

Services shared: costs spared?

An analysis of the financial and non-financial benefits of local authority shared services

Appendix 3: Review of Devon and Somerset fire and rescue shared services arrangements

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Executive summary

This report is a part of a wider research study commissioned by the LGA into the benefits that have been delivered from a selection of five local government shared service arrangements.

The combination of Devon and Somerset Fire and Rescue Authority has resulted in significant financial savings and released capacity to improve the delivery and efficiency of services. The new Authority is more resilient, provides better value for money and is culturally more open to change, challenge and innovation.

The combination of Devon and Somerset Fire and Rescue Authorities was driven by the need to address the requirements of the modernisation programme against a backdrop of financial pressures. In particular Somerset Fire and Rescue Authority lacked the capacity to deliver the cultural and operational changes required. A cultural audit established that both Devon and Somerset Authorities had similar managerial and political motivations and both were eager to improve services and work together to achieve this aim.

The two authorities demonstrated strong leadership, clarity of purpose, determination and drive to make the combination happen. An open and honest relationship between elected members and officers supported by high levels of engagement and communications ensured a drive towards shared objectives.

Working closely with senior officers from both services, elected members quickly overcame a number of initial concerns and suspicions over combination. Working together in a cross-party spirit they adopted a proactive and mature approach and undertook a major cultural shift moving from independent service control to a fully shared responsibility. Members are fully engaged and well informed. They are committed and dedicated to achieving success. The current Chair, Cllr. Mark Healey, has been involved in the combination from the outset. He is a powerful advocate for modernisation, improvement and progress. He is particularly supportive of the new procurement initiatives and the extension of the service's commercial activities.

Within a year of the authorities' approving it as the option for future service delivery the new Devon and Somerset Fire and Rescue Authority was launched and became operational on 1 April 2007. This was achieved through good project management, strong consultation and communication with staff, unions, authority members and robust task focused decision making.

A detailed financial baseline assessment with projected savings was undertaken prior to combination. Other performance measures to assess the success of combination were not however established at the outset of the project, making it difficult to assess whether operational or other efficiency benefits have been fully realised.

Financial benefits were not the main focus of the combination, but significant savings have been realised since combination. Projected net cumulative savings of £3,058,000 (2006/07 to 2011/12) have been exceeded by £1.22 million.

Set up costs were £966,508 and mainly resulted from rebranding, staffing changes, change management costs and travel costs. The net cumulative financial savings have increased year on year and total to date £4.2 million (2006/07 to 2011/12).

Recurrent cashable savings (savings made each year from base-line expenditure in 2006/07) currently stand at £1.6 million

per annum (2011/12). The main sources of savings have been achieved from reductions in uniformed and non uniformed staff, flexible working such as job share, taking opportunities to restructure through natural wastage rather than a programme of redundancies. These include creating a smaller senior management team, a reduction of area managers following restructure and savings from changes to operational fire fighter attendance requirements. Other significant areas of cost savings have been in back office savings, licensing and training. Full annual costs and savings since combination are detailed below in Table 1:

Table 1: Summary of Annual Costs and Savings

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	TOTAL
Combination Budget	£64.0m	£67.2m	£70.3m	£72.7m	£75.1m	£75.1m	
One-Off Transition Costs	-£264,418	-£461,000	-£53,000	-£188,090	0	0	-£966,508
Annual Savings:							
Staff		£222,000	£512,000	£618,932	£794,600	£1,231,040	£3,378,572
Training			£40,000	£100,000	£100,000	£100,000	£340,000
Insurance		£110,000	£110,000	£110,000	£110,000	£110,000	£550,000
IT/Finance from Somerset CC		£189,000	£189,000	£166,000	£166,000	£166,000	£876,000
Annual Net Savings	-£264,418	£60,000	£798,000	£806,842	£1,170,600	£1,607,040	£4,178,064
per cent Saving of Initial Budget		0.1per cent	1.2per cent	1.3per cent	1.8per cent	2.5per cent	

While further savings from the elements highlighted in the table above will continue to incrementally improve significant savings of £859,000 are forecast over the next two years from a number of other areas. These include £604,000 from consolidating the current two control rooms into one and £255,000 from back office savings. A full breakdown of back office savings cannot be accurately stated as some are subject to business process reengineering, although some estimates are shown below:

- Financial Services £27,000
- Human Resources £25,000
- ICT (including licences costs) £41,000
- Accommodation £30,000
- Scientific Services £26,000
- Treasury Management Income £40,000

If all the projected savings were made, net savings per annum in 2014/15 would increase to £2.47 million and net cumulative savings since combination to £8.25 million. Longer-term there may be potential for further savings as long-term contracts come up for renewal and are re-negotiated. For example a projected £5m saving from the joint procurement of 70 light rescue pumps.

Other benefits highlighted in the combination business plan have been largely achieved. Most notable are improvements in training, staff development and deployment, the growth of commercial operations, wider influence and profile, improved value for money for tax payers and greater flexibility and resilience. However some areas have not initially produced the benefits that were expected. Procurement and asset management savings have been limited and harmonisation of policies and procedures have not happened as quickly as expected.

The project's early momentum for change was however diminished at the point of combination. The project team was disbanded and this left a vacuum where departments were working largely in isolation without an integrated project plan. This resulted in a reduction of the drive and co-ordination to realise the benefits identified prior to combination and to ensure harmonisation was achieved as quickly as possible. Areas where potential savings could have been made earlier, such as asset management and procurement, are only now beginning to be realised.

A new Chief Fire Officer was appointed in 2009 and has significantly helped further develop a culture that encourages innovation and openness. This cultural change has led to additional efficiencies and a service that has greater profile and influence. Staff are more involved in shaping service delivery and new ideas. Providing innovations are supported by robust business cases, senior management are supporting ideas through to their practical application. A good example is the growth of commercial activity, which is currently bringing in £1 million turnover per annum. This activity is mainly focused around training and is supporting operational resilience by providing the service with more training opportunities, improved facilities and at a lower cost.

The most significant benefit of combination has been the release of additional capacity. This has allowed Devon and Somerset Fire and Rescue Authority to harmonise policies and processes and strengthen and expand its support and operational services. A significant development resulting from this harmonisation is an approach to service delivery that is far more risk based and customer focused.

The number of fires and injuries from fires has fallen through a more targeted approach to community safety and protection work. These benefits have been achieved at no extra cost to the public with minimal change to council tax contributions.

What has worked?

- Managerial and political alignment, will and commitment
- Cultural similarity prior to combination – e.g. high percentage of workforce retained
- An open and honest relationship between elected members and officers supported by high levels of engagement and communications
- Strong leadership
- Good project management running up to the point of combination
- Detailed financial assessment
- Strong consultation and communication with staff, unions and authority members
- Robust task focused decision-making
- Effective and innovative use of additional capacity following combination
- An emerging commercial approach to third party income.

What could have been done better?

- Inclusion of clear non financial measures of success in the combination benefits assumptions from the outset
- Greater external stakeholder and customer views on combination and the priorities of the new organisation
- Resources allocated to drive savings and service improvements following combination
- Central co-ordination and project planning to maximise savings and improvement through the first five years of operation
- Need for potential areas of significant savings, such as procurement and asset arrangements to be scoped (costs and benefits) prior to combination. To date there has been no active renegotiation of existing contracts, although there is evidence that the consolidation will result in future procurement savings from economies of scale.

Introduction

This review looked at the combination of Devon Fire and Rescue Service and Somerset Fire and Rescue Service in April 2007. The two authorities were the first fire and rescue authorities (FRAs) to volunteer to combine and as such had to create their own protocols and processes. Prior to combination Devon Fire and Rescue Service was a combined service (independent of Devon County Council since 1998) and Somerset Fire and Rescue was a department of Somerset County Council. All staff and assets (apart from the Somerset Fire Headquarters) were passed across to the new Combined Authority on the 1st of April 2007.

The two fire and rescue services were providing very similar services in largely rural and coastal environments. Retained, on call staff, formed a large percentage of fire fighters of both services.

The purpose of this LGA research project is to substantiate (but not audit) a selection of five established and successful local government shared service arrangements. The research will provide important evidence and numerically based analyses of the success of the projects in terms of financial returns and service delivery. The main themes explored were the impact of combination on customer satisfaction and outcomes; the set up costs and timescales for delivery; the efficiencies achieved so far, and the extent to which the outcomes have varied from initial business cases.

Analysis was conducted based on documentation provided by Devon and Somerset Fire and Rescue Service. This was augmented through interviews with:

Neil Gibbins

Deputy Chief Fire Officer

Jane Sherlock

Director of Commercial Services & Human Resources

Peter Smith

Director of Service Delivery

Cllr Mark Healey

Chair of Authority

Kevin Woodward

Director of Finance

Phil Martin

Area Manager – Community Safety

Ralph Howle

Corporate Planning Manager

Jon Miller

Area Manager for Training and Development

Paul Hodgson

Head of Audit

Melanie Walsh

Head of Procurement

Chris Silverthorne

Asset Management.

Shared services background

Somerset County Council initiated the combination of Devon and Somerset Fire and Rescue Authorities; by 2004/5 the Council was finding it increasingly hard to address the requirements of the modernisation programme in its Fire and Rescue Service. The Service was one of the smallest in the country and, against the backdrop of financial pressures, it lacked the capacity to deliver the cultural and operational changes required.

The County Council canvassed a number of neighbouring authorities to look for alternative ways to deliver the service and Devon Fire and Rescue Authority took up this challenge. A cultural audit established that Devon and Somerset Authorities had similar managerial and political motivations; both were keen to improve services and both were willing to work together to achieve this aim.

A joint strategic review was undertaken to look at options to address the capacity gap in both authorities to meet the fire service modernisation agenda and to deliver the objectives of the Fire Service National Framework Document.

The Leadership of the two authorities set clear overriding principles for joint working.

The proposed objectives for future service delivery options were:

- provide additional capacity
- improve organisational performance
- improve standards of service delivery
- achieve Gershon efficiency targets
- increase organisational resilience
- contribute to regional work streams
- minimise impact on council tax.

Three delivery options were considered based on these principles: 1) maintain current arrangements; 2) increased collaboration and 3) full combination. An assessment of the operational advantages, disadvantages and risks concluded that the status quo and enhanced collaboration options were unlikely to provide the additional capacity required.

This position was further supported by evidence from the Audit Commission's CPA assessments in 2005. The strategic review of options concluded in December 2005 and recommended that a full combination provided the best potential benefits for the two FRAs to meet their current and future challenges.

A limitation imposed on any future service delivery model was that no compulsory redundancies were to be made. While limiting financial savings, this did provide some advantages.

The lack of any threat of job losses meant that an open culture of collaboration and knowledge sharing ensued, unions were supportive and communication and consultation was constructive and productive. Importantly, the new combined authority benefited from the full workforce of the two FRAs providing it with the capacity to support cultural change, operational improvement and overall resilience.

A detailed financial assessment of options (costs and savings over a five year period) was undertaken. This strategic review further supported the case for combination setting out some significant financial benefits. A cost benefit analysis projected £3.06 million of savings over the five years. The next best option (to expand collaboration between the two authorities) predicted just £674,000 of savings.

The assessment also clearly demonstrated that the likely impact on council tax would be minimal – a small rise in Somerset and a small fall in Devon. In addition a number of benefits resulting from the increased capacity released by combination on operational performance and flexibility were highlighted.

These included:

- increased ability to deliver a wide range of community safety initiatives and activities
- one approach to policy development
- shared support services (increased capacity in addition to savings from losing Somerset County Council support costs)
- greater flexibility from training facilities
- greater potential to generate income – and release capacity as a result
- better financial analysis
- improved fleet and stores management
- a merging of functional expertise
- improved management of operational capability
- improved administration.

No specific targets were set for these capacity benefits or for any proposed service improvements resulting from combination. No internal or external customer impact measures were considered. As a result it is not easy to link the initial operational objectives of combination to any measurable service or customer improvements.

Set-up consolidation benefits

Following the conclusions of the April 2006 Strategic Review the two authorities demonstrated strong leadership, clarity of purpose, determination and drive to make the combination become a reality. Within a year of approving it as the option for future service delivery the new Devon and Somerset Fire and Rescue Authority was launched and became operational on 1 April 2007. This was achieved through:

- good project management
- strong consultation and communication with staff, unions and authority members
- robust task focused decision making.

A partnership approach to setting up the new authority was key to its successful implementation. An open and honest relationship between elected members and officers supported by high levels of engagement and communications ensured that the leadership teams of the two authorities were striving for the same objectives.

A member engagement strategy supporting combination ensured the knowledge base of Devon Members and Somerset Members were of parity, helping good decision making and shared understanding of operational issues. A good mix of personal skills and business experience from members helped in driving the combination forward and in putting it on a strong footing from day one.

The momentum for change however was diminished at the point of combination. The project team was disbanded and this left a vacuum where departments were working largely in isolation without a detailed centrally co-ordinated project plan or resource to draw on to support the harmonisation process. This resulted in a reduction in the drive and co-ordination needed to realise the benefits identified prior to combination and slowed the speed of harmonisation. Areas that needed addressing such as asset management, procurement and policy and working practice synchronisation are only now being adequately addressed. Savings and efficiencies could therefore have been increased and made earlier in the life of the new organisation.

Set up costs to establish the new combined fire and rescue authority were estimated at £2.094 million mainly resulting from rebranding, staffing, IT and insurance. In reality costs have been significantly lower at £966,508 (see Table 2) as projected Information Technology (IT) and insurance costs have not materialised.

Table 2 – Combination Costs

Cost Areas	Total Cost 2006/07 – 2011/12
Rebranding (uniforms and signage)	£110,000
Staff Costs (Salary Reduction)	£237,451
Senior Management Board (Redundancy Costs)	£164,639
Travel Costs (home to work travel)	£62,000
Implementation / change costs	£392,418
ICT (£166,638)	
Project Support (£127,720)	
Accommodation (£59,536)	
Communication and Consultation (£38,524)	
Total	£966,508

A significant amount of financial assessment took place in order to extricate the Somerset Fire and Rescue costs from within the County Council finances. It was not possible to clarify the exact costs for some elements of host authority support and as such assumptions had to be made and allocations of funds were agreed through compromise. This initial difficulty was compounded by the inability to accurately apportion the County Council element of Council Tax that was directly attributable to Somerset Fire and Rescue Service. Strong negotiation and financial modelling was however conducted by the joint combination project team - this meant that the new authority started on a financially sustainable platform.

While financial benefits were not the main focus of the combination significant savings have been realised since combination. Projected net cumulative savings of £3,058,000 (over the five years of the project) have been exceeded by £1.12 million (see Table 3). One off benefits as a result of combination have been limited to a £704,000 lump sum payment from Somerset County Council to the new authority for the County Council's retention of Hestercombe House - previously the headquarters for Somerset

Fire and Rescue. Somerset County Council subsequently used the facility as offices thus creating a saving on its accommodation costs.

The Annual Savings (20011/12) of £1.6 million is equivalent to 2.5 per cent real terms reduction of the combined 2006-07 budget. Salary savings represent a 2 per cent real terms reduction in the total pay bill, although it should be emphasised that this percentage appears low as operational staff were relatively untouched by the change.

However, despite no compulsory redundancies, staff savings have been delivered through voluntary redundancy, natural wastage and a 20per cent reduction in senior management from pre-combination (Table 3). Further savings of £859,000 are forecast over the next two years. These are £604,000 from consolidating the current two control rooms into one and £255,000 from back office savings. This would result in net savings per annum in 2013/14 of £2.47 million and net cumulative savings of £8.25m.

Table 3 - Cumulative net Combination Savings 2006/7 -2011/12 (setup costs - savings).

Saving Areas	Total Savings 2006/07 -2011/12
Staff	£3,036,236
Senior Management Board Restructure	£342,336
Training	£340,000
Insurance	£550,000
Somerset Council Support Services (e.g. IT / HR)	£876,000
Total	£5,144,572
Net Savings	£4,178,064
Net Savings (per annum)	£1,607.040

Wider business change benefits

Financial Savings

The main financial savings delivered by business change have been through the reduction of senior management due to structural changes within the Service. These include the reduction of area managers resulting from the new organisation moving from a seven area based structure to three. These new areas have broadly co-terminus boundaries with the other emergency services. This staffing reduction has resulted in a £342,336 saving on senior leadership teams costs. The overall staffing savings of £3 million come from a reduction of a mix of uniformed and non-uniformed staff - 39 staff in total. This has been delivered through either voluntary redundancy or natural wastage, rather than compulsory redundancy.

Fire prevention is the main tool by which the fire Authority reduces both the financial and human costs of fires and other emergencies. Combination has allowed greater resources to be deployed in this area. Aided by new business processes, prevention work is now more focused on the risks within the community. Targeted intervention and educational programmes have replaced what was once a largely unfocused approach. Better intelligence gathering and improved risk analysis support the new approach. Individuals and groups at risk from death and injury from fire are now better identified and appropriate action is being taken, such as the provision of smoke alarms, fireproof bedding and advice on preventing or escaping from fire. This targeted approach is reducing the number of fires and injuries and deaths (see Table 4).

Table 4 – Outcomes of Protection and Prevention Work

Fires, Deaths, Accidental Fires and Arson	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
All Fire Deaths	13	10	15	8	12	10
Accidental Dwelling Fire Deaths	8	5	5	2	8	4
Deliberate Primary Fires ex- vehicles	582	588	556	458	377	352
Deliberate Primary Vehicle Fires	678	711	560	504	365	324
Deliberate Secondary Fires ex-vehicles	2185	2893	2379	1919	1452	1653
Deliberate Secondary Vehicle Fires	68	63	30	30	27	10
Accidental Dwelling Fires	1191	1199	1093	1097	1118	1063

Combination has achieved its aim of minimising the impact on council taxpayers. This was achieved from the outset. In 2006/2007 the merged authority led to a Council Tax calculation of £60.46. This represented an increase for Somerset taxpayers of £1.90 above the notional figure of £58.56 and a reduction of £0.80 for Devon taxpayers over the actual figure of £61.26. The benefits of improved services have therefore not come at any significant cost to the public. Prior to combination both ex-Devon Fire and Rescue and ex-Somerset Fire and Rescue Service were planning for the delivery of significant budget reductions in 2007-08 to balance the books and keep within capping limits. The savings from combination contributed to these savings plans, thereby mitigating the need to reduce front line services.

Other savings have been slower to emerge. Procurement was not well resourced in either of the fire and rescue Authorities prior to combination and the resourcing of a central procurement team has been slow to materialise since. No proper assessment of the potential benefits to be found from procurement improvement was undertaken. An assessment of the skills and resources required to make procurement efficient and beneficial beyond the initial point of combination was not made. Compounding this some contracts let by the previous two fire and rescue authorities have not yet expired. Consequently the costs and timescales for the harmonisation of major contracts have been underestimated. Contract harmonisation overall, consistent contract management and effective working with suppliers to reduce costs and improve efficiencies have not been well progressed. At the same time compliance with corporate

policies and processes is not effectively measured and non-compliance inadequately addressed. This leads to an uncoordinated approach to purchasing goods and commissioning services which has led to missed opportunities for further savings and efficiencies.

However, the combined Authority recognises that its central procurement team has been under resourced. As a consequence there is a realisation that the full benefits of combination will not be met within the 5 years post combination. Over the last 18 months there has been a much stronger focus on procurement. The central procurement team has been increased by two full time posts and a high-level procurement plan is in place. Members are highly supportive of plans to improve procurement, which they regard as an area where significant savings can be made. They are monitoring progress through their scrutiny role within the Authority. The central procurement team has been set a financial target to save £1.4 million over the next four years; this would cover the costs of the team and make a saving to the Authority of £600,000.

The effective management and utilisation of the Authority's assets is improving but the Authority recognises that they need to do more to make the most efficient use of the combined assets of the two Authorities. Fleet management is progressing well. The harmonisation of working practices is allowing consistent purchasing of new vehicles. A good example is the forthcoming investment in 70 light rescue pumps, which will reduce both costs and environmental impact. The Fire and Rescue Service estimates it will save £5 million from this joint procurement over the next five years and cut CO2 emissions in half.

The Authority knows the condition of their building stock and have assessed their distribution against current and future risk. It has also started to look at the value of each site and where disposals or relocations could increase efficiency and realise capital or revenue income. Community use and commercial income from current assets are also areas that are being explored but these considerations are at an early stage. No clear long term strategy is yet in place to determine how all these elements will contribute to the future efficiency, savings, income and other benefits for the combined service.

The Authority is about to combine its two control facilities into one based in Exeter, resulting in savings of £604,000 per annum. These will be achieved through staff reductions, licensing savings and reduced accommodation and travel costs. This efficiency would have been made much earlier by the new Authority but was held up by the uncertainty around the National Regional Control Centre project, which has recently been scrapped by the Government.

There is a strengthened approach to business planning. Proposed new initiatives and investments are now subjected to a robust assessment to ensure that any operational change or investment addresses organisational priorities. This process involves a cost benefit analysis to justify the level of investment and to clarify its potential impact. A good example of this is the investment in a new animal rescue training facility at the fire headquarters in Exeter (Case Study 1).

Case Study 1 – Animal Rescue Training

The Authority has invested £19,000 in an animal rescue facility.

In partnership with nearby Bicton College, which provides animal management expertise, Devon and Somerset are able to provide high quality training for their staff. The authority is also using the facility to generate income by providing training for Fire and Rescue Services and other agencies.

A preliminary training partnership with the British Equestrian Veterinary Association (BEVA) to provide rescue courses for their members has been established. Four provisional course dates have been booked over the next 12 months generating income in the region of £48,000.

Combination has resulted in a consistent and comprehensive approach to training that balances operational requirements with individual competencies. Career enhancements are now linked to successful training outcomes and essential qualifications are now identified, accredited, quality assured, monitored and measured. Training costs have been reduced by £100,000 per annum (£340,000 in total since combination), but the main benefit is uniformity of training frequency and quality and a shared methodology e.g. training on breathing apparatus. The enlarged authority has resulted in a more cost effective use of training centres.

Staff based in Somerset benefit significantly by the extended opportunities for training. The Severn Park training centre, for example, was not providing value for money for Devon but is now being more effectively used with the additional demand from the larger organisation. This strengthening of training provides a safer, more resilient and effective operational workforce resulting in less fire fighter and public injuries and deaths and less damage to properties as a result of fire and other emergencies.

A fundamental benefit of combining two authorities is that best practice, in particular more efficient operational practices, are shared across the new organisation – a practical example is the adoption of Somerset crewing arrangements in Devon (lowering the number of riders on a fire appliance) providing a saving £1.4 million per annum (a loss of 24 posts through natural wastage).

Non-Financial Savings

Combination has brought about a significant change in organisational culture. An openness to change and an aptitude for taking managed risks has been created. A culture of compliance, based on a hierarchical management structure, has been replaced by an open and transparent organisation that is willing to make significant changes in order to improve service delivery. This cultural change has been championed by a new Chief Fire Officer, who joined the Authority in 2009, and supported by an increase in capacity gained through combination. Staff from all levels are encouraged to contribute to service improvement. New ideas and ways of working are encouraged and supported where proven to be applicable and

deliverable – for example via the ‘Flaming Good Ideas’ staff suggestion scheme. New communication channels such as a staff magazine, ‘Your Shout’, help facilitate new ideas and encourage staff participation in the change process. As a result the Authority is building its resilience in preparation for expected reductions in central government funding in future years.

This new culture is having a positive impact on staff. Staff resources are now used in a flexible and innovative way to meet service demands. The Authority was the first to transfer retained duty system staff to whole time working and to have job share operational contracts. Retention and sickness levels have improved and bullying and harassment incidents are falling.

A new and improved staff appraisal system has helped strengthen training and deployment allocations whilst supporting personal development and succession planning. Staff survey results between 2008 and 2010 show a near doubling in satisfaction of the Authority as an employer of choice from 33per cent to 64per cent. Staff survey results have been included as part of the Authority’s key performance indicators (table 5 below).

The profile and influence of the Authority at a national level has been considerably enhanced since combination. A number of factors have influenced this including the increased size of the Authority, stronger leadership and an ability and willingness to innovate and take calculated risks. The Authority is recognised as market leader in a number of training specialisms, is helping to support other fire authorities in their aspirations for combination and is progressing its commercial operations faster than most public sector organisations. This

profile will help the Authority attract the kind of staff it needs to continue to improve and encourage other fire and rescue authorities and external clients to buy services through its commercial operations.

The Authority's approach to customer engagement as part of the combination process was limited. Customer satisfaction was not considered as a success measure in the initial combination reviews. There was limited interaction with external stakeholders including customers in shaping the new combined authority – partly due to the tight timescales. The expectation that central government would support and fund public consultation did not materialise and the Authority recognises it could have been more proactive in seeking the views of partners, customers and the communities they serve.

Following initial combination, customer feedback and influence in service improvement has been positively developing, supported by a more outward looking organisational culture. The two authorities prior to combination took a traditional approach to customer engagement. This was limited to post fire incident interviews and assessment of general public trust gained through wider public sector surveys. Combination has released capacity to assess and analyse public feedback to consultation and engagement activities more effectively. This has helped identify public support for proposals in the annual Draft Corporate Plan and for 2012/13 and the responses received led to a definite change to the proposals. Customer views are now being assessed through surveys following home fire safety checks, protection audits and household surveys of those that have had contact with the service – customer feedback is at an early stage and changes as a result are yet to emerge. Some innovative approaches

are starting to emerge, such as the use of participatory budgeting within communities to shape local services (See case study 2 below). This greater customer interaction is providing opportunities to assess the impact of the Authority's work and to adapt so it addresses the needs of the communities it serves.

Case Study 2 – Participative Budgeting

Participative Budgeting directly involves local people and communities in making decisions on the spending priorities for a defined public budget. The aim is to provide greater power to communities in how public money is spent.

Devon & Somerset Fire & Rescue Authority is the first fire service in the country to be involved in participatory budgeting. It, along with partner agencies, is providing funding for the community to decide on how it should be spent. A range of youth projects are providing opportunities for children and young people to contribute to the community in which they live. These initiatives will contribute to reducing levels of anti-social behaviour, including deliberate fire lighting – so saving money for the fire authority and other public services.

Performance management has improved as a result of combination. The increased capacity of a larger organisation and a more focused approach by the leadership on corporate priorities have been major drivers bringing about this improvement. New performance management systems have helped target the work of individual fire stations in the dispersed rural communities of the two counties.

A clear thread has been established linking corporate priorities with all elements of service delivery. Local performance measures are in place at stations and these undergo a monthly service delivery challenge to keep them relevant and on track. Performance is reported to senior managers and members through the Audit and Performance Committee and the Senior Management Team. The recent introduction of a balanced scorecard (Table 5) and an European Foundation Quality Management (EFQM) model approach is further strengthening performance monitoring and management.

A Managing Successful Programmes (MSP) approach has been adopted for the delivery of improvement projects. This has provided a clear governance structure for the management of all programmes / projects and is aligned to strategic objectives. Devon and Somerset FRS has also looked to benchmark its performance against other public and private sector organisations that are seen as being best in class. The assessment of the success of combination however has been weakened by the lack of clarity on the outcomes and on specific non-financial performance measures.

Table 5 – Key Performance Indicators 2012/13

Measures	Target	Performance against the target	Performance against previous year (YTD)
Strategic Principle: Work with people, communities and businesses to make Devon and Somerset a safer place to live, work and visit			
Measure 1: Deaths in Fires where people live	To maintain a downward trend in fire deaths in places where people live		
Measure 2: Injuries in Fires where people live	To achieve a downward trend in fire injuries in places where people live		
Measure 3: Fires in places where people live	To reduce incidents as a result of fire in places where people live		
Measure 4: Deaths in Fires where people work and visit	To achieve a downward trend in fire deaths in places where people work and visit		
Measure 5: Injuries in Fires where people work and visit	To maintain a downward trend in fire injuries in places where people work and visit		
Measure 6: Fires in places where people work and visit	To reduce incidents as a result of fire in places where people work and visit		
Strategic Principle: Respond to local, regional & national emergencies with the appropriate skills & resources			
Measure 7: ERS % 1 st Attendance in 10 minutes where people live	To achieve an upward trend in performance for 1 st attendance in 10 minutes at dwelling fires		
Measure 8: ERS % 1 st Attendance 15 minutes for RTCs	To achieve an upward trend in performance for 1 st attendance in 15 minutes at RTCs		
Measure 9: A publicly available and current Local Community Plan for each station	100% of all LCPs to be available by 1 st April of each year		
Strategic Principle: Work hard to be an excellent organisation			
Measure 10: EFQM assessment score	To progress towards the EFQM 'excellence' benchmark score by 31 March 2014		
Measure 11: Staff survey results	Continue improvement in staff survey results		

Third party services

The release of capacity from combination and a more risk aware culture has initiated a more commercial approach by the new Authority. The focus is on increasing income from commercial activities such as providing training to third parties. The aim is to use this income to improve service delivery and to provide greater financial and operational resilience. A commercial arm has been established and in its first year of trading (2010/11) it has delivered a £1 million turnover. This income has mainly been from specialised training of staff from other fire and rescue services and private sector organisations.

The development and expansion of the Authority's training programme through its commercial arm is providing a number of operational advantages. For example:

- More training opportunities in the area, reducing time commitments and travel expenses
- Wider range of specialist training facilities, enabling Fire Fighters to maintain competencies
- Reducing staff turnover and providing a more flexible and motivated workforce
- Supporting Fire Fighters' continuous professional development.

The Authority is ambitious in expanding its services to third parties through commercial operations. Members are highly supportive of plans to improve procurement, which

they regard as an area where significant savings can be made. They are monitoring progress through their scrutiny role within the Authority. The central team has been set a financial target to save £1.4 million over the next four years; this would cover the costs of the team and make a further projected saving to the Authority of £600,000.

It is currently investing in new training facilities, such as a £3 million commercial training centre at Exeter Airport for major emergency training and a 15 meter tower for high buildings and wind turbine rope training at the Fire Service Headquarters. These will provide significant opportunities to gain income from commercial customers as well as up-skilling the Authority's own workforce for specific emergency operations.

Senior managers are aware of some of the Authority's limitations in this new area. To strengthen their approach to third party provision of services they have agreed a joint venture with Falck - a Scandinavian company providing fire, rescue and emergency medical services and training worldwide. This collaboration raises the profile of the Authority nationally and internationally and has the potential to open a wider global market for its commercial operations.

The Authority has recently secured a commercial contract in the Middle East. This contract involves supporting fire prevention and management in the oil industry. Suitably skilled staff will conduct

commissioning, testing and training of fire fighting equipment. Staff engaged in this work receive an enhanced salary package as well as gaining an opportunity to widen their experience. No resources are directed away from the Authority's core safety remit. For Devon & Somerset Fire & Rescue Service, the benefits include a highly motivated and engaged workforce, an enhanced commercial and safety profile on an international stage and the redistribution of any commercial profit back into the Fire & Rescue Service budget to support service delivery in Devon and Somerset.

Income generated from commercial activity is being used to expand the scope and extent of commercial operations. With the additional capacity and expertise provided by the Falck partnership the Authority can expand its commercial business.

The extent to which commercial income will support core fire service activity, such as community safety or protection work, is an emerging strategy. The Authority has a range of contractual and resourcing models to ensure that commercial activity does not impinge on the Authority's ability to respond to emergencies.

In terms of partnership working the authority stated that the move to one organisation has not had any impact (in-terms of savings/benefits) on partnership relationships although their reputation amongst partners has been strengthened and this will help in the future.

The FRA is still not co-terminus with Police authorities in the region so relationships have remained similar to those in the previous two FRA (when county based). The FRA recognises that there may be benefits from further sharing of services with other public bodies (e.g. police, health and ambulance) but to date the focus of the FRA has been internal. They realise there will be changes when police commissioners are elected.

Strategic developments

The key focuses for future development are:

- Completing the harmonisation of policies and procedures
- Driving through efficiencies and cashable savings using capacity gained through combination, particularly through procurement arrangements and asset management
- Further strengthening of staff engagement
- Growing the commercial elements of the service to deliver third party income, sponsorship and income streams
- Working more closely with partners and customers to ensure services are focused on community risk.

In order to deliver the anticipated benefits Devon and Somerset Fire Authority needs to:

- Use good practice from within the Authority and from the best externally
- Complete the review of service delivery and implement recommendations
- Work with partners to maximise the use of resources.

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