

# **Leicester, Leicestershire and Rutland Combined Fire Authority**

## **Medium Term Financial Strategy – Issues and Options**

**Combined Fire Authority**

**24<sup>th</sup> September 2015**

**(Abridged for Scrutiny Commission, 4 November 2015)**

# Background

# Where have we come from?

Most substantial government funding cuts ever experienced.

LFRS “spending power” is £34/head – lowest of all CFAs.

Second lowest council tax (£60.43).

Budget cuts of £9m approved since 2011/12.

# LFRS - Context

## Estate

20 Fire Stations

1 HQ

1 Workshop at County Hall

1 Training centre at Loughborough

1 Occupational Health Unit

## Vehicles

39 Standard appliances (30 operational)

12 Special appliances

## Staff (FTE)

405 Operational firefighters

28 Control Staff

15 Educational/Fire Protection Staff

94 Support staff

Supported by 231 retained firefighters

# Budget 2015/16

# Budget 15/16 – Key Points

Continuation of grant reductions.

Savings approved in two stages:-

- £2.7m per annum in February 2015
- Subsequent £3.3m from Operational Change Project

Reduction of 101 operational posts approved.

Funding gap of £2.1m by 2019/20.

# Summary Budget 2015/16

|                             | <u>£m</u> | <u>£m</u> |
|-----------------------------|-----------|-----------|
| <b><u>Expenditure</u></b>   |           |           |
| Employee costs              |           |           |
| • Operational               | 22.3      |           |
| • Other                     | 4.5       | 26.8      |
|                             | 26.8      |           |
| Running expenses            |           | 7.6       |
| Capital financing           |           | 2.7       |
|                             |           | 37.1      |
| <br><b><u>Income</u></b>    |           |           |
| Council tax                 |           | 18.1      |
| Business rates              |           | 3.3       |
| Business rates top up grant |           | 5.0       |
| Revenue Support Grant       |           | 8.4       |
| Other grant                 |           | 1.2       |
| Fees and charges            |           | 0.9       |
|                             |           | 36.9      |

# Spending Forecasts – Spring 2015

|  | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|--|--------------|--------------|--------------|--------------|
|  | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    |
| Spending                                     | 35.2         | 34.8         | 34.8         | 35.6         |
| Resources                                    | (35.3)       | (34.2)       | (33.8)       | (33.5)       |
| <b>BUDGET GAP</b>                            | <b>(0.1)</b> | <b>0.7</b>   | <b>0.9</b>   | <b>2.1</b>   |
| Add back:-                                   |              |              |              |              |
| Cost of posts disestablished but not vacated | 1.0          | 1.7          | 1.8          | 1.3          |
| <b>ACTUAL GAP</b>                            | <b>0.9</b>   | <b>2.4</b>   | <b>2.7</b>   | <b>3.4</b>   |

∞



**What has happened**  
**since June?**

# National Funding

Government manifesto:-

- £30bn cuts 16/17 to 17/18
- £12bn from welfare
- £13bn spending cuts
- Budget surplus by 2019/20
- Protection for health and education

# Budget, July 2015

Deficit reduction programme will take extra year.

Pace of reductions reduced, especially in 2016/17.

Defence added to protected services.

Public sector wages – 1% increases targeted.

# What do we know now?

OBR public spending estimates to 19/20.

No figures for individual government departments.

Government spending review 25<sup>th</sup> November.

Settlement expected “close to Christmas” – multi-year?

We are able to make assumptions about:-

- Spending on protected services
- Cuts falling on unprotected services

These assumptions are necessarily crude: implications for planning.

# National Resource Projections

|                              | <u>15/16</u> | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
|                              | <u>£bn</u>   | <u>£bn</u>   | <u>£bn</u>   | <u>£bn</u>   | <u>£bn</u>   |
| National spending (OBR)      | 327.6        | 331.9        | 330.3        | 330.2        | 334.7        |
| Less protected services      | (250.1)      | (256.1)      | (261.5)      | (267.4)      | (274.6)      |
| Unprotected services         | 77.5         | 75.8         | 68.8         | 62.8         | 60.1         |
| Cuts to unprotected services |              | 2.2%         | 9.2%         | 8.8%         | 4.3%         |

NB: Protected services will exceed 80% of total by 2019/20.

# Government Grant Since 2013/14

|                       | <u>13/14</u> | <u>14/15</u> | <u>15/16</u> | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                       | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    |
| Revenue Support Grant | 11.8         | 10.2         | 8.4          | 7.6          | 5.4          | 3.5          | 2.4          |
| Business rates top-up | 4.7          | 4.8          | 4.9          | 4.9          | 5.0          | 5.1          | 5.3          |
| Specific grant        | 1.3          | 1.3          | 1.3          | 1.3          | 1.3          | 1.3          | 1.4          |
| Total                 | 17.8         | 16.3         | 14.6         | 13.8         | 11.7         | 9.9          | 9.1          |
| RSG cuts              |              | 13.9%        | 17.7%        | 9.3%         | 28.5%        | 36.1%        | 30.3%        |

Overall grant cut of 50% p.a.

# Current Forecasts

# Spending Forecasts

|  | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|--|--------------|--------------|--------------|--------------|
|  | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    |
| Budget 15/16                                 | 34.3         | 33.3         | 32.5         | 32.4         |
| Add inflation:-                              |              |              |              |              |
| • Pay  | 0.3          | 0.5          | 0.8          | 1.1          |
| • Other                                      | 0.1          | 0.2          | 0.3          | 0.3          |
| • Savings – 2014/15 Outturn                  | (0.6)        | (0.6)        | (0.6)        | (0.6)        |
| Capital Programme cost                       | 0.2          | 0.2          | 0.4          | 0.6          |
| Planning Provision                           | 0.3          | 0.6          | 0.9          | 1.2          |
| <b>Budgeted spending</b>                     | <b>34.6</b>  | <b>34.2</b>  | <b>34.2</b>  | <b>35.0</b>  |
| <u>Add Back</u>                              |              |              |              |              |
| Cost of posts disestablished but not vacated | 1.0          | 1.7          | 1.8          | 1.3          |
| <b>Actual forecast spending</b>              | <b>35.6</b>  | <b>35.9</b>  | <b>36.0</b>  | <b>36.3</b>  |



# Spending Forecasts : Assumptions

All agreed savings delivered!

Inflation:

- Pay rises at 1%
- Price inflation on specific costs only
- No provision for increments
- Pensions increases/contracted out NI

Capital Programme:

- As assumed in July

Operational Staffing:

- No compulsory redundancies
- Use of over-staffing reserve
- Staff leave when entitled to full pension

Inclusion of planning provision

NB: Figures assume no VR or secondment

# High Risk Savings already Assumed

£000

## 2015/16 Budget Savings

|   |       |
|---|-------|
| Merger of control room with Nottinghamshire – on hold | 400   |
| Telephony charges – awaiting business case            | 30    |
| Bringing payroll in-house                             | 40    |
|   | <hr/> |
|   | 470   |

18

## New OCP Savings

|   |              |
|---|--------------|
| Introduction of Pooled crews – “grey book” negotiation required | 854          |
|   | <hr/>        |
| <b>Total High Risk Savings</b>                                  | <b>1,324</b> |
|   | <hr/>        |

# Resource Forecasts

|                               | <u>16/17</u><br><u>£m</u> | <u>17/18</u><br><u>£m</u> | <u>18/19</u><br><u>£m</u> | <u>19/20</u><br><u>£m</u> |
|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b><u>Local Resources</u></b> |                           |                           |                           |                           |
| Council Tax                   | 18.4                      | 19.0                      | 19.5                      | 20.1                      |
| Business Rates                | 3.4                       | 3.4                       | 3.5                       | 3.6                       |
| Fees and Charges              | 0.9                       | 0.9                       | 0.9                       | 0.9                       |
|                               | <hr/> 22.7                | <hr/> 23.3                | <hr/> 24.0                | <hr/> 24.7                |
| <b><u>Grant</u></b>           | 13.8                      | 11.7                      | 9.9                       | 9.1                       |
|                               | <hr/> <b>36.4</b>         | <hr/> <b>35.0</b>         | <hr/> <b>33.9</b>         | <hr/> <b>33.8</b>         |
| <b>Total Income</b>           |                           |                           |                           |                           |
| Grant                         | 37.8%                     | 33.5%                     | 29.3%                     | 27.0%                     |

# **Resource Forecasts**

## **Assumptions**

### **Council Tax**

2.0% tax increases each year (assumed referendum limit)

1.0% increase in underlying properties (conservative)

### **Business Rates**

Growth in line with national projections

### **Revenue Support Grant**

Based on assumed cuts in national spending

- 9.3% in 16/17
- 28.5% in 17/18
- 36.1% in 18/19
- 30.3% in 19/20

These assumptions are best current estimates

# Spending and Resources

## Overall Summary

|                               | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|-------------------------------|--------------|--------------|--------------|--------------|
|                               | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    |
| Budgeted Spending             | 34.6         | 34.2         | 34.2         | 35.0         |
| Resources                     | (36.4)       | (35.0)       | (33.9)       | (33.8)       |
| <b>Budgeted Gap/(Surplus)</b> | <b>(1.9)</b> | <b>(0.8)</b> | <b>0.3</b>   | <b>1.3</b>   |
| <b>Actual Gap/(Surplus)</b>   | <b>(0.9)</b> | <b>0.9</b>   | <b>2.1</b>   | <b>2.5</b>   |

NB: These assumptions are volatile and accumulate all forecasting error throughout these slides.

# Overstaffing Reserve

|                                   | <u>16/17</u> | <u>17/18</u> | <u>18/19</u> | <u>19/20</u> |
|-----------------------------------|--------------|--------------|--------------|--------------|
|                                   | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    | <u>£m</u>    |
| Balance on 1 <sup>st</sup> April  | 2.8          | 3.6          | 2.8          | 1.0          |
| Potential addition                | 1.9          | 0.8          |              |              |
| Used                              | (1.0)        | (1.7)        | (1.8)        | (1.0)        |
| Balance on 31 <sup>st</sup> March | 3.6          | 2.8          | 1.0          | 0            |

*Shortfall*

*0.3*

NB: Assumes no departures other than retirees.

# All Reserves

|                                 | <u>March'15</u><br><u>£m</u> |
|---------------------------------|------------------------------|
| Earmarked reserves:-            |                              |
| • Overstaffing reserve          | 2.8                          |
| • Provision for redundancy      | 1.1                          |
| • Insurance                     | 0.4                          |
| • Other                         | 0.7                          |
| <b>TOTAL EARMARKED RESERVES</b> | <hr/> <b>5.0</b> <hr/>       |
| <br><b>GENERAL RESERVES</b>     | <br><b><u>1.8</u></b>        |

Potential to add £0.5m to provision for redundancy.

# Conclusions

Smaller gap in 19/20 than previously forecast (£1.3m per annum).

Forecast is volatile, and will change.

Maintaining full establishment will exhaust reserves by 2019/20.

Overall position is highly geared.

Some big approved savings are high risk.

Encouraging departures will reduce drain on reserves.

Redundancy more cost effective than commutation.



# Sensitivity

High level of gearing – lots of assumptions but budget is close to balance.

Impacts of:-

- 1% less council tax each year - £0.8m by 19/20
- RSG cuts 5% greater each year - £0.6m by 19/20
- Cessation of fire control merger and operational pooling proposals - £1.3m p.a. in 19/20

This page is intentionally left blank

**Leicester, Leicestershire and  
Rutland Combined Fire  
Authority**

**Towards 2020: A Proud and Inspirational Fire and  
Rescue Service**

**2016/20 Draft IRMP Proposals**

# Myth Busting

- Firefighter and public safety will be put at risk – ‘Cuts Cost Lives’?
- Finance and debt - Selling HQ will solve the financial problems?
- Increases in population, dwellings and traffic - Capacity to manage increasing number of incidents?
- The reduction in fire engines – We will not be able to resource large incidents and will have no resilience?
- Operational effectiveness will be compromised - Tactical Response Vehicle’s are vans equipped with pressure washers?
- Consultation process – It is not legally compliant?

# Modelling

- Risk Methodology

Externally verified by Risktec – *“The work carried out by LFRS in developing the methodology and datasets to produce the Risk Methodology is a robust and comprehensive piece of work, presenting data in a manner which is both transparent and easy to understand.”*

- Fire Engine Travel Times

Road Type determined by Ordnance Survey Mastermap Integrated Transport Network (ITN)

Road speed is based on a 3 year average of actual road speeds achieved by fire engines responding to incidents

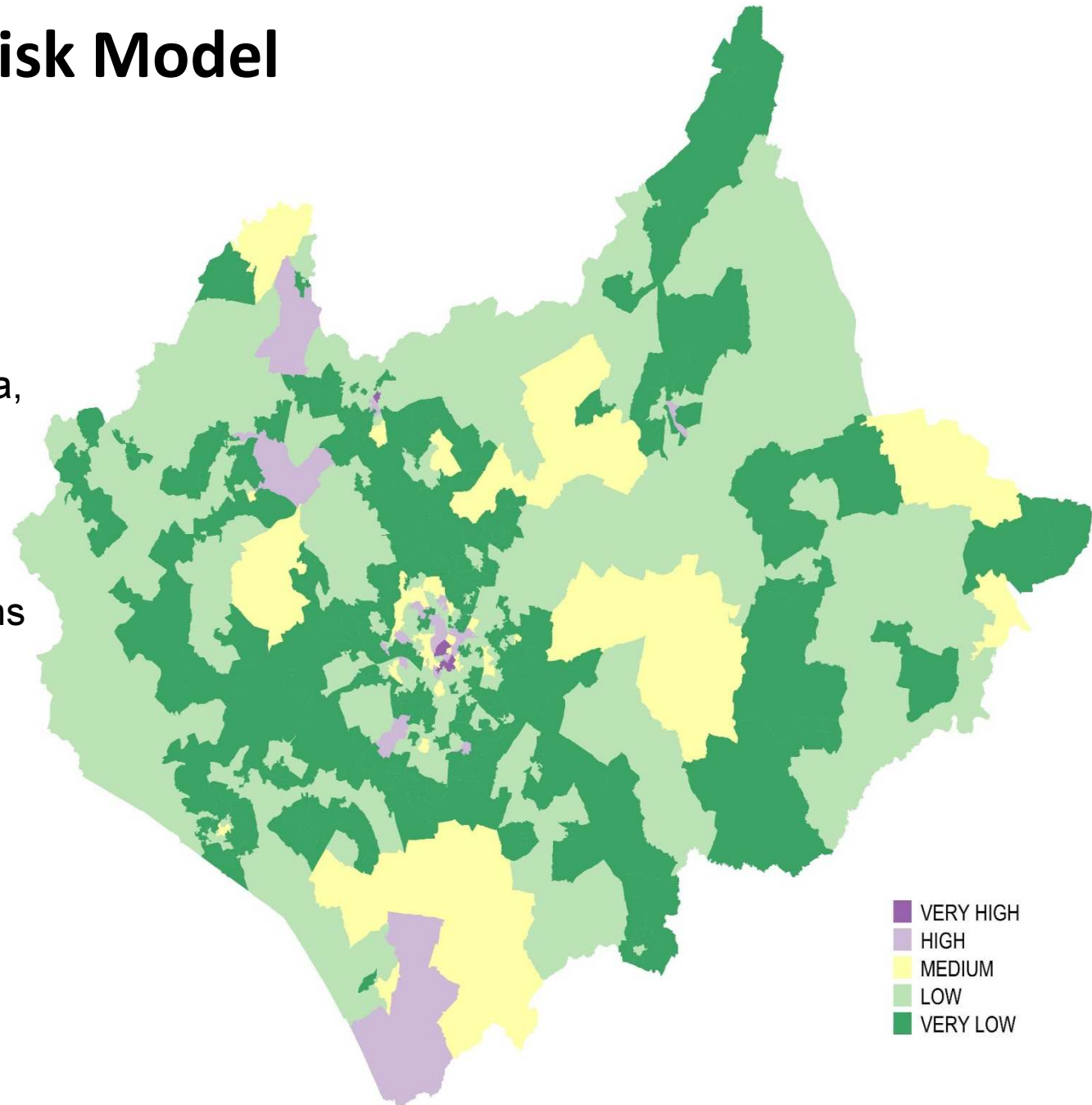
# Community Risk Model

Based on lower super output areas (LSOA)

5 years of incident data, including:

- Building fires
- Road traffic collisions
- Life risk special service
- Fatalities
- Casualties

As well as indices of multiple deprivation



# Tactical Response Vehicles (TRV)



Example of Tactical Response Vehicles used in other service areas

## Specifications:

- Two crew members
- Water capacity between 150 – 200 litres with foam capability
- Dedicated four wheel drive
- Cost circa £50,000

## Advantages:

- Low cost and relatively short lead time compared to standard fire appliances
- Small and versatile off road capable vehicle
- Retains some fire-fighting capability
- Attendance at incidents for scene assessment and intervention, resolving many small incidents
- Multi purpose – can be used for Emergency First Responding
- More fuel efficient than standard fire engines
- Fewer crew increases availability, at a lower cost

# Tactical Response Vehicles

Used or being considered by (not exhaustive):

- West Midlands
- South Yorkshire
- West Yorkshire
- Humberside
- Devon and Somerset
- Staffordshire
- Tyne and Wear
- Durham and Darlington
- Cheshire

Suited for small fires and initial activity at other incidents.  
Used in conjunction with traditional fire engines at property fires.

Technical specifications vary dependant on risk profile.

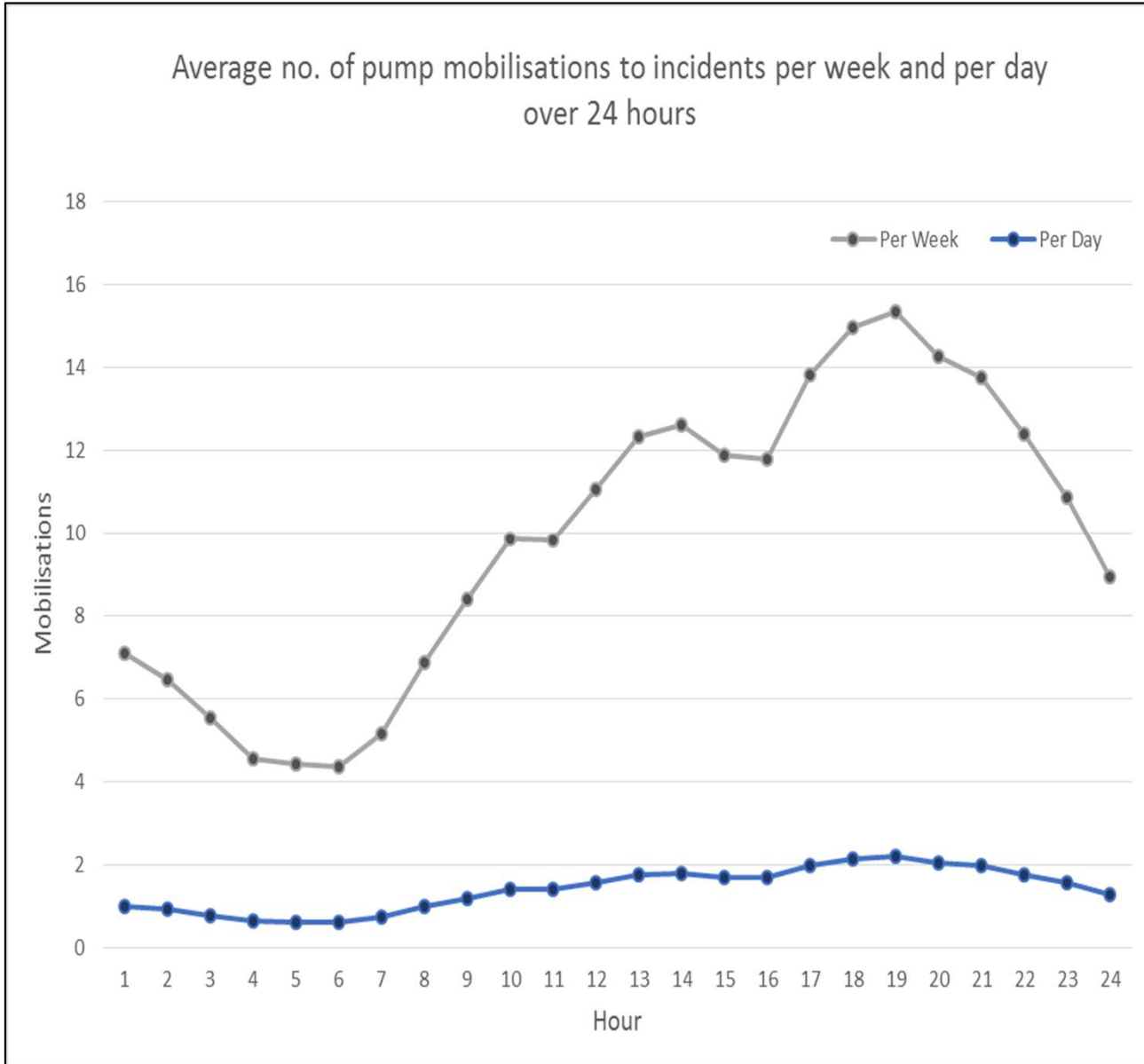


# Tactical Response Vehicles

No. and % of incidents per year by station area as well as retained fire engine availability, averaged over five years (2010-15)

| Station Area   | Primary Property Fires |       | All Other Incidents |       | Total        | Retained Fire Engine Availability |
|----------------|------------------------|-------|---------------------|-------|--------------|-----------------------------------|
| Coalville      | 41.2                   | 8.6%  | 438                 | 91.4% | <b>479.2</b> | 96.5%                             |
| Melton Mowbray | 33.4                   | 10.7% | 277.6               | 89.3% | <b>311</b>   | 89.1%                             |
| Billesdon      | 3                      | 6.5%  | 43.2                | 93.5% | <b>46.2</b>  | 74.2%                             |

# Fire Engine Demand



## Average time spent dealing with incidents

| Minutes      | Annual Average |               |
|--------------|----------------|---------------|
|              | No.            | Percent       |
| 0-15         | 2991           | 35.6%         |
| 15-30        | 3342           | 39.8%         |
| 30-60        | 1470           | 17.5%         |
| 60-120       | 442            | 5.3%          |
| 120-240      | 85             | 1.0%          |
| 240+         | 71             | 0.8%          |
| <b>Total</b> | <b>8402</b>    | <b>100.0%</b> |

Based on time of call to time stop message received

## Loughborough Incident Profile

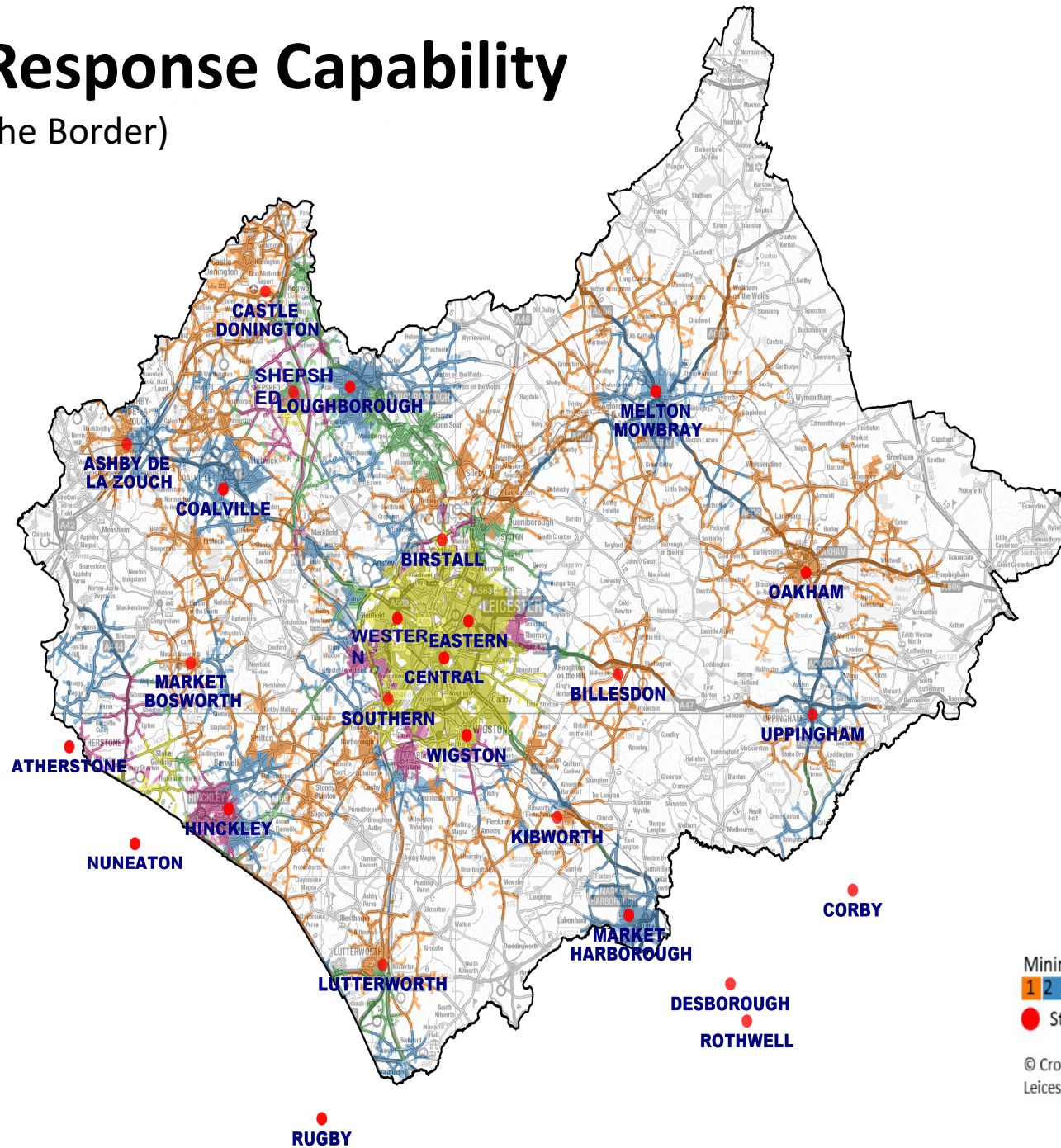
| Incident Type         | 1            | 2            | 3          | 4          | 5          | 5+         | Total        |
|-----------------------|--------------|--------------|------------|------------|------------|------------|--------------|
| False Alarm           | 196.8        | 131.6        | 2.4        | 0.0        | 0.0        | 0.0        | <b>330.8</b> |
| Primary Fire          | 37.6         | 45.6         | 5.6        | 1.0        | 0.5        | 0.8        | <b>91.1</b>  |
| Secondary Fire        | 82.4         | 6.6          | 0.2        | 0.0        | 0.0        | 0.0        | <b>89.2</b>  |
| Special Service Other | 62.0         | 13.2         | 0.8        | 0.2        | 0.0        | 0.0        | <b>76.2</b>  |
| Special Service RTC   | 11.2         | 20.4         | 0.6        | 0.0        | 0.0        | 0.0        | <b>32.2</b>  |
| <b>Grand Total</b>    | <b>390.0</b> | <b>217.4</b> | <b>9.6</b> | <b>1.2</b> | <b>0.5</b> | <b>0.8</b> | <b>619.5</b> |

## Central Incident Profile

| Incident Type         | 1            | 2            | 3            | 4            | 5          | 5+         | Total         |
|-----------------------|--------------|--------------|--------------|--------------|------------|------------|---------------|
| False Alarm           | 342.0        | 217.4        | 123.8        | 113.8        | 1.4        | 0.0        | <b>798.4</b>  |
| Primary Fire          | 34.0         | 43.0         | 29.8         | 13.6         | 3.4        | 1.6        | <b>125.4</b>  |
| Secondary Fire        | 157.2        | 6.0          | 1.4          | 0.4          | 0.0        | 0.0        | <b>165.0</b>  |
| Special Service Other | 123.8        | 16.4         | 1.4          | 0.4          | 0.2        | 0.0        | <b>142.2</b>  |
| Special Service RTC   | 14.8         | 19.2         | 0.4          | 0.0          | 0.0        | 0.0        | <b>34.4</b>   |
| <b>Grand Total</b>    | <b>671.8</b> | <b>302.0</b> | <b>156.8</b> | <b>128.2</b> | <b>5.0</b> | <b>1.6</b> | <b>1265.4</b> |

# Current Response Capability

(Includes Over the Border)



Minimum no. of fire engines by travel time

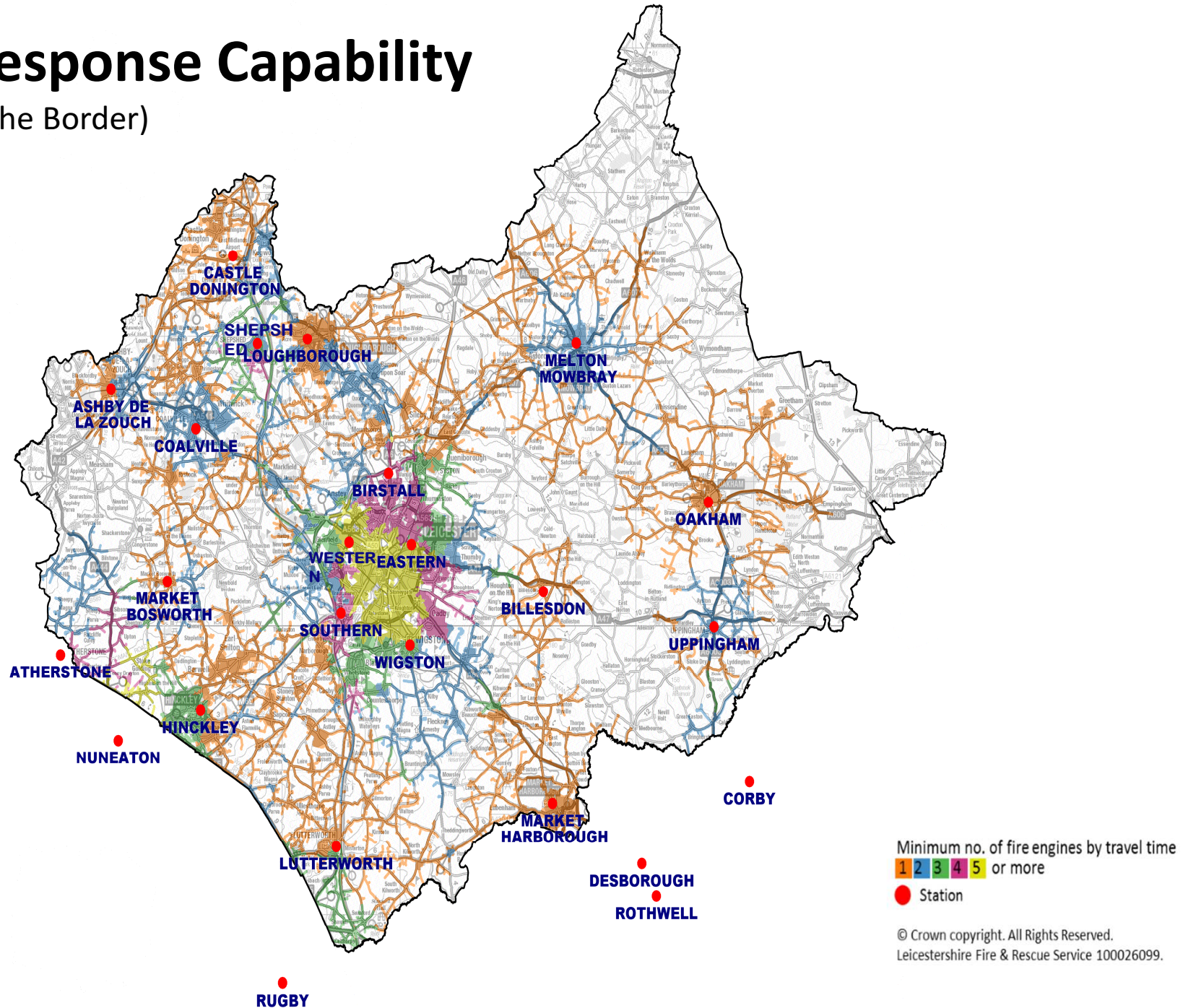
1 2 3 4 5 or more

● Station

© Crown copyright. All Rights Reserved.  
Leicestershire Fire & Rescue Service 100026099.

# Future Response Capability

(Includes Over the Border)



# Consultation Activity

Consultation commenced 25 September 2015, closes 4 December 2015 (10 weeks)

Communicated electronically through email, social media and website

Over 2,100 stakeholders contacted via email including business, community and statutory organisations

Over 10,000 accessed details via Facebook

10 Public Engagement Events attracting approximately 710 attendees

2 additional events planned at Coalville and Loughborough in November

Wholetime and On-Call employees engaged with

Extensive press coverage

# Consultation – Responses

## Key Points from Engagement Events:

- Increase in council tax precept
- Government funding reductions
- Fewer resources affecting resilience
- Other fire and rescue authorities shrinking reducing support
- Fewer firefighters available
- No fire engines within the city centre
- Tactical Response Vehicles are untested and is not a fire engine
- Unsighted on rejected proposals
- Headquarters – options of use

# Consultation – Responses

Responses received as at 3 November 2015 are as follows:

1,088 Questionnaires submitted

13 Freedom of Information requests

89 Enquiries of which:

61 Emails

14 Phone calls

8 Letters

3 Social media comments

3 Visits



# **Leicester, Leicestershire and Rutland Combined Fire Authority**

**Towards 2020: A Proud and Inspirational Fire and  
Rescue Service**

**2016/20 Draft IRMP Proposals**

This page is intentionally left blank