



Facing the Future: Sir Ken Knight's review of Fire and Rescue Authority Efficiencies and Operations 2013

Response from
Tyne and Wear FRA

July 2013

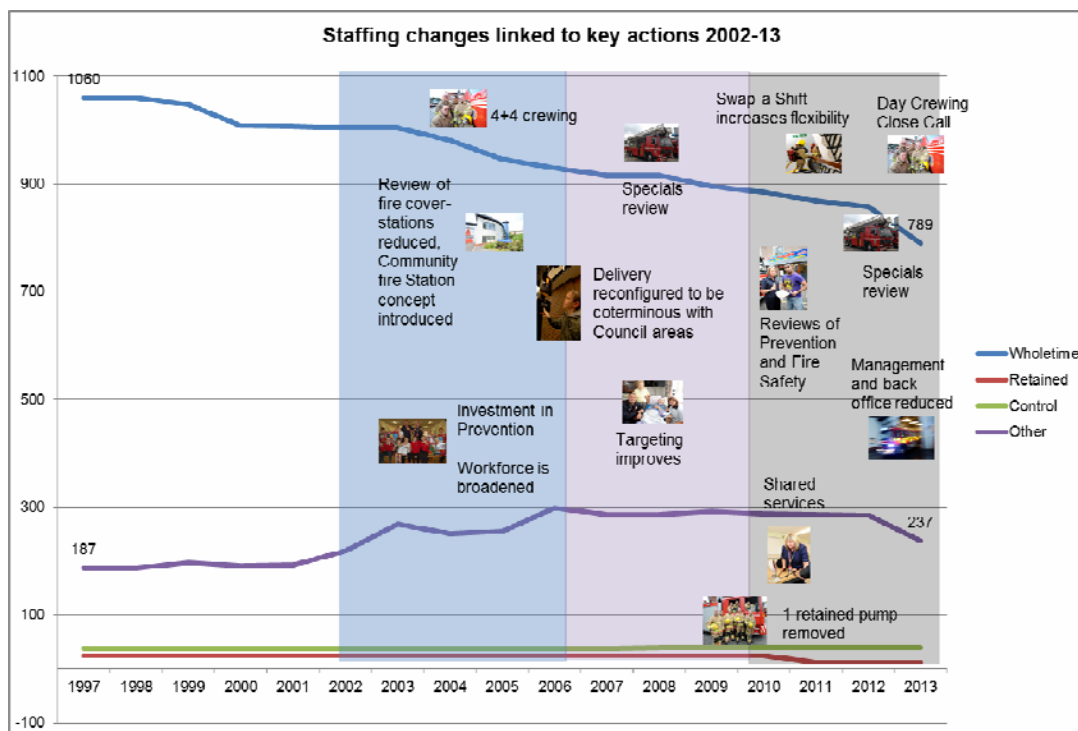
Facing the Future: Sir Ken Knight's review of Fire and Rescue Authority Efficiencies and Operations 2013

Response from Tyne and Wear Fire and Rescue Authority

1. Following the publication of Sir Ken Knight's review in May 2013, the Fire Minister took part in a telephone conference at which he invited comments on this independent report, to inform the views of Government later in 2013. These comments are supplied by Tyne and Wear Fire and Rescue Authority (TWFRA) as a result of that invitation.
2. As *Facing the Future* is an independent report, this response to Government is designed to pick up on a number broad themes, and is not a detailed critical analysis of the report. Once Government have formally responded to *Facing the Future* we look forward to any formal government consultation.
3. TWFRA welcomes the Sir Ken Knight report, as we welcomed the review preceding it. Although not selected as one of the FRAs upon which the review was based, TWFRA submitted detailed evidence to the review which is available on request. As an organisation with a long commitment to efficiency and improvement, we have always actively sought challenge and food for thought, and believe that *Facing the Future* provides useful learning for FRAs and Government.

The Tyne and Wear position

4. The report is a national study and as such uses national and anonymised data. This is understandable, but some of the broad conclusions reached as a result mask significant differences in local performance, efficiency and spending, and this is not in line with one of the stated aims of the review "*to provide all FRAs with sight of the range of opportunities being considered, with the aim of promoting greater transparency*".
5. By way of example we include one chart from the evidence we supplied to the review.

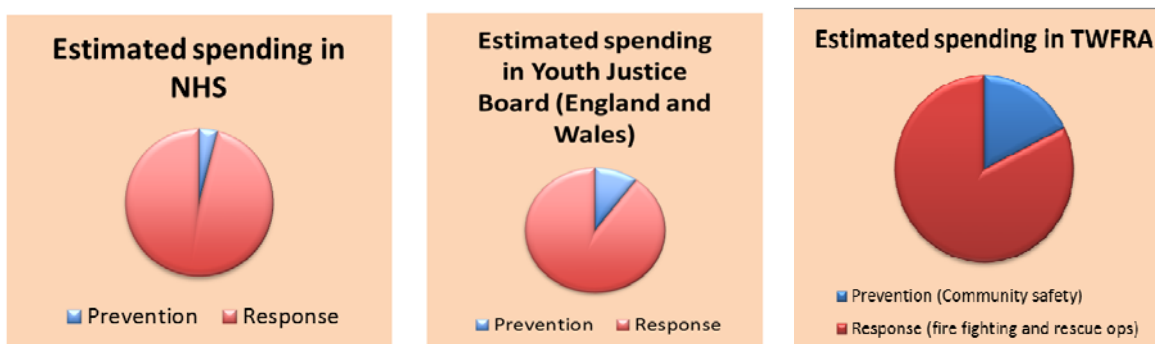


6. This shows changes in firefighter and other staffing numbers in TWFR across a period of more than ten years. It illustrates a number of points:
- Firefighter numbers in TWFR have reduced by 25% since 1997 and 19% over the last 10 years, well above the 6% average described by Sir Ken Knight
 - Many very large scale changes have been made to enable this
 - These changes relate to a strong and sustained desire to change the shape of the service, invest in prevention and reduce fires (which have indeed reduced as a result of the effort and leadership devoted to this)
 - “Green booking” of roles has taken place over the same period, to broaden the workforce and increase efficiency
7. TWFR has shown a commitment to reducing costs, increasing efficiency and improving outcomes over a sustained period well before the current spending review period and the need to reduce the deficit. This belies the review’s contentions, which we believe to be rather unfortunate, that FRAs manage to budget not risk, and that they focus on avoiding job reductions, station closures and reduced appliances more than improving outcomes for the community.

8. That said, we are well aware of our costs, areas where we have managed to reduce them to date, and areas we still need to look at. The report will help us to do this and we see it as a positive contribution to improving the delivery of FRS services nationally.
9. We do have a number of observations about the report which are set out below.

Treatment of risk: Prevention and Protection

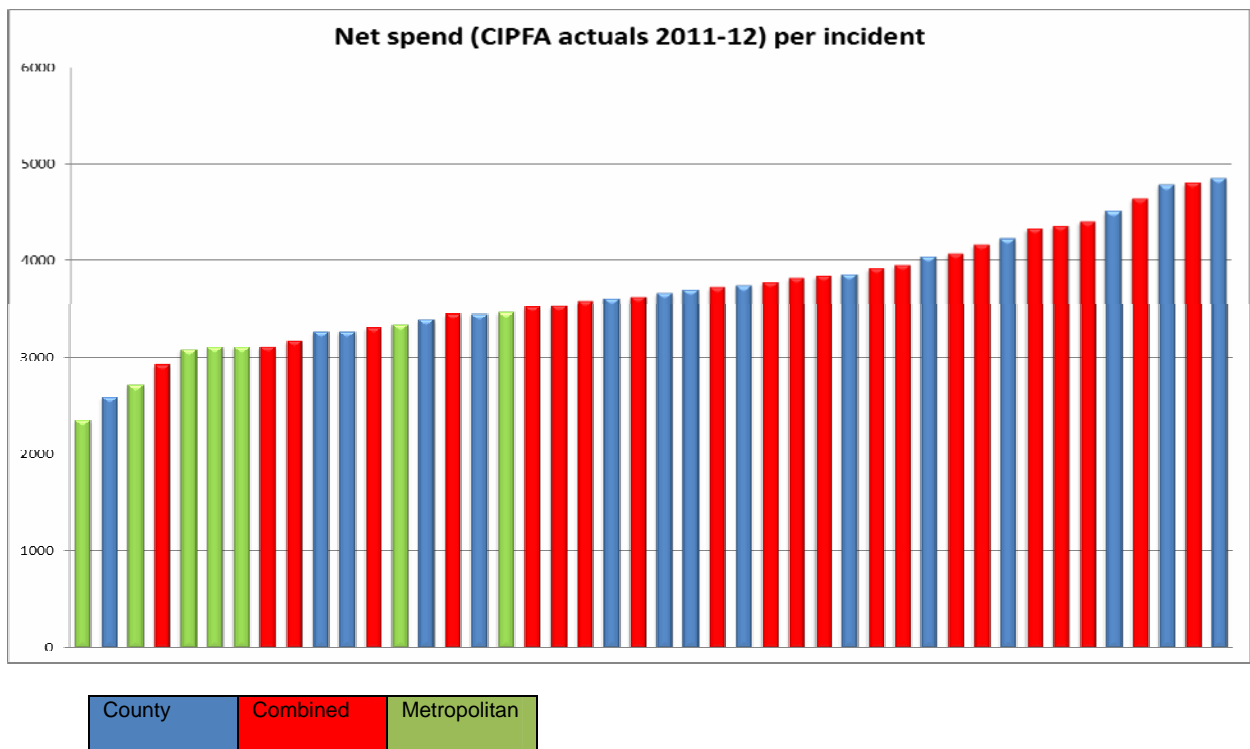
10. The report correlates risk with incident numbers- in fact it uses the two concepts interchangeably. Whilst there is a clear link between risk and incident numbers, we believe that incidents are caused by unmitigated community risk, and that the work of the FRS in mitigating risk is core business.
11. This work- embodied in the Prevention and Protection part of our activities- features remarkably little in the review, yet the active and sustained pursuit of this by FRAs across the country following the Bain review is in large part responsible for the improvement in community outcomes the review uses in its core argument.
12. Government is rightly committed to early intervention, with a growing realisation that “prevention is cheaper than cure”. This concept underpins the Troubled Families programme and Community Budget Pilots. The National Audit Office recognised in 2013 that *“a concerted shift away from reactive spending towards early action has the potential to result in better outcomes, reduce public spending and achieve greater value for money”*. In the arena of work with young people, the independent report *Early Intervention: Smart Investment, Massive Savings* (Graham Allen MP, 2011) drew out the potential for relatively small investment in early intervention to reduce spending across a wide range of public services.
13. FRAs already recognise this- they have pulled off prevention well ahead of the national curveⁱ.



14. It is therefore a matter of some concern that the report does not celebrate this work more, nor recognise that resources continue to be required for Prevention and Protection as well as Response activities (the major argument in the document is purely about Response and even omits 'Resilience' needs of UK PLC).
15. Moreover, the report misses the opportunity to point up the success FRAs have had in this arena to other parts of the public sector- indeed it could even be argued to disincentivise such success.

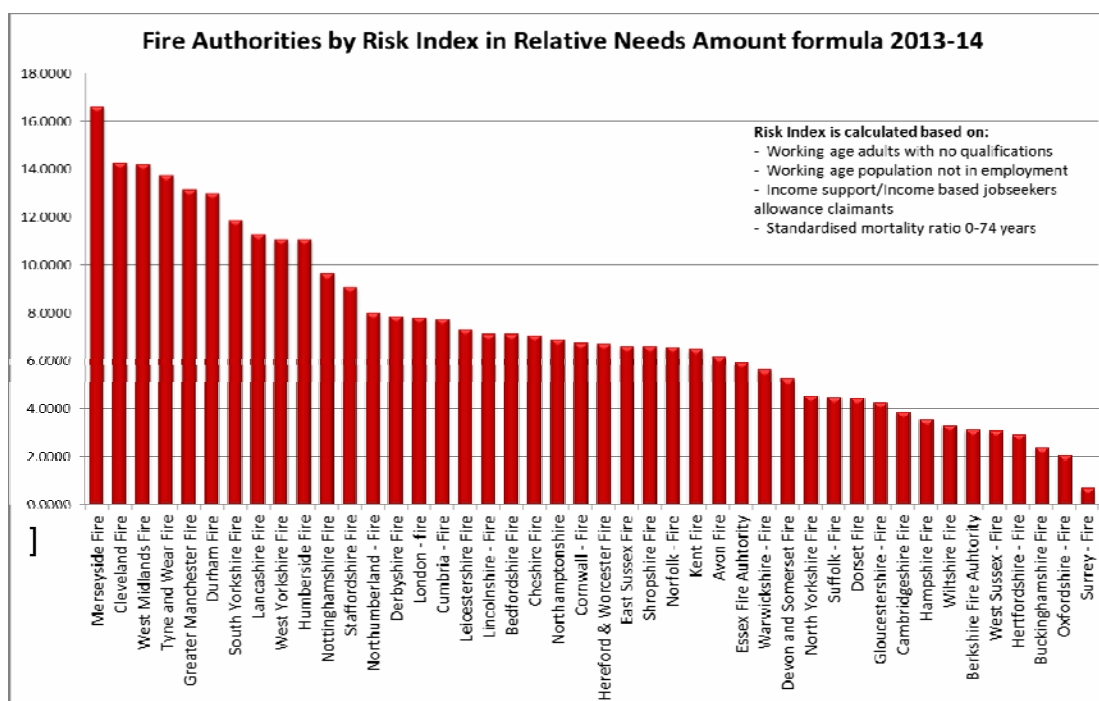
"Inexplicable" differences in cost?

16. As noted above, the report correlates risk with incidents. However its analysis of spending does not focus on this 'risk', but only on population size which is one dimension of risk.
17. If risk and incidents are the same thing, data available via CIPFA and CLG statistics can be used to compare spend related to risk, as shown below.



18. It is not clear why the report chooses to base the main data analysis on cost per head and not to consider spending aligned with risk as defined elsewhere in the report.

19. We would also note that Government already recognises risk through its funding formula (which the report describes as “fair”). Areas are funded to different levels because Government recognises that different areas have different level of requirement (or “need” as described in the formula) for service.
20. It is widely accepted that risk is not the same in each area, in fact the complexity of the formula supports that risk is specific to each individual area, as risk is the outcome of a combination of varying factors. As such the report identifies an obvious fact, risk is different within every FRA area.
21. The chart below illustrates this and shows just one element of the funding formula.



22. We feel that in this context the word “inexplicable” should not be used in a blanket way to describe variations in cost- the important thing is for everyone to be driving down costs as much as they can, in the context of their local risk.

Use of reserves

23. As a FRA with a high level of earmarked reserves (and a lowest quartile level of general reserves) we would observe that financial prudence is of great value when significant change has to be managed, including the many changes associated with a shrinking financial envelope which also carries associated risk from the introduction of new funding mechanisms (eg localisation of council tax benefit; business rates retention).

24. Many of our reserves fall into the “invest to save” category supported by the review, including a PFI smoothing reserve to assist us in managing our PFI costs.
25. We welcome Government’s commitment to supporting public bodies in seeking to drive value out of PFI contracts, as illustrated through the recent publication of the *Code of Conduct for Operational PFI/PPP Contracts*.

Data sources

26. We appreciate that the report seeks to draw general conclusions from published sources, however there has been much debate about whether the use of CIPFA returns (and specific lines in CIPFA returns) provides the best representation of cost. In our view use of audited accounts and Revenue Outturns could have added great value to the process.

Future of the FRS

27. Sir Ken Knight stated ‘I am concerned that there are some Authorities that would not be able to meet the challenge should substantial further reductions be applied equally across the board’. TWFRAs would be interested in the criteria used for such a comment, as the report states that the funding formula is ‘fair’, therefore any changes in funding should be distributed in a ‘fair’ way to protect all of our communities, not just ‘some’.
28. We are encouraged by Neil O’Connor’s letter to FRAs of 26th June, showing understanding that many FRAs are working hard to be lean, and offering practical support in our efforts to continue with this agenda, however it is concerning that Sir Ken Knight clearly stated ‘the potential savings identified in the review are unlikely to be sufficient for some Fire and Rescue Authorities to be able to live within their reducing budgets’, yet we are now facing a further 7.5% reduction in 2015/2016 with uncertainty beyond that.
29. The report sets out challenges for Government at both the local and national levels and we look forward to the response of central Government to the report in broad terms, but also regarding the specific comments made towards central Government directly.
30. *Facing the Future* touches on many areas for development including options for large scale change; we welcome any future potential for joined up working between central and local government, to ensure that together we provide the best service for our local communities.

ⁱ Sources: Butterfield R, Henderson J, Scott R (2009) *Public Health and Prevention Expenditure in England: Health England Report 4*. Health England, piii, p13.

National Audit Office and Ministry of Justice (2010): *The Youth Justice System in England and Wales-reoffending by young people*.

CIPFA Fire and Rescue Service Statistics 2012. Data actuals for 2011-12 taken from columns 118-119, Subjective Analysis covering spend per 1,000 population on Community Safety and Emergency Response