

Meeting the spending cut challenge – delivering services, delivering savings

Purpose of report

For discussion / direction.

Summary

This paper provides a summary of the Spending Review announcement in relation to the Fire and Rescue Service, and areas identified by the Fire Minister in which potential savings can be made by Fire and Rescue authorities. The paper invites views from the Commission on the scope for achieving reductions in spending through these means and examples of work already undertaken by FRAs to deliver efficiencies.

Recommendation

Members are asked to:

1. discuss the scope for achieving reductions in spending through the seven areas identified by the Fire Minister (paragraph 5);
2. highlight any work already undertaken, or examples from FRAs which could assist the sector in delivering spending cuts.

Action

LGA officers will work with Member and officer leads on each theme to develop evidence and examples of spending reductions to be presented at the Annual LG Group Fire Conference in March.

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Spending Review announcement headlines

1. As part of the Spending Review published on 20 October, Government announced that:
 - 1.1 Formula grant to Fire and Recue Authorities will be reduced by 25% over the four year spending review period
 - 1.2 The cuts will be back-loaded to 2013-14 and 2014-15
 - 1.3 In total, this means a reduction of £250m from formula grant funding of approximately £1bn; individual allocations to FRAs are yet to be confirmed.

LGA response to announcement:

2. In responding to the Spending Review announcement, the LGA highlighted that Fire and Rescue Authorities have already demonstrated a strong record on efficiencies, having delivered £185m from 2004-08 and are on course to deliver another £110m from 2008-11.
3. The back-loading of the reductions is something that the LGA argued for in our submission to the Spending Review and will be important in identifying further savings. However, the scale of the cuts mean there will inevitably be implications for delivery of frontline fire services.
4. In our further submission to the Fire Futures review, the LG Group has emphasised that the review should be focused on helping FRAs to reduce costs and identify savings by 2013-14 and should avoid imposing further costs on Fire and Rescue Services, for example by changing governance arrangements.

Delivering the savings

5. In his letter to FRAs following the spending review, the Fire Minister Bob Neill identified seven areas in which potential savings could be made, as follows:
 - 5.1 Flexible staffing arrangements
 - 5.2 Improved sickness management
 - 5.3 Pay restraint and recruitment freezes
 - 5.4 Shared services / back office functions
 - 5.5 Improved procurement
 - 5.6 Sharing Chief Officers and other senior staff

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5.7 Voluntary Amalgamations between Fire and Rescue Authorities

6. These issues were discussed at the FSMC meeting in November and it was agreed that there is merit in exploring the potential for reductions in spending that could be achieved in each of these areas. The Committee agreed that they should be subject to further discussion by the Commission and that a lead Member and officer should be identified to lead further work on each of these themes with a view to reporting findings at a series of workshops at the Annual Fire Conference in March.

Existing information / planned activity relating to areas identified to deliver savings

7. To inform discussion, the following section of the report gives an overview of information and work in progress or planned in relation to areas identified by government to deliver savings.

Flexible staffing arrangements

8. Savings have already been achieved in a number of FRSs from flexible staffing. For example, Greater Manchester achieved £1.2 million annual savings by introduction of flexible duty patterns enabling a better match of firefighter availability to risk and demand.
9. In our submission to the Fire Futures review, the LG Group identified areas in which they could work with FRAs to develop practical advice and guidance on breaking down barriers to staff flexibility and ways of joining up workforces across local authority boundaries and different parts of the public sector.

Improved sickness management

10. The Audit Commission found that in 2007/08, fire services lost an average of 7.7 shifts/days per wholetime firefighter to sickness. This equates to approximately 5 per cent of working time. This is down from 9.7 shifts in 2001/02 and compares with the current local government average of 11 days (approximately 4 per cent of working time) lost to sickness per year.¹ The report estimated that a cost saving of over £10 million could be achieved if sickness levels were reduced to 6.5 shifts / days.
11. In November 2009, the LGA produced guidance to Fire and Rescue Services on uniformed ill-health retirements designed to assist FRAs in managing those medical incapacity and long term sickness.

¹ Audit Commission "Rising to the challenge" Dec 2008

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Pay restraint and recruitment freezes

12. Scope for achieving significant savings through pay restraint is limited as no pay increase was awarded in the current year, and there is no cost of living rise, or incremental pay increases for the fire services.
13. Informal feedback from some FRAs suggests that recruitment freezes are already in place, but further work is needed to collate information on recruitment levels.

Shared services / back office functions / improved procurement / Sharing Chief Officers and other senior staff

14. These issues are being addressed through the LG Group's Productivity work programme which aims to support authorities in delivering savings. Workstreams relevant to areas identified as delivering savings for the FRS include:
 - 14.1 Procurement, capital and shared assets
 - 14.2 Shared services across areas, tiers and partnerships

Voluntary Amalgamations between Fire and Rescue Authorities

15. Work is already underway on LGA guidance for members on mergers between FRAs. It is proposed that this is included for discussion at the next FSMC meeting in January and that the guidance is launched at the LGA annual Fire Conference in March.

Conclusions and next steps

16. Subject to discussion and the Commission's views, LGA officers will work with Members and advisors to develop evidence and examples of spending reductions to be presented at the Annual Fire Conference in March.