



EFFICIENCY PLAN 2016/17 TO 2019/20

April 2018

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1 Foreword

Welcome to the update of Cleveland Fire Authority's Efficiency Plan 2016/17 to 2019/20 which outlines our approach to delivering sustainable savings, whilst continuing to work towards our vision of building a sustainable future that makes a positive difference to the safety and quality of life of every local citizen; and the places where they live and work.

Our first Efficiency Plan for 2016/17 to 2019/20 was published in October 2016. This document provides an update on progress in achieving planned efficiencies for the first two years of this plan and details of planned efficiencies for the final two years of this plan - 2018/19 and 2019/20.

Reductions in Government funding continue to dominate our plans. Over the four years up to 2019/20 further reductions in Government funding will be implemented. As a result the total funding available to fund local Fire and Rescue services will reduce.

Whilst many other Fire and Rescue Authorities face similar challenges the impact on Cleveland Fire Authority is greater as we raise less income from Council Tax and are more reliant on Government funding. In 2015/16 Council Tax income accounted for 35% of total funding and Government funding/retained Business Rates income accounted for the remaining 65%. By 2019/20 Council Tax income will account for 45% of total funding and Government funding/retained Business Rates income the remaining 55%.

In October 2016 we anticipated that over the period 2016/17 to 2019/20 the Authority would need to make further efficiency savings of £3.982 million. Based on an updated assessment of Business Rates income and Council Tax income, including the increase in the 2018/19 and 2019/20 Council Tax referendum limit announced by the Government in December 2017, the efficiency savings the Authority will need to make has reduced to £3.695m. This is a cash reduction of 13% on the amount spent in 2015/16.

There is a risk that further efficiency savings may be required in 2018/19 and 2019/20 if national pay awards for fire fighters exceed the forecasts included in the Authority's budget forecasts; and additional Government funding is not provided. The Efficiency Plan will be updated if this situation arises.

As the reductions in Government funding over the four years up to 2019/20 were front loaded in 2016/17 and 2017/18 the Authority used one-off resources and reserves to phase efficiencies. This strategy provides a slightly longer lead time to implement the necessary changes in services in a safe manner, which ensures the continued protection of residents and businesses in the Authority's area.

Ian Hayton
Chief Fire Officer

Councillor Jan Brunton
Chair of Cleveland Fire Authority

2 Introduction

This Efficiency Plan provides an update on planned efficiency savings to be achieved by the Authority over the four years up to 2019/20 to address the impact of continued reductions in Government funding.

It helps Members of the Authority and the public to understand why we need to make changes in the way services are delivered and the actions we will be taking to achieve efficiencies, whilst continuing to work to our vision of building a sustainable future that makes a positive difference to safety and quality of life of every local citizen; and the places where they live and work.

The Efficiency Plan will also enable Elected Members and the public to review our progress in achieving the planned efficiency targets for the next four years.

3 Background and Context

Cleveland Fire Authority provides fire and rescue services to an area covering approximately 597km² and has a population of 562,080 in 249,221 dwellings. The decline of heavy industry in the area has led to high levels of unemployment; almost twice the national average. People living in Teesside suffer significantly higher levels of health problems, and have higher rates of dependency on alcohol, drugs and tobacco. The area experiences high levels of deprivation with 38% (30) of its 79 wards falling within the worst 10% nationally; 8 (10%) of these fall within the top 1% most deprived wards nationally. It is well recognised that, other than two Metropolitan urban areas, Cleveland has the highest levels of deprivation. As a consequence, the incidences of deliberate fires and anti-social behaviour in Cleveland are high; the area suffers from one of the highest arson rates across the Country.

The Authority's area includes a major production centre for the chemical industry and the Authority has 30 'top tier' COMAH (Control of Major Accident Hazards) sites, which equates to 12% of all national COMAH sites. These sites represent a high hazard in the local area and should serious incidents occur in these sites it would take the deployment of significant fire service resources, in terms of both equipment and people with suitable skills and abilities, to bring them to a safe conclusion. In addition, the area has a nuclear power station, with two nuclear reactors. The Tees and Hartlepool ports also handle over 50 million tonnes of cargo a year, making it one of the largest UK ports in terms of tonnage.

The factors outlined in the previous paragraph present the Authority with unique challenges and have a significant impact on the level of resources required to keep the local community and businesses safe.

4 Financial History 2011/12 to 2015/16

The Authority made significant budget efficiencies over the period 2011/12 to 2015/16 to address the impact of Government funding reductions. In 2015/16 the amount of Government funding received by the Authority was approximately **£7.4 million** less than it was in 2010/11. This equated to a cut in funding of nearly **33%**.

Over this period we continued to take cognisance of the outcomes of our integrated risk assessment and configured and deployed our available resources to ensure that we continue to:

- pursue our risk reduction strategies of prevention, protection and emergency response
- deliver true value for money to the people of Teesside
- ensure firefighter safety

As a result, however, the following changes had been implemented:

- **21% reduction** in the number of **whole time firefighter posts** from 518 in 2010/11 to 407 in 2015/16.
- **33% increase** in the number of **retained duty system firefighter posts** from 72 in 2010/11 to 96 in 2015/16.
- **23% reduction** in the number of **fire control posts** from 26 in 2010/11 to 20 in 2015/16.
- **19% reduction** in the number of **non-uniformed support posts** from 129 in 2010/11 to 104.23 in 2015/16.

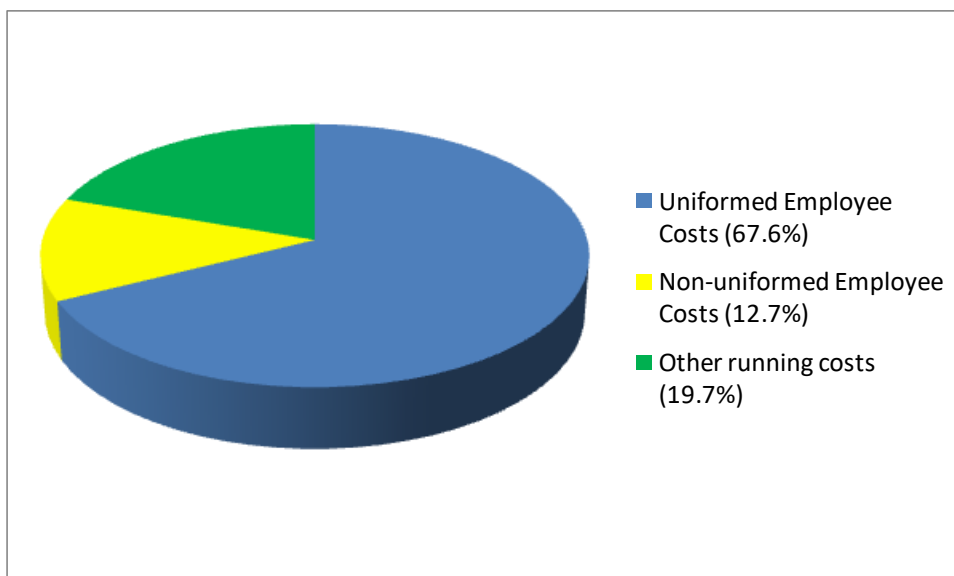
In addition the Authority recognised that Elected Members need to play a part in achieving efficiencies and from 10th June 2016 **the Authority's membership was reduced by 30% from 23 to 16.**

5 Efficiency Plan 2016/17 to 2019/20

This Efficiency Plan sets out how the Authority will achieve permanent efficiencies of **£3.695million** by 2019/20 in line with its Community Integrated Risk Management Plan (CIRMP) and Medium Term Financial Strategy. This is a cash reduction of **13%** on the amount spent in 2015/16.

As 80% of the budget is spent on employee costs, including 67% on front line Uniformed Employee costs, it is inevitable that further efficiencies and budget reductions will be required in these areas.

2016/17 Budget Summary



Efficiencies Achieved 2016/17 and 2017/18

The Authority achieved the efficiencies it planned to deliver in the first two years of the efficiency plan. By 2017/18 the recurring value of these efficiencies was £2.019m as summarised below:

	2016/17 £'000	2017/18 £'000	Total £'000
Closure of Marine Fire Station removing 4 Watch Managers, 4 Crew Managers and 12 Fire-fighter posts	835	0	835
De-staff Hydraulic Platforms - removing 4 Crew Manager and 4 Fire-fighter posts	259	70	329
Small Fire Units - removing 4 Crew Manager and 8 Fire-fighter posts	0	485	485
HR Structure Review - removing one Grey Crew Manager post and adding one Green Book post	0	0	0
Conversion of whole time Fire Pumps to retained status - each pump converted equates to the removal of 4 Crew Manager posts and 12 Fire-fighter posts	0	641	641
Collaboration/Procurement/property rationalisation savings	31	73	104
Cost of converting whole time Fire Pumps to retained status. Each retained pump costs £150,000 per annum to operate, compared to the cost of a whole time pump of £641,000. Therefore, each pump converted from whole time to retained provides a net recurring annual saving £491,000	0	(300)	(300)
Provision for cost of Apprenticeship payroll levy	0	(75)	(75)
Total Efficiency savings	1,125	894	2,019
Total Efficiency savings as percentage 2015/16 Budget	4%	3%	7%

Planned Efficiencies 2018/19 and 2019/20








Following a full and comprehensive consultation exercise the Authority approved its Community Integrated Risk Management Plan (CIRMP) 2018-2022 in March 2018. The CIRMP sets out our priorities – in the immediate, medium and longer term – and how we plan to deliver and shape services to provide Teesside with first class fire and rescue services. This includes how we will achieve further recurring efficiencies over the next two years (2018/19 and 2019/20) of £1.676m as detailed below:-

	2018/19 £'000	2019/20 £'000	Total £'000
Implement incident command and principle officer cover establishing a structure of a chief fire officer and two assistant chief fire officers (directors) removing one directors post, and 0.5 Green Book staff.	140	0	140
Implement alternative staffing model on the incident command unit removing 4 crew manager and 4 firefighter posts	297	43	340
Extend the implementation of 4 riders per appliance to all fire engines removing 12 firefighter posts	0	483	483
Implement the outcomes of the control room review including consultation on the removal of 4 fire control operator posts	0	145	145
Remove budget allocated to retaining pumps at Grangetown and Thornaby removing 24 Retained Duty System posts	300	0	300
Non Pay Budget	15	0	15
Introduce day crewing model or alternative variable crewing arrangements to fire stations/fire engines (estimated to remove 8 firefighter posts (6 - 2019/20; 2-2020/21) #	0	253	253
Legal Services Review adding Green Book x 0.5 and removing external service provision	0	0	0
Total Efficiency savings	752	924	1,676
Total Efficiency savings as percentage 2015/16 Budget	2.7%	3.3%	6.0%

subject to evaluation

Actual and Planned Changes in Workforce

The impact of the actual and planned efficiencies on the Authority's workforce are summarised in the following table:

	Actual	Actual Change	Actual Change	Planned Change	Planned Change	Total Change	
	31/03/16	2016/17	2017/18	2018/19	2019/20		
Brigade Managers	3	0	0	-1	0	-1	
Whole-time Fire-fighters	407	-29	-28	-8	-18	-83	
RDS Fire-fighters	96	0	+24	-24	0	0	
Control	20	0	0	0	-4	-4	
Green Book Staff	104.23	+0.92	0	0	0	+0.92	
Total Change	N/A	-28.08	-4	-33	-22	-87.08	
Total Workforce Establishment (FTE) at 31 st March each year	630.23	602.15	598.15	565.15	543.15		

Collaboration with Other Organisations, including with the Police and Local Public Sector Partners

The Authority has a long history of collaborating with other organisations to secure service effectiveness and efficiency including:

Local Authorities

- Hartlepool Borough Council for the provision of financial services covering payroll, financial management, accountancy, treasury management and internal audit. This arrangement also includes the Authority's Treasurer and fulfils the statutory Section 151 role.

Private Sector

- For the provision of occupational health services.

Other Fire and Rescue Authorities

- Shropshire Fire and Rescue Service to secure resilience, efficiencies and improved functionality in our control room facilities, call management and mobilising systems.

Other Emergency Services

Joint working across the Blue Light Services is not a new concept; the services have been working closely together to explore collaboration and integration in order to provide a better service to the public for many years. For example, the Joint Emergency Services Interoperability Programme (JESIP) is well established and looking at how services can work together at serious and major incidents.

Cleveland Police

The Brigade has established a Strategic Memorandum of Understanding with Cleveland Police (CP) to support innovative approaches to service delivery with the aim to secure improved community services and organisational efficiency.

Agreed areas of collaboration currently completed, in progress or being explored are set out below.

- an asset sharing agreement is in place enabling CP to utilise the Brigade's Welfare Pod securing asset efficiencies of £52,000 for CP
- CP has co-located their Thornaby Neighbourhood Policing Unit to the Brigade's new Thornaby Fire Station and CP made a direct capital contribution of £139,266.
- Within CFB's Capital Rebuild Programme the original plan was to dispose of the current Learning and Development Centre (LDC) building at Grangetown once the integrated Administration and Training Hub at Queens Meadow Business Park was completed. The Authority has now signed a long term lease with CP for the use of the LDC. CP will invest in the LDC to address backlog maintenance outstanding on the building. We will benefit from the investment made by CP.
- CP has expressed a desire to co-locate their Neighbourhood Policing Team in the refurbished Guisborough Fire Station and will be contributing towards the construction of an extension to Guisborough Fire Station to accommodate their needs.
- A business case is being developed with a strategic intention to transfer all CP fleet maintenance services to our new Technical Hub. CP will be contributing towards the overheads (utilities, facilities management, lifecycle costs) in addition to payments for the fleet maintenance services.
- A collaboration model similar to the Welfare Pod (above) is currently being agreed for the sharing of CFB's incident command unit. Direct efficiencies will be quantified in due course.

North East Ambulance Service

- Emergency Medical Responder scheme which provided fire fighters operating from our fire stations on the east coast of Cleveland with enhanced medical care knowledge, including basic life support by managing a patient's airways, giving oxygen therapy, including assisted ventilation, delivering cardio-pulmonary resuscitation and defibrillation using semi-automatic external defibrillator and controlling blood loss.
- NEAS has joined the Assets Collaborative Development Group which is chaired by CFB with the aim of securing wider blue light collaboration.

6 Timetable and risks

The Authority has a strong record of implementing efficiencies and this is based on having a robust multi-year implementation plan to ensure efficiencies are achieved in the year they are planned. These arrangements ensured that the actions needed to implement the planned savings for 2016/17 and 2017/18 were taken to deliver these savings on time.

We recognise that achieving the planned efficiencies for 2018/19 and 2019/20 will be increasingly challenging owing to the scale of budget reductions achieved in previous years. To help mitigate this risk we have robust plans and monitoring arrangements to deliver these efficiencies.

In terms of non-financial risks the greatest challenge facing the Authority is the planned reduction in the number of whole-time fire fighters. To manage this risk the Chief Fire Officer has developed a robust implementation plan which will ensure that operational capacity is not adversely affected, whilst ensuring the planned efficiency savings are achieved.

Progress in achieving the planned 2018/19 and 2019/20 efficiencies will be reviewed on a regular basis to ensure the programme remains on track, or to identify where corrective action may be required. This will include an annual review of progress in delivering the CIRMP.

There is a risk that national pay awards for fire fighters in 2018/19 and 2019/20 may be higher than forecast in our Medium Term Financial Strategy. If this occurs and additional Government funding is not received the Authority will need to review the CIRMP to bring forward planned 2019/20 efficiencies and also identify additional efficiencies. In the short-term this strategy may be supported by drawing down reserves earmarked to manage financial risks in 2020/21 to provide a longer lead time to identify additional efficiency savings.

7 Financial Outlook 2020/21 and beyond; and Strategy for Use of Reserves

The Government has indicated that significant reforms will be made to the funding system of local authorities, including Fire and Rescue Authorities from 2020/21. These reforms will include implementation of 75% Business Rates Retention and a Fair Funding Review. These changes will determine the future level of recurring funding covering 55% of the Authority's resources, which equates to £14.5m of recurring funding.

Therefore, these changes are a significantly greater financial risk to this Authority, than they are to Fire and Rescue Authorities which are less dependent on this funding as they fund a higher proportion of spending from Council Tax.

Our Efficiency Strategy is underpinned by a detailed Medium Term Financial Strategy, which includes a strategy for using Reserves. Our reserves strategy covers the period up to 2021/22. We have built up reserves over a number of years by achieving planned efficiency savings early and managing the annual budget to achieve an under spend.

The longer term approach to managing reserves earmarks £3.8m to manage potential risk arising from the implementation of 75% Business Rate Retention, the Fair Funding Review and further funding reductions after 2019/20. This includes £0.260million earmarked to support the 2018/19 revenue budget and enable efficiencies savings to be phased more evenly as detailed in the previous section. Our Medium Term Financial Strategy shows that this funding would simply provide a temporary solution to continuing finding cuts and it is anticipated that this amount would be fully committed by 2021/22.

Our approach also included earmarking one off resources to support our Asset Management Plan and supplement capital grants provided by the Government. This overall funding package will enable the Authority to safeguard essential public services by ensuring the Authority has the Fire Stations, training facilities and supporting infrastructure to deliver services for the next 40 years.

The Asset Management Plan will also remove a significant backlog maintenance liability and provides the best value solution for the public purse. At the 31st March 2018 the Authority had earmarked £2.8m to support the approved Asset Management Plan (AMP). The majority of this funding will be used in 2018/19 and 2019/20 as we complete the AMP.

We also have reserves of £1.8m which are earmarked to fund a number of one-off projects, including the installation of smoke alarms, staff training to ensure complex operational requirement can continue to be delivered with a reduced work force, funding for community safety initiatives and funding to replace breathing apparatus.

We also hold an uncommitted General Fund Reserve of £1.5million. This amount reflects a risk assessment of potential financial risks facing the Authority in relation to the sustainability of income, in particular Business Rates income which continues to be a risk owing to outstanding Business Rates appeals and business closures, and the achievement of planned efficiencies. This reserve is the only uncommitted resources held by the Authority and the level of this reserve will be reviewed annually to determine if this level remains appropriate.

8 Reporting on Performance and delivery of the Efficiency Plan

In addition to the statutory assurance statement the Authority has published a Performance and Efficiency Report for many years which provides a transparent, single view of information which allows Elected Members, Auditors and members of the public to hold the Brigade's senior managers to account in terms of the annual performance of the Brigade.

The Performance and Efficiency report for 2016/17 and future years will include progress in achieving the efficiency plan.