

AGENDA ITEM:

REPORT TO: Meeting of the	MERSEYSIDE FIRE AND RESCUE AUTHORITY AUTHORITY BUDGET MEETING
DATE:	26TH FEBRUARY 2013
REPORT NO.	CFO/026/13
REPORTING OFFICER:	CHIEF FIRE OFFICER
CONTACT OFFICER:	DEPUTY CHIEF FIRE OFFICER
OFFICERS CONSULTED:	NICK MERNOCK DIRECTOR OF P.O.D STRATEGIC MANAGEMENT GROUP
SUBJECT	SUPPORT SERVICES REVIEW

ATTACHED

APPENDIX _____

Equality Impact Assessment _____

Purpose of Report

1. To request that Members note and approve the recommendations of the Support Services review undertaken by the Strategic Management Group (SMG) in anticipation of the cuts to the Authority budget for 2013/14 and 2014/15.

Recommendation

2. That Members note the outcome of the Support Services review and utilise the recommended savings identified as part of the budget resolution
3. That Members reaffirm their commitment to avoid compulsory redundancy (if at all possible) and instruct the CFO to take all necessary measures to minimise the impact on staff including the extension of the previously agreed Voluntary Severance / Voluntary Retirement Scheme as necessary.

Introduction & Background

4. In February 2012 the Authority set the budget for 2012/13. As part of that budget setting process and in response to the significant cuts proposed by government for years 3 and 4 of the Spending Review the Authority directed the CFO to review support and back office services in order to identify savings which would maintain frontline services and have the least impact on the communities of Merseyside. In doing so the Authority recognised that support functions provide a vital role in keeping firefighters safe and in maintaining frontline services.
5. The Authority budget resolution directed;

“The CFO and management team to report back on what savings can be delivered from a fundamental review of cuts achievable in support services.”

6. For the purposes of the review the definition of Support Services was all functions not directly related to Operational Response. This included some areas which could be considered front line. In order to complete the review and deliver the necessary savings the SMG developed a Terms of Reference (TOR) and set of principles for each Director and Head of Service to consider which are detailed below;
 - Is the role/service essential to the organisation
 - Identify duties/roles that are no longer required
 - Explore those roles which are desirable but not essential to the organisation and validate continuation (Weighting against Mission / Aims / Planning Principles)
 - Consider whether restructures and internal shared services can be applied to deliver savings and efficiency
 - Consider whether changes to working practices and/or terms and conditions of employment can deliver the savings/or offset the impact of the cuts
 - Consider whether managerial spans of control are appropriate
 - Consider the potential for services to be shared or outsourced
 - Consider whether changes to processes and/or technical investment can deliver efficiencies
 - Consider the impacts of / and the risks associated with the proposed changes including Legal, Equality & Diversity, Health & Safety, HR, environmental, impact on existing plans and objectives.
7. The summary outcomes of the individual functional reviews are appended to this report at **Appendices A through to I**.
8. SMG were assisted on the review by members of the People and Organisational Development Team (P.O.D) who implemented a structured and documented process to facilitate full consideration of the challenges.
9. The initial assessment was focused on risk and impact in relation to each role and the skills required. Any new or redesigned positions have been job evaluated using the jointly accepted national scheme to ensure Organisational grades are consistent, and free from any bias. Market testing in relation to shared services/outsourcing was considered for every service. Procurement is already a shared service, ICT is already outsourced and Estates is currently being Market tested.

10. Where it was deemed appropriate consideration was given to internally share or realign services, Managers from all affected departments were supported when brought together to audit and confirm arrangements.
11. P.O.D ensured that all managers who reviewed their functions met with a nominated member of the Finance Team to validate the financial implications of their reviews before producing a report for consideration.

External Validation of the Review

12. To externally validate the process a specialist officer from Knowsley MBC, acted as an improvement partner. They applied robust challenge and scrutiny to the terms of reference and planning principles put forward by MFRA managers, and compared the suggested approach against successful processes undertaken in other organisations.
13. The process was further externally evaluated through the external Op A self-assessment process. The peer assessment team were extremely impressed with the Support Services strategy, and within their final report the key areas of achievement were reported as:
 - *Clear terms of reference for Directors, Area Managers and Heads of Departments to carry out assessments, leading to clear proposals in anticipation of grant reductions*
 - *Criteria for decision making based on agreed risk based approach*
 - *Staff feel well informed by the senior management team*
 - *Staff feel able to feed back their ideas if required*
 - *Recognition that frontline services are the priority*
 - *Drive to minimise compulsory redundancy by keeping voluntary severance options under consideration*

Consultation and support processes

14. The Authority continues to seek to avoid compulsory redundancy where possible however the size of the challenge faced ultimately means it may be difficult to do so.
15. To allow as much time as possible to manage the process and in order to limit as much as we are able the impact on staff, it is recommended that the Authority allow a 90 day consultation / at risk period to support those staff directly affected. This is despite statutory requirements based on at risk numbers only demanding 30 days.
16. A full redeployment programme will be put into place to ensure all possible alternative employment opportunities are considered for staff placed at risk of redundancy.

17. It is also recommended that the Authority continue to offer the option of voluntary severance / voluntary retirement during this round of consultation, to allow staff placed at risk the option to consider this as an alternative, or for others to leave the service, and their posts be used as potential redeployment options.
18. A full outplacement service will be established to ensure all staff at risk are fully supported in relation to redeployment skill, interview techniques, and CV writing as well as financial advice.

Future Work

19. A further review of Estates and Workshops provisions will be necessary following the Authority's budget decisions since the resources required for these services are dependent on the number of assets (appliances and fire stations) arising from the IRMP and budget.

Provisional Timetable

20. To fully deliver the £7m saving will take over two years if the Authority wishes to minimise the likelihood of compulsory redundancy.
21. Therefore in order to meet this aspiration whilst delivering the approved budget the Authority would need to agree to the adoption of a phased approach based on the following framework:-

Immediate savings – YEAR 1 (2013/14)

- Roles deemed non-essential for statutory delivery through fundamental review
- Roles which can be subsumed within other roles - lesser organisational impact
- Those roles where duplication is identified
- Those roles that can be removed through internal shared services
- Those roles that will subsumed aligned to an organisational restructure

Phased savings– YEAR 2 (2014/15) identified within 2 year financial plan and IRMP

- Those roles for which external funding may be possible
- Those roles that will subsumed aligned to an organisational restructure not feasible in year 1
- Those roles that will be subsumed following technological investment

Key Dates

22. Savings options agreed at Authority Budget meeting: 26th February 2013
- IRMP released for consultation 4th March 2013
- 5 Community Consultation Forums March 2013
23. In relation to firefighter post reductions the Authority will seek to use natural turnover rates recognizing this will take until 2015/16 using reserves in the meantime.

Equality & Diversity Implications

24. The Authority has in place jointly agreed Redundancy and Redeployment procedures and these have had Equality Impact Assessments (EIA) completed on them. A further E.I.A has been completed on the Support Services review process and this is attached.

Staff Implications

25. Formal consultation with all representative bodies has been opened, and initial meetings held to discuss the parameters of future meetings, and initially re-evaluate the Redundancy and Redeployment policies previously agreed, as well as looking at alternative options to reduce the potential for compulsory redundancy.
26. Further meetings are planned in February, and a timescale will be discussed in relation to the notification of individual employees who may be put at risk of redundancy, along with an agreed consultation timescale in relation to individual and group interviews / consultation meetings, redeployment procedures and outplacement support.
27. The overall review has identified 57 WTE posts that are at risk or redundancy. The number of staff put at risk as part of the implementation process may higher.

Legal Implications

28. Full consideration of the legislative implications placed on the Authority have been taken account of and included within the Redundancy and Redeployment procedures. Further validation of the process will continue as the recommendations of the review are implemented.
28. The process of consultation in respect of redundancy is a Legal requirement as are the timescales. Although a 90 day consultation is not legally required on this occasion (as 30 days would be suitable for this number of staff) it reflects the position of the Authority and is considered good practice, particularly in these difficult circumstances.

Financial Implications & Value for Money

29. The total savings from the reviews detailed within this report are £2.807m.
30. The overall savings total to be delivered from the back office and support services review is £7m over the two year budget reference period.
31. A proportion of this figure will be met through technical savings such as a review of Capital programme costs, pay restraint and a review of the inflation calculation, as well as an element of income generation.

Risk Management, Health & Safety, and Environmental Implications

32. The Authority could face a challenge in relation to the methods utilised to reach the conclusions within this report or in respect of the actions necessary to deliver against the outcomes, such as unfair selection or timescale, however the manner in which the review has been undertaken combined with the external scrutiny and the early involvement of the representative bodies should negate this challenge and ensure all parties are fully aware of the procedures to be utilised.

Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

33. The importance of undertaking the fundamental review of support services in the prescribed manner will ensure that the impact on Firefighter and Community Safety is minimised as much as possible given the financial challenges faced by the Authority.

Glossary of Terms

CFO	-	Chief Fire Officer
CV	-	Curriculum Vitae
EIA	-	Equality Impact Assessment
HR	-	Human Resources
ICT	-	Information Communications Technology
IRMP	-	Integrated Risk Management Plan
MBC	-	Metropolitan Borough Council
MFRA	-	Merseyside Fire and Rescue Authority
Op A	-	Operational Assessment
POD	-	People and Organisational Development
SMG	-	Strategic Management Group
WTE	-	Whole Time Equivalent
£m	-	£Million