

MERSEYSIDE FIRE AND RESCUE AUTHORITY

VALUE FOR MONEY STRATEGY



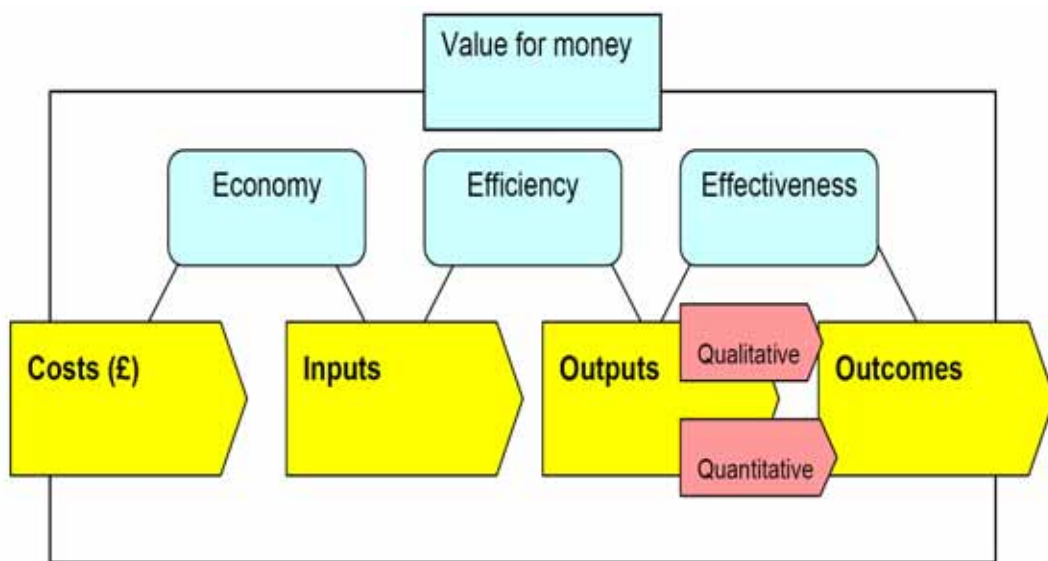
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Our Value for Money Vision

We will use resources efficiently, effectively and economically to make Merseyside a Safer, Stronger, Healthier Community.

Value for Money Definition

Good value for money is achieved when there is optimum balance between relatively low costs, high productivity and successful outcomes for our communities. The Audit Commission refers to the 3 Es – economy, efficiency and effectiveness, the relationship between them is illustrated below:



Introduction

The Merseyside Fire and Rescue Value for Money Strategy underpins all the activities and services of the Authority and provides a clear commitment to economy, efficiency and effectiveness. The key principles of our approach to Value for Money (VfM) and the arrangement for securing VfM are set out within this document. The strategy and arrangements underpin the Authority's approach to budgeting, financial and service planning and the principles are set out in detail in our budget reports, presentations and reports to the Authority, our Integrated Risk Management Plan (IRMP) and all our key documentation.

We will ensure that VfM remains a clear and sustained focus in all Authority decision making and that all officers and Members maintain a key role in reviewing and delivering VfM.

We will promote a shared understanding of what VfM means and embed it within our culture of continuous improvement.

We will continue to deliver cash savings whilst maintaining or improving the delivery of services to all the diverse communities of Merseyside.

We will continue to demonstrate to stakeholders that the Authority achieves good Value for Money.

Background

Merseyside Fire and Rescue Service was a traditionally high cost Service when considering cost per head of population. Local Government reorganisation in 1974 had led to all of its 26 fire stations being staffed “wholetime” i.e fire fighters on station 24 hours a day 365 days a year, even though the number of emergencies attended by some of these stations would not have warranted wholetime cover in many other parts of the country.

Once set, the Authority could not change those staffing levels easily for many years without central Government approval through the Section 19 arrangements whereby the Secretary of State approved staffing levels.

Until 1999 Merseyside, along with all other UK fire and rescue services, concentrated on emergency response and fire safety inspection and regulation in commercial premises. However, in 1999 this Authority was the first in the country to place prevention of fires in the home on an equal footing with emergency response and launched what has now become an extensive community safety strategy, with many activities being delivered in partnership with other public, private and voluntary sector organisations. This significant change in the way in which we deliver our services has allowed us to consider many new ways of working towards the achievement of our vision of making Merseyside a safer, stronger, healthier community and has enabled the Authority to make changes to service delivery that achieve improved value for money whilst reducing fires and maintaining our very high standards of attendance and performance when an emergency does occur.

Our innovative approach to change and improvement is coupled with a reducing Government grant (in real terms) and increased Government targets for delivering cashable efficiencies. The Authority has risen to this twin challenge and delivered greater efficiencies than any other Fire and Rescue Service whilst improving performance, particularly in relation to community safety and fire prevention. Merseyside Fire and Rescue Authority has achieved efficiency savings equivalent to more than 30% of its total expenditure in 2003/04 and has demonstrated improvement in 90% of its performance indicators*. The Authority was one of only two to achieve an “Excellent” rating in the Audit Commission’s Comprehensive Performance Assessment of 2005, has achieved the top score of 4 in subsequent Use of Resources assessments and has been judged as “Improving Well” in Direction of Travel assessments.

**Ref: Audit Commission National Report Dec 2008, Audit Commission VfM toolkit and performance toolkit August and September 2008 – all available on the Audit Commission website www.audit-commission.gov.uk*

Value for Money Principles

This Value for Money Strategy expresses the Authority's long held commitment to providing high quality services whilst reducing costs and assists us in delivering our mission for our communities.

Our Mission is:

To work in partnership to provide an excellent, affordable service to all the diverse communities of Merseyside that will:

- Reduce** risk throughout the community by protective community safety services.
- Respond** quickly to emergencies with skilful staff who reflect all the diverse communities we serve.
- Restore**, maintain and improve the quality of life in our communities.
- Organisation**, ensure that our organisation provides quality value for money services.

The main vehicles for delivery of our key objectives are our IRMP and Service Plan, which themselves are closely connected to the Local Area Agreement objectives and targets and underpinned by the Medium Term Financial Plan, Capital Plan and Workforce Development Strategy which detail the way in which achievement of those objectives will be resourced.

All strategies and plans are supported by a dynamic risk management strategy which embeds the principals of risk management within the development of all policy, strategy, decision making, project management and service delivery.

A comprehensive procurement strategy underpins the Authority's spending on goods and services, applying robust procedures to all procurement activities with a focus on value for money.

Our Value for Money Principles express the outcomes we aim to achieve from our strategy:

Principle 1 – Allocate resources In line with priorities

The budget and financial plans will allocate resources in line with corporate priorities. The vision, mission and key aims of Merseyside Fire and Rescue Authority are set out in its Integrated Risk Management Plan.

In line with that the Authority will recruit to meet the Authority's high performance standards and budget for staff actually in post.

The Authority will continue to:

- Make significant investment in Community Fire Safety and preventative work. (REDUCE)
- Invest to maintain emergency response standards and to modernise working arrangements for dealing with a whole host of emergency incidents. (RESPOND)
- Develop arrangements for restoration with the private sector and the Fire Support Network. (RESTORE)
- Seek to generate significant savings through staff reductions whilst avoiding compulsory redundancy. (ORGANISATION)
- Invest in the capital infrastructure of the Authority in line with Asset Management Plan, Vehicle Replacement strategies and corporate objectives. (ORGANISATION)

Principle 2 – Control Council Tax

The Authority recognises the impact of council tax on the communities of Merseyside, particularly the most vulnerable, and it aims to minimise Council Tax increases with a target increase of less than 4% and it has adhered to this despite severe financial constraints.

It has had one of the lowest council tax increases of all fire authorities since 2003/4.

Principle 3 – Acknowledging budget realities

The Authority will continue to:

i) Acknowledge the challenges it faces:

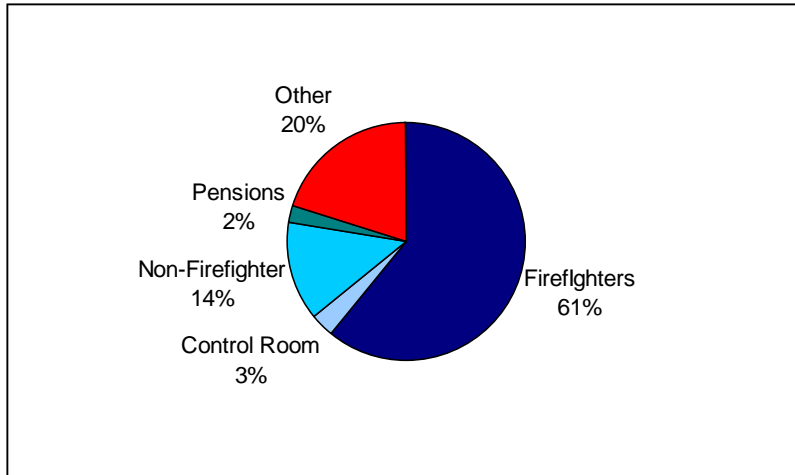
In recent years the Authority has had to deliver a number of large saving targets in order to stay within its budget. These savings targets have arisen because of:

- a) unexpected impacts arising from the Government's changes to pension funding in 2005/2006 that had a negative impact on the overall revenue position.
- b) The Comprehensive Spending Review 2007 giving the Authority grant increases at a floor level which was significantly below the Treasury's own forecasts for inflation (4.5% over three years below inflation estimates at the time).

ii) Acknowledge the reality of its budget:

The Authority recognises that 80% of its costs are people related. Whilst it focuses on making savings in all areas and seeks out efficiencies across the board the inescapable fact is that major savings require major reductions in staff.

Its value for money approach reflects that fact.



Principle 4 – The Authority seeks to avoid compulsory redundancy in delivering VfM

The Authority is committed to delivering VfM without compulsory redundancy. It is important to note therefore that its VfM delivery plan cannot be delivered any faster than the rate of staff turnover within the organisation.

The majority of savings have come from uniformed retirements although the Authority has used Voluntary Early Retirement/Voluntary Severance and other VfM tools when a business case exists to do so.

Principle 5 - The Authority seeks to maintain or improve service levels to make Merseyside safer, stronger, healthier

The Authority has extensive planning, implementation and performance management processes that ensure that whenever changes to the Authority's expenditure are considered the services delivered to communities are, wherever possible, maintained at current levels or improved to provide a higher level and/or quality of service than previously.

Our own staff are central to this vision and the Authority is committed to maintaining high levels of safety for our staff and continuing to improve attendance at work to ensure high levels of service are delivered within the overall framework of value for money.

This Authority is committed to environmental sustainability and recognises the part that our careful use and preservation of the Earth's natural resources plays in our overall approach to delivering value for money. We have achieved the ISO14001 Environmental Management System and have policies and

strategies that express our commitment and approach to reducing our energy usage, reducing the waste we produce, encouraging our staff to adopt environmentally friendly forms of travel and we have an overall objective to become carbon positive. The aim of being a carbon positive service is to leave the climate in better condition at the end of each year and we aim to do this through our environmental and sustainability programmes.

Through maintaining this fifth principle as a central tenet of our approach we continually work towards achievement of our Vision.

Implementation

A detailed action plan for delivery of Value for Money by Merseyside Fire and Rescue Authority is set out below.

In order to deliver these VfM principles Merseyside Fire and Rescue Authority does the following:-

1. To make best use of Service, IRMP and financial planning we embed our VfM principles within Merseyside's IRMP and medium term financial and service objectives for three years. This is subject to continual review, consultation and challenge. It provides the strategic direction and context for annual business planning leading to decisions about resourcing priorities and setting the Authority budget.

2. To carry out a programme of efficiency we have a target of achieving new efficiency savings of £4m over the 2008/09 – 2012/13 period. We have already achieved efficiency savings of £5m up to 2007/08. This will also release cash savings to be re-invested in services. We are also making non-cashable savings which will allow us to do more for the same amount of investment. These savings will enable us to exceed the efficiency savings required by the Government through the Gershon agenda.

3. To carry out specific targeted value for money projects when there is an identified need to look in depth at unit costs, or at the most effective and efficient way of delivering a particular service, we draw on a number of tools to improve specific service areas. For example, we have a scheme that encourages staff to suggest value for money improvements. This is one way in which the Authority facilitates the involvement of all staff in its approach to VfM.

4. To undertake a rigorous process of challenge and scrutiny the Fire and Rescue Authority, Management Board, Performance and Audit Committee and our various consultation processes - in their scrutiny role - challenge and scrutinise the business of the Authority. Our performance management regime also ensures regular monitoring and challenge of performance. Each year there is a programme of Member and Officer working groups and Strategy Days, as part of the budget planning process, looking at how services are constructed and delivered.

5. To ensure we have a clear corporate approach to commissioning and procurement decisions should be made in line with the corporate procurement strategy and its associated toolkit and guidance, including the Purchasing Operating Manual. This provides a coherent framework, offers a challenging way of thinking about procurement and supports the development of partnerships with businesses, voluntary and not-for-profit organisations, and with other organisations in the public sector to deliver services that provide the best value possible within the resources available.

Merseyside's procurement team provides services to other fire authorities and councils and is recognised as best practice. The Procurement Team provides support and guidance for all services to ensure the best possible price and quality for goods and services we purchase.

6. We work to maximise income generation opportunities with a specific review of such opportunities taking place in 2009 including consideration of the opportunities and benefits that could be provided through setting up a social enterprise.

7. To continue our sound track record of attracting external investment and to guarantee a prudential borrowing framework for capital investment we have a fully-costed and sustainable programme of capital investment linked to clear priorities in the Medium Term Plan. Our capital programme is prioritised and funded through a balanced portfolio of supported borrowing, prudential borrowing and other external funding, including Private Finance Initiatives.

Officers and Members play an active role in implementing our key principles and objectives:

Members' Roles

Members are committed to achieving Value for Money:

- The Value for Money working group of the Strategy and Resources Committee provides rigorous challenge particularly in the budget setting and monitoring processes.
- The VfM Member Champion works closely with officers on VfM issues.
- Performance and Audit committee closely examines and scrutinises the Authority's financial and organisational performance.
- The Management Board carries out a scrutiny role with regard to all aspects of Authority business.
- Training and development for Members includes focus on financial aspects of their responsibilities.
- Value for Money and Financial implications are considered as part of every Authority Report.

Senior Management Role

Executive Leadership Team (ELT) and Corporate Leadership Team (CLT) play an active role by:

- Providing corporate and departmental leadership on VfM, cascading the Value for Money culture through the organisation.
- Leading on and coordinating the IRMP and Service Planning processes.
- Working as a group of Directors to identify savings and growth in annual revenue and capital budget planning.
- Considering the value for money implications of all services, activities and initiatives through the CLT reporting process.
- Reviewing the outcomes from IRMP and Service Plan activities, projects and financial reports to determine whether VfM has been achieved.

Managers' Role

Managers will instil the Value for Money culture within their location and encourage their staff to consider VfM in all that they do. All staff have a responsibility to consider whether the activities they are carrying out offer good Value for Money and to propose or make changes where they think improved Value for Money can be provided.

Resources

The whole service contributes to the delivery of value for money for the Authority but several departments play a particularly important part:

- Finance Department manages all aspects of coordinating budget setting, management and reporting, providing financial advice and guidance to officers and Members. Budgets are delegated to the lowest effective level and all staff play an active role in managing resources.
- People and Organisational Development Department manages recruitment, promotion and development and our Workforce Strategies.
- Time and Resource Management coordinates and manages the Service's operational staffing resource as well as the monitoring and management of absence.

- Performance and Values Department promotes high performance and values for our staff, provides assurance of the quality of emergency response and oversees Diversity matters.
- Safety Culture and Compliance Department coordinates and leads on the organisation's approach to health and safety and the responsibility for a safe working environment rests with all employees.
- Procurement department provides a full range of professional procurement services to all departments and also regionally.
- Strategy and Member Development and IRMP departments work together to coordinate the development and management of the Service's corporate plans.
- Asset Management is embedded in a number of departments from Estates management, through Human Resources to ICT management.
- Environmental issues are of key importance ensuring a continued commitment to conserving environmental resources.

Monitoring and Review

The success of this strategy will be reviewed and reported on a quarterly basis in relation to the delivery of Service Plan and IRMP objectives and the performance against the medium term financial plan.

A full review of this strategy will take place in January 2011.

We will evaluate continuously the effectiveness of our approach and will draw on the following measures and assessments:

- Overall user satisfaction.
- People who think we offer good value for money (customer satisfaction surveys and focus groups).
- Audit Commission's use of resources judgement, including aiming for level 4 for the value for money element.
- Benchmarking key services with other authorities.
- Efficiency savings and targets (as part of the Efficiency Programme).
- Monitoring of benefits realisation in major projects.

In addition the IRMP/Service Plan will include specific departmental VfM objectives.

Actions for Delivering VfM

The table below details how the VfM principles are applied corporately for both the IRMP/Service Plan and for non IRMP/Service Plan activities and initiatives:

<u>Corporate approach to VfM:</u> IRMP/Service Plan	Responsibility	Annual Timescale
Our Framework of Affordability is detailed in our IRMP		
Departmental and Corporate Leadership Team Planning Days/meetings are held to consider: Our Vision, cost/budget/Medium Term Financial Plan, dynamic staff savings, performance, risk, equality and diversity, environmental issues, innovation and service delivery	CLT	May/June
Consideration of the following year's budget and achievement of VfM by: ELT Directors CLT Members' working group	Director of Finance CLT Authority Members	June/Sept
Consideration/finalisation of action points for the IRMP/Service Plan	CLT Managers	June/July
Strategy Days – Members and officers develop plans	Officers and Members	October
Draft IRMP prepared	IRMP Director	October
CLT approval of draft IRMP	CLT	October
Authority Approval of the draft IRMP	Authority	October

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IRMP Consultation – web and meetings/focus groups	Corporate Comms IRMP Director	Oct to Jan
Amendment of IRMP	IRMP Director	January
Authority approval of IRMP at Budget Authority Meeting	Authority	February
Project management process commences for all actions: Planning Monitoring Reporting	IRMP Director Strategy Director	March/April
Progress on IRMP/Service Plan and VfM and community outcomes are reported to CLT and Authority along with evaluations	IRMP Director Strategy Director	Quarterly
Devolved budgets – managers have discretion on how to spend but are monitored at departmental and principal officer level.	CLT	Monthly

Corporate approach to VfM:
Non IRMP/Service Plan

Opportunities and risks that will either assist in the achievement of the vision or present a threat will arise during the year.

- They may be identified by an officer, who will put together a potential suggestion.
- They could equally be identified by the management team of a department or CLT during reviews of performance and could relate to existing work or new activities.
- Alternatively – We have introduced an IDEAS incentive scheme to encourage staff to make suggestions that will result in improved efficiency and effectiveness in all areas of the service.
- There is also the well established Contestable Research Fund which offers funding for unique and innovative research in partnership with the private and education sectors – these may result in new projects during the year.

Whichever method is used the appropriate Director/s will consider the proposal.

Each Director has delegated powers and devolved budget responsibility and is part of CLT, so works within the CLT terms of reference to consider the suggestion in relation to the key issues of cost, performance, risk, equality and diversity.

The Director may request further evidence/research, for example this could be through Knowledge and Information Management work requests – process mapping, data analysis.

The Director will consider how the proposal fits in with existing objectives.

The Director prepares a CLT report outlining the proposal with the requirement to demonstrate how this provides value for money and helps achieve the Authority's Vision.

Directors meet annually at budget setting time to consider all capital and revenue growth and savings for the future year which will include consideration of non IRMP projects.

A Committee Report is prepared (or delegated powers applied). For example;

all requirements for £50k or more must be approved by the Authority. All policy changes must go to the Authority and all are equality impact assessed.

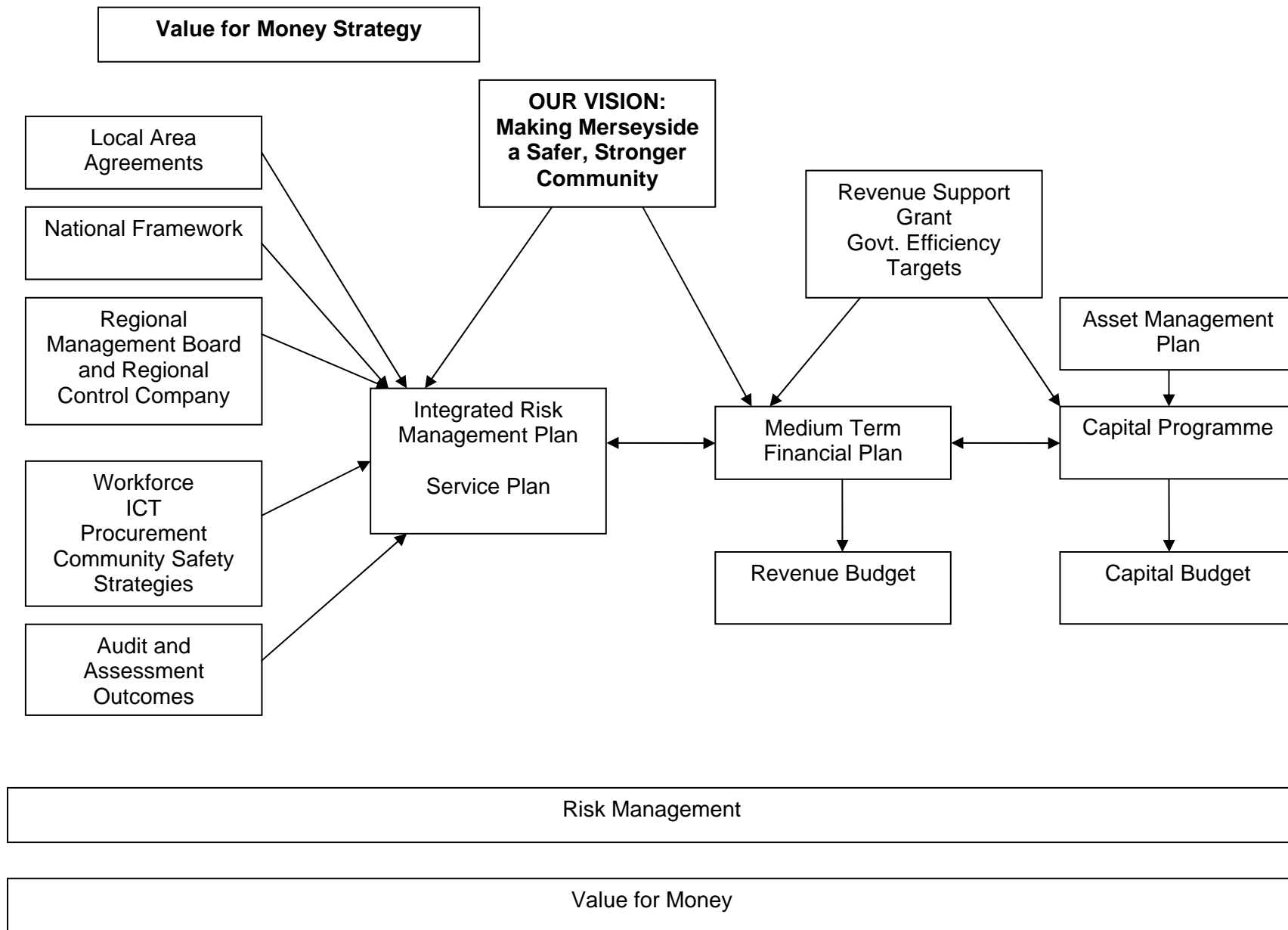
On agreement, the project management process commences for all actions.

CLT, Authority reports, Strategy Days, Learning Lunches, Member Development activities and the Annual Report are all used to communicate the objectives and outcomes of new initiatives and projects to Members and officers.

Progress and VfM and community outcomes are reported to CLT and Authority.

Glossary of Terms

CLT	Corporate Leadership Team
ELT	Executive Leadership Team
ICT	Information Communication Technology
IDEAS	MFRS Staff Incentive Scheme
IRMP	Integrated Risk Management Plan
MFRS/A	Merseyside Fire and Rescue Service/ Authority
VfM	Value for Money





"An Excellent Authority"

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Document Control

Active date	Review date	Department	Author	Editor	Publisher
29/1/09	01/11	Strategy and Member Development	Mrs D Appleton, Director of Strategy Member Development	Mr M Hagen, Deputy Chief Fire Officer Mr K Timmins, Exec. Director of Resources	MR A Iwediebo, New Media Manager

Legislation

Title	
	N/A

Amendment History

Version	Date	Author	Reasons for Change
1.1	5/1/09	D Appleton	CLT consultation
1.2	13/1/09	D Appleton	Final Version for Committee
1.3	13/2/09	D Appleton	Amended to include environmental ref. in principle 5

Equalities Impact Assessment

Initial	Full	Date	Reviewed by	Comments
13/1/09				

Civil Contingencies Impact Assessment

Date	Reviewed by	Comments

Related Policies

Title	Author	Department

Distribution List

Name	Position	I/R
Corporate Leadership Team		Review

Sign-Off List

Name	Position
Mr M Hagen	Deputy Chief Fire Officer
Mr K Timmins	Executive Director of Resources
Fire and Rescue Authority	

Related Documents

Ref No.	Title	Author	Version & Date
	IRMP	Director of Operational Planning and resilience	2008/9
	Service Plan	Director of Strategy and Member Development	2008/9
	Medium Term Financial Plan Capital Plan Budget	Finance Department	2008/9

Target audience

Value for Money Strategy

All MFS	x	Ops Crews		Fire safety		Community FS		Civilian Staff	
Principal off.		Senior off.		Public	x	etc		etc	

Ownership

Publicly owned document	Yes	x	URL	MFRS website
	No		Reason	Of public interest

POLICY

POLICY