

Productivity and Efficiency Plan 2023-24



Cheshire
Fire & Rescue Service
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Introduction

Cheshire Fire Authority (the Authority) has been successful in recent years in maintaining a high quality of service against a backdrop of significant funding challenges and cost pressures. This Efficiency Plan shows how the Authority is planning to meet the continuing challenge of maintaining service levels and ensuring quality in an operational and financial environment which remains uncertain.

The Authority operates from 28 fire stations across Cheshire, staffed in a number of different ways to reflect local risks and demands. The Service also operates three community safety centres, three fire protection offices, a joint headquarters with Cheshire Constabulary, an operational training centre and workshops, and Safety Central, our safety and life skills centre in Lymm.

The Authority's emergency call handling function is provided by North West Fire Control, based at Lingley Mere in Warrington. North West Fire Control is a collaboration between four fire and rescue services providing a control room operation for Cheshire, Cumbria, Greater Manchester, and Lancashire.

Included as Appendix 1 is the Authority's Budget Efficiency Statement, showing the impact of efficiencies on the Authority's actual and planned budgets.

Paul Vaughan
Cheshire Fire Authority Treasurer
March 2023

Primary Information

Authority Budget

The Authority approves an annual Medium Term Financial Plan, which is regularly updated during the year. This set out all the details of the financial assumptions and economic impacts which affect the Authority over a five-year period. The first year forms the key part of the annual budget setting process. This sets the financial envelope in which the Service must operate and the forecast opportunities or challenges it will face.

The Budget for 2023-24 was agreed by the Fire Authority on 15th February 2023 and is summarised in the table below. The full report may be found at <http://authority.cheshirefire.gov.uk/documents/g711/Public%20reports%20pack%2015th-Feb-2023%2010.30%20Cheshire%20Fire%20Authority.pdf?T=10>

| | | £000 |
|------------------------------------|---------------------------------------|---------------|
| Budget | Base Budget | 44,419 |
| | Inflation | 2,931 |
| | Commitments | 1,592 |
| | Growth – permanent | 461 |
| | One-off items | 711 |
| | Budget Requirement pre savings | 50,114 |
| | Identified Savings | (935) |
| | Movement in reserves | 2,565 |
| Proposed Budget Requirement | | 51,744 |

| | | |
|---|---|-----------------|
| Funding | Revenue Support Grant | (4,556) |
| | Local Business Rates Income | (4,488) |
| | Business Rates Top Up Grant | (5,288) |
| | Precept (Council Tax) - at £5 Band D increase | (34,396) |
| | Collection Fund surplus - business rates | (57) |
| | Collection Fund surplus - council tax | (203) |
| | Section 31 Business Rates Grant | (2,388) |
| | Services Grant Allocation 2023-24 | (368) |
| Total Funding (Net Budget Requirement) | | (51,744) |

| | |
|--|---------------|
| Precept (Council Tax - Band D) | £87.48 |
| Increase from 2022-23 Band D of £82.48 | £5.00 |

Reserves

The Authority holds reserves in accordance with its Reserves Strategy. Reserves are held for three main purposes:

- To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve
- To set-aside funds for specific purposes, known or predicted pressures, or future liabilities – known as earmarked reserves
- To hold capital receipts from sale of assets, the use of which is restricted under legislation to the purchase of new assets or the repayment of debt.

The table on page 5 shows the forecast balances on reserves until March 2028. One of the key elements of the Reserves Strategy is to use the earmarked Capital Reserves to support the Authority's Capital Strategy. Other reserves will be used as they are required in line with the Reserve Strategy.

Forecast level of reserves to March 2028

| | Actual 31 Mar 22 £000 | Forecast 31 Mar 23 £000 | Forecast 31 Mar 24 £000 | Forecast 31 Mar 25 £000 | Forecast 31 Mar 26 £000 | Forecast 31 Mar 27 £000 | Forecast 31 Mar 28 £000 |
|----------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| General Reserve | 2,210 | 2,210 | 2,210 | 2,210 | 2,210 | 2,210 | 2,210 |
| Earmarked Reserves | | | | | | | |
| Capital receipts | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Reserves | 12,649 | 12,863 | 10,392 | 6,624 | 3,049 | 2,944 | 2,839 |
| <u>Resource Centre Managers:</u> | | | | | | | |
| - Staff related | 1,137 | 1,458 | 854 | 597 | 597 | 597 | 597 |
| - Legal and insurance costs | 593 | 593 | 593 | 593 | 593 | 593 | 593 |
| - ICT and systems development | 371 | 403 | 403 | 403 | 403 | 403 | 403 |
| - Training | 261 | 261 | 261 | 261 | 261 | 261 | 261 |
| - Equipment & Uniform | 1,954 | 1,891 | 1,791 | 831 | 831 | 831 | 831 |
| - Collaborations and Partnership | 74 | 15 | 15 | 15 | 15 | 15 | 15 |
| - Property related | 595 | 586 | 586 | 586 | 586 | 586 | 586 |
| - Specific projects | 221 | 176 | 176 | 176 | 176 | 176 | 176 |
| - Prevention | 1,001 | 1,001 | 891 | 891 | 891 | 891 | 891 |
| Funding Support - Covid | 2,269 | 1,252 | 1,252 | 1,252 | 1,252 | 1,252 | 1,252 |
| Community Risk Reduction | 371 | 371 | 371 | 371 | 371 | 371 | 371 |
| UPG | 226 | 210 | 210 | 210 | 210 | 210 | 210 |
| Total Reserves | 23,932 | 23,290 | 20,005 | 15,020 | 11,445 | 11,340 | 11,235 |

Precept

The Authority's 2023-24 approved budget includes an increase of £5 for a Band D property, which means that the annual precept for a Band D property is £87.48. This decision was in response to the following budgetary pressures:

- The impact of pay awards for operational and support staff totaling £2.8m
- Significant inflationary increases on energy costs (electricity, gas, biomass), based on advice from suppliers, totaling £420k
- Significant increase on other supplies and services, including business rates, vehicle fuel, water, cleaning costs, and audit costs, totaling £772k

In addition, in the absence of capital grant, the Authority has two capital funding methods, a direct charge to revenue and the use of prudential borrowing. Both methods put significant strain on the revenue budget, particularly as interest rates have recently risen. The Authority is in the process of delivering a significant capital programme which will modernise/replace its existing fire stations, and lead to reduced running costs and improved environmental performance. The Authority has seen capital costs spiral recently, to the extent that it has had to review the affordability of the programme and pause it. The £5 precept increase allows resumption of the programme by enabling the continued use of revenue funding to support the programme, although additional funding will still be required to complete it.

Efficiencies

The Authority identified £782k of efficiencies in its 2022-23 budget and £935k of efficiencies in its 2023-24 budget. These are shown in the table on page 7.

| Efficiency Savings | Budget 2022-23 | | Budget 2023-24 | |
|---|-----------------------|--------------|-----------------------|--------------|
| Direct Employee | | | | |
| Reduction in Prevention/Protection/Response Staff | (215) | 0.48% | (235) | 0.50% |
| Reduction in Support Staff | (39) | 0.09% | | |
| Indirect Employee (e.g. training, travel etc.) | | | | |
| All Indirect Employee Costs | (61) | 0.14% | (483) | 1.03% |
| Premises | | | | |
| Utilities | | | | |
| Rent/Rates | (48) | 0.11% | (26) | 0.06% |
| Other Premises Costs | (20) | 0.04% | | |
| Transport | | | | |
| Fuel | | | | |
| Other Transport Costs | (21) | 0.05% | | |
| Supplies and Services | | | | |
| Procurement Savings | (94) | 0.21% | (30) | 0.06% |
| Decreased Usage | (260) | 0.58% | (161) | 0.34% |
| Capital Financing | | | | |
| Revenue Expenditure Charged to Capital | | | | |
| Net Borrowing Costs | (24) | 0.05% | | |
| Total Efficiency Savings | (782) | 1.75% | (935) | 1.99% |

The Authority has delivered the 2022-23 efficiencies and does not foresee significant barriers to delivering those planned in 2023-24.

The Authority has a robust planning process for its budget, which takes into account inflationary pressures, cost pressures which arise from changes in service delivery, and the need to generate savings, including through more efficient working and increased productivity. In its Medium-Term Financial Plan, the Authority recognises that it is likely that funding pressures will continue. It has agreed to embark on a Fire Cover Review, the outcome of which is planned to be effective from 2024-25 and which will have at its core the need to continue to deliver a modern fire and rescue service as efficiently as possible.

Productivity

In the past few years, the Authority has carried out an Emergency Response Programme review and as mentioned above has now commissioned a Fire Cover Review which will consider whether the way in which the various elements of the service are delivered remains relevant, effective and efficient. This will include looking at how the Authority might continue to deliver its activities with a potentially reduced level of funding. It will also consider whether the way in which the activities are delivered remains the most appropriate. In this way, it will address the question of whether it can increase productivity by using the same or reduced funding to deliver the same quantity and quality of service, and also consider competing priorities in the delivery of its activities.

The Authority utilises a number of planning tools to enable it to consider and manage productivity, including priority-based budgeting (PBB), focussed service reviews and value for money reviews. PBB enables managers to review the resources allocated to them to ensure that the limited resources are directed towards delivery of the Authority's priorities.

The budgeting process requires that Heads of Department undertake sensitivity analysis in respect of their respective budgets. This facilitates consideration of how they might deliver services with reduced budgets, and what implications this might have for quality, efficiency and productivity.

Service reviews and value for money reviews are undertaken to ensure that the services provided match expectations and ensure costs are appropriate.

These tools enable managers to identify areas where efficiencies can be made and allow a clear understanding of any impact they will have.

Secondary Information

Collaboration

The Authority's fire control is delivered by North West Fire Control, a collaboration between four North West Fire and Rescue Services. This collaboration enabled the Authority to generate savings of over £300k per annum when it was originally implemented in 2014-15 and continues to be an efficient method of providing the fire control service.

The Authority has a collaborative arrangement with Cheshire Constabulary whereby some support services, for example IT, Estates and Finance are delivered to both organisations by a joint service.

The Authority delivers a co-responder service from its stations at Nantwich in conjunction with North West Ambulance Service (NWAS). It is engaging with NWAS with a view to delivering a collaborative pilot cardiac arrest response service. Whilst neither of these will necessarily deliver efficiencies, it is felt to be an effective use of Authority resources.

The Authority shares a Headquarters building with Cheshire Constabulary, and a number of partners occupy space on the Authority's Fire Stations, including the Constabulary, NWAS, the Red Cross, the Probation Service and the RSPCA.

These collaborative activities and partnerships are designed to enhance the delivery of public services and charitable activities and to ensure that they are delivered as effectively and efficiently as possible, not offer immediate cashable efficiencies.

Transformation plans

The Authority has a history of achieving significant efficiencies through transformational change. It moved to crewing fire appliances with four firefighters in 2014-15. Between 2014-15 and 2018-19 it implemented a significant programme of transformation, which included building four new fire stations and a Safety Centre in conjunction with reviewing service delivery methodology across the whole operational service. This transformational programme not only delivered significant financial efficiencies but also enabled a change to the distribution of crewing systems to ensure that response times were improved, the quality of the service was maintained and that productive capacity was increased.

As identified above, the Authority has now taken the decision to undertake a Fire Cover Review which will include all aspects of the delivery of its operational service taking into account the latest data. The delivery of efficiencies is not the primary aim of the review, but any efficiencies which are identified will be quantified and consideration will be given to whether these are cashable or non-cashable, and what impact any changes will have on productivity.

The Authority is also undertaking a fundamental review of the way in which it delivers its Prevention Services to ensure that the services continue to be relevant, effective

and efficient, and any efficiencies identified will also be considered as to whether they are cashable or non-cashable and how they impact productivity.

Charging Policies

The Authority does not generally charge for its services, and where it does charge this tends to be on a cost recovery basis. Examples of this would be the cost of prosecutions, the Respect young persons' programme, COMAH exercises, and the rental of space on its stations to partner organisations. It also charges for the service it provides as Primary Authority in accordance with agreed policy.

The Authority considers its approach to charging annually as part of the preparation of the budget and has no immediate plans to introduce new or significantly increased charges for any of its activities.

Asset Management and Investment in Technology

The Authority implemented a fleet management system, Chevin Fleetwave, in 2019 to replace its paper-based system, enabling more efficient use of fleet technician resources and more accurate recording and monitoring of fuel use.

Checks of equipment and appliances are undertaken daily by crews on station. Any vehicle defects are recorded on the fleet management system operated by the Authority's Fleet Services team. The time and cost of carrying out fleet repairs is also recorded.

In 2020 the Authority implemented the SAFFIRE system, a data management system which holds data for domestic dwellings and businesses which is used by the Prevention and Protection teams to target visits in accordance with risk-based methodologies. In addition, the system facilitates performance reporting for internal and external audiences. The system was developed in house and replaced the existing externally sourced system.

The Authority is undertaking a review of reporting systems and requirements across the organisation. We currently have several databases which store information and are used for reporting at various levels of the organisation. This approach is problematic and at times labour intensive. The Authority is therefore reviewing its reporting requirements at Operational, Tactical and Strategic levels. Once complete the Authority is looking to develop Power BI (part of M365) which will aggregate the various feeds and should be capable of being presented on a single dashboard. This will improve and streamline reporting processes.

The Authority is undergoing a refresh of its website. It is hoped that one impact of this will be to improve the level and quality of information held on the website and reduce the number of queries for information which are received.

The Authority invests in new fire appliances in accordance with its Asset Management Strategy. In each of 2022-23 and 2023-24 the Authority has approved

the purchase of three new appliances. The continued investment in appliances ensures that firefighters have access to the most up-to-date technology, that the fleet includes the most efficient appliances and that the Authority is able as far as possible to ensure appliances are of a similar make, leading to significant efficiencies in maintenance expertise and costs.

Resourcing

The Authority operates 4 duty systems: Wholetime Crewing (2-2-4), Day Crewing, Nucleus and On Call. The start and finish times for the full time duty systems (Wholetime, Day Crewing and Nucleus) have been developed to ensure that they are cost effective, efficient and maximise productivity.

The Authority is one of the only Authorities that has formally agreed to move to 12 hours shifts for all Wholetime fire stations. This duty system has been in place since 2016 and has proved to be successful in increasing productivity. When compared with the previous duty system the new system improves productive capacity by up to 29% on each full time fire station.

The service employs approximately 260 On-Call (retained) staff. Out of the 28 fire stations that protect the county of Cheshire, 13 of these fire stations are crewed by wholly On Call firefighters with a further 2 fire stations reverting to an On Call model between 1900 and 0700 hours. There are secondary On-Call appliances which supplement Wholetime fire engines at five further locations.

Procurement

The Authority's Procurement is delivered through the Blue Light Collaboration arrangements, in partnership with Cheshire Constabulary. Procurement makes significant use of national frameworks which help reduce cost and administrative burden. The Authority has significantly benefitted from this approach, and it is estimated that over the last two years the procurement function has saved in excess of £100k per annum on average.

Local Initiatives

The Authority engages proactively with the communities it serves to encourage volunteers who make a valuable contribution to the Authority in a number of areas. In particular, the operation of Safety Central, the Authority's safety centre, is supported by a number of dedicated volunteers who contribute significantly to its success.

The Authority has successfully attracted sponsorship for Safety Central and its Training Centre and continues to seek suitable sponsors to support its work.

The Authority operates a highly successful Prince's Trust programme, delivering personal development programmes for 16 to 25 year old employed and unemployed

people from a variety of backgrounds and abilities, designed to improve skills and offering an opportunity for these young people to get involved in a local community initiative. It also delivers two other programmes, On The Streets and Respect, designed to support young people in the community. Intervention programmes such as these are designed help reduce the burden on the wider public purse.

Productivity

CFRS can demonstrate significant progress in improving productivity and over the last five years has made several changes to significantly improve the productivity of our workforce.

The Authority has committed to increasing output and productivity within our Wholetime Firefighter workforce by a minimum of 3% during the 2023/24 financial year; some areas of output will see a significant increase. For example, the target for Safe and Well visits delivered by Wholetime staff will increase by 50% as we transition back to pre-pandemic levels of prevention activity.

The Authority measures the productivity of its workforce through its performance management framework which monitors the output of staff against targets and available capacity. This ensures staff deliver against the agreed levels of output.

The Authority has also developed a bespoke tool to assess the amount of spare capacity within the Wholetime Firefighter workforce and ensure this is fully utilised to ensure the most productive use of our resources. The Authority is willing to share this model and information to contribute to the sector wide productivity survey, although it is likely that the Service would wish to complete additional analysis and random sampling of workforce activities prior to sharing externally.

Wholetime Firefighters are engaged in the following activities outside the scope of operational response:

- Safe and Well Visits, targeting high risk residential addresses to reduce the risk of fires, injury, and a range of other health risks.
- School visits and prevention campaign activity, often working with partner organisations
- 'Thematic' inspections; audits of lower risk non-domestic premises.
- Site Specific Risk Inspections to gather and update risk information on premises which may present a risk to Firefighter safety in the event of an incident

The Authority allocates a period of 2 hours per day shift and 3 hours per night shift to be spent on training and development activities. Firefighters also spend approximately 62 hours per annum during working shifts attending centrally delivered training courses and off-station exercises.

Cheshire Fire Authority Budget Efficiency Statement

Appendix 1

| | Budget | | | |
|---|----------------|----------------|----------------|----------------|
| | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| Revenue Support Grant | -4,013 | -4,136 | -4,556 | -4,656 |
| Retained income from Rate Retention Scheme | -9,697 | -9,302 | -9,776 | -9,776 |
| Settlement Funding Assessment (SFA) Total | -13,710 | -13,438 | -14,332 | -14,432 |
| Specific and special grants inside AEF | -3,818 | -2,248 | -2,756 | -1,000 |
| Appropriations to(+)/ from(-) reserves | 2,734 | 1,008 | 2,995 | 909 |
| Other Income | -1,317 | -1,510 | -1,510 | -1,510 |
| Sub-Total | -2,401 | -2,750 | -1,271 | -1,601 |
| Collection fund surplus (-)/ deficit(+) | 2,115 | 1,055 | -260 | 0 |
| Council Tax Base | 380,699 | 387,441 | 393,185 | 397,691 |
| Band D Precept (£) | 80.87 | 82.48 | 87.48 | 90.10 |
| Increase in Council Tax Base | | 1.77% | 1.48% | 1.15% |
| Increase in Band D Precept | | 1.99% | 6.06% | 2.99% |
| Council Tax Requirement | -30,787 | -31,956 | -34,396 | -35,832 |
| Total Income and Funding | -44,783 | -47,089 | -50,259 | -51,865 |
| Opening Revenue Expenditure Budget | | 44,783 | 47,089 | 50,259 |
| Investment/Cost Pressures | | | | |
| <u>Direct Employee</u> | | | | |
| Pay Awards | | 1,810 | 1,829 | 588 |
| Employers Pension Contributions | | 201 | 372 | 150 |
| <u>Premises</u> | | | | |
| Utilities | | 118 | 419 | 47 |
| Rent/Rates | | 144 | 206 | 62 |
| Other Premises Costs | | 27 | 151 | 25 |
| <u>Transport</u> | | | | |
| Fuel | | 1 | 21 | 13 |
| Other Transport Costs | | 75 | 18 | 19 |
| <u>Supplies and Services</u> | | | | |
| Increased Usage/Enhanced Provision | | | 517 | 900 |
| Other Non-Pay Inflation (not included in other lines) | | 516 | 475 | 742 |
| <u>Capital Financing</u> | | | | |
| Net Borrowing Costs | | 196 | 97 | 0 |
| Total Cost Pressures | | 3,088 | 4,105 | 2,546 |
| Efficiency Savings | | | | |
| <u>Direct Employee</u> | | | | |
| Reduction in Prevention/Protection/Response Staff | | -215 | -235 | |
| Reduction in Support Staff | | -39 | | |
| <u>Indirect Employee (e.g. training, travel etc.)</u> | | | | |
| All Indirect Employee Costs | | -61 | -483 | |
| <u>Premises</u> | | | | |
| Utilities | | | | |
| Rent/Rates | | -48 | -26 | |
| Other Premises Costs | | -20 | | |
| <u>Transport</u> | | | | |
| Fuel | | | | |
| Other Transport Costs | | -21 | | |
| <u>Supplies and Services</u> | | | | |
| Procurement Savings | | -94 | -30 | |
| Decreased Usage | | -260 | -161 | -940 |
| <u>Capital Financing</u> | | | | |
| Net Borrowing Costs | | -24 | | |
| Total Efficiency Savings | | -782 | -935 | -940 |
| Closing Revenue Expenditure | 44,783 | 47,089 | 50,259 | 51,865 |
| Check | 0 | 0 | 0 | 0 |
| Efficiency Savings as a Percentage of Revenue Expenditure | | 1.75% | 1.99% | 1.87% |
| Efficiency Savings as a Percentage of Non-Payroll Budgets | | 6.98% | 7.94% | 7.48% |
| Efficiency Savings Target | | 3.00% | 3.00% | 3.00% |
| | | | | 7.47% |

Forecast Efficiency Savings
(Percentage of Non-payroll budgets)

**CSR
Target**

