategy?
- Is our fire service an organisation women and people from minority ethnic communities want to work for? What could we do to achieve that?
- What is our level of sickness absence? How does that compare with other fire services? How are we planning to reduce it even further?
- What is our level of ill health retirements? How does that compare with other fire services? How are we planning to reduce it even further?

Rising to the Challenge: Improving Fire Service efficiency

Cumulative efficiency savings available

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Reducing false alarms	All fire services	£12-15 million	The research report assumed that fire services respond with three pumps (Ref 18).
Reduce sickness absence	Those below best performing quartile level	£12 million	
Collaborative procurement	Those below upper quartile level	£8 million	
Delivering CFS through partners	All fire services	Unknown	
Total		£160-200 million	