



Hereford & Worcester Fire Authority

Efficiency and Productivity Plan

2025/26



HEREFORD & WORCESTER
HWFR
FIRE AND RESCUE SERVICE

Hereford & Worcester Fire Authority
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Background

This Productivity and Efficiency Plan sets out the ongoing financial challenge currently faced by the Authority and illustrates the recent transformation savings that have been delivered by the Service.

The Fire and Rescue National Framework sets a requirement that Fire and Rescue Authorities (FRAs) produce and publish annual efficiency plans. There is a specific requirement from the Minister of State for Crime, Policing and Fire that in 2023/24, FRAs produce plans that not only cover planned efficiencies, but also their plans for increasing productivity.

As part of the 2021/22 Spending Review, the National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) proposed that across Fire and Rescue Services (FRSs) in England, the fire and rescue sector could create 2% of non-pay efficiencies and to increase productivity by 3% by 2024/25. These Productivity and Efficiency Plans will help the NFCC, LGA and Home Office to collate evidence and to assess likely progress at national level against the agreed Spending Review Goals.

This plan is an amalgam of information already provided in the public domain and brings these together to meet the specific requirements of the National Fire Framework.

It sets out the appropriate information as requested, puts this into the local context and sets out the Authority's approach to efficiency and productivity.

Medium Term Financial Plan (MTFP)

The Authority's financial planning strategy adopted over the last 10-15 years has allowed the Service to navigate the uncertainties of Austerity and relatively high inflation whilst maintaining an appropriate level of service to our communities. Within the resource restraints the Authority has always ensured that it protects the future by taking decisions that balance current needs against creating future funding "holes".

In February 2024 the Fire Authority approved the MTFP as summarised below. The continued uncertainty about future funding (*the 2024/25 grant was the sixth 1-year settlement in a row*) has caused the planning horizon to be reduced to three years.

	2024/25 Budget	2025/26 Forecast	2026/27 Forecast
	£	£	£
Expenditure per MTFP	43,587,600	44,510,100	45,786,000
Funding per MTFP	(43,327,543)	(44,225,000)	(45,403,700)
Budget Gap per MTFP	260,057	285,100	382,300

The cautious assumptions used in planning, combined with experience that shows that such relatively small deficits (less than 1%) usually disappear by the time the budget is set have enabled the Authority to determine to use the Budget Reduction Reserve to close these planned gaps. It being better to provide more protection and prevention service to the community now rather than defer it until a later year, enabling early identification and resolution of potential future issues.



However, in 2025/26 the government made major changes to funding to the Authority with a £1m cash cut in grant and a significant shortfall in the promised full funding of the costs of changes to Employers National Insurance of £0.3m. Although this was partially offset by £0.9m by increased Council Tax, as the government allowed the Authority to increase Band D by £5 (5.14%) rather than the 2% previously expected and to substitute national for local taxation.

Budget 2025/26

Within the context of the MTFP, and the fact that the funding reductions were only finalised in late January, the Authority identified a budget for 2025/26 and indicative budgets for later years as set out below (earlier years are also shown for consistency). Although the full MTFP covers the period to 2029/30 it is illustrated only to 2026/27 which will be subject to any changes in the June 2025 Spending Review:

	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Forecast £	2026/27 Forecast £
Employee Related	25,470,400	27,448,200	30,108,800	31,461,100	32,022,000
Running Costs	8,755,600	9,604,600	10,464,800	10,632,300	10,951,300
Capital Financing	2,827,000	2,399,000	3,014,000	3,016,000	3,386,000
	37,053,000	39,451,800	43,587,600	45,109,400	46,359,300

This budget requirement was further increased by the impact of the nationally agreed pay award:

	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Forecast £	2026/27 Forecast £
Employee Related	25,470,400	27,448,200	30,108,800	31,655,900	32,281,700
Running Costs	8,755,600	9,604,600	10,464,800	10,632,300	10,951,300
Capital Financing	2,827,000	2,399,000	3,014,000	3,016,000	3,386,000
	37,053,000	39,451,800	43,587,600	45,304,200	46,619,000

However, resources expected to be available for 2025/26 and 2026/27 are £44,677,300 and £45,405,200 leaving gaps of £626,900 and £1,213,800 respectively.

This means that regardless of any Efficiency targets the Authority has to identify significant real cash savings in addition to the Efficiencies already included within the base budget.

Reserves

The Authority holds reserves for a number of reasons and these can be summarised as:



Future Expenditure Reserves: Monies set aside to fund long life equipment (e.g. cutting gear, breathing apparatus, fire control etc.) which negates the need for capital financing costs in the medium term.

Other Specific Reserves: Held to cover the costs of known events where timing is uncertain.

Budget Reduction Reserves: Monies to be used to smooth the transition of significant efficiency measures.

General Reserve: unallocated and held to meet the “unknown unknowns”.

Future Expenditure Reserves will be spent as necessary to meet the costs of the agreed items as they are procured and an anticipated expenditure profile is included in the relevant budget appendices. It should be noted however, that Emergency Services Mobile Communications project or Emergency Service Network (ESMCP/ESN) project is a centrally managed project covering all Emergency Services and has been subject to a number of programme delays and uncertainty regarding what additional elements individual Authorities may need to fund. It has recently been subject to a further two-year delay.

The Authority committed some Reserves in 2021/22 to fund an “Invest to Improve” programme which is now being delivered, aspects of which may allow some future savings to be taken as well as improving services.

Funding these projects from reserves saves the equivalent of £0.9m in annual capital financing charges which would otherwise have to be added to the expenditure requirement and hence to the structural budget gap.

In approving the strategy in relation to reserves in February 2017, the Authority has confirmed that the Budget Reduction Reserve is used to close the budget gaps in the MTFP period, until major efficiencies come fully on-line. This strategy was re-approved in February 2025 and is proposed to be extended and modified to the extent that any unallocated part of the reserves will be held until there is some certainty over future funding.

Although there is no guidance as to the exact level of balances that an Authority should hold, when under the Home Office (until the recent change of government responsibilities) that Department had previously asked Fire Authorities to explain any general balances above 5% of budget. At the end of 2024/25 general balances stood at £1.538m or 3.4% of the 2025/26 Expenditure Need.

The Authority has to be mindful of the opportunity to quickly replenish balances if they are called upon and this becomes much harder in a financial regime where central government controls grants, business rate levels and council tax levels.

Whilst this level of balances is desirable, there is an opportunity cost of holding balances. They could be used to finance one off expenditure or temporarily reduce the Council Tax precept, which itself will have an impact on the long term financial position. The risk of using up balances is, however, that any unforeseen expenditure could not be met.



A summary of earmarked reserves and their approved use is given below:

	Actual at 31-Mar-25 £m	Budget 2025/26 £m	MTFP 2026/27 £m	Estimate at 31-Mar-27 £m
<u>Future Expenditure Reserves</u>				
Capital Projects Reserve	3.075	(2.007)	(1.068)	0.000
C&C Reserve	1.127	(0.600)	(0.527)	0.000
ICT Replacements Reserve	0.422	(0.272)	(0.150)	0.000
ESMCP Reserve	0.556			0.556
RPE Reserve	0.010	(0.010)		0.000
On Call Recruitment Reserve	0.233	(0.060)	(0.060)	0.113
Organisational Excellence Reserve	0.027	(0.027)		0.000
Property Maintenance Reserve	0.487	(0.162)	(0.162)	0.163
Development Reserve	0.174	(0.174)		0.000
Sustainability Reserve	0.242	(0.242)		0.000
Pensions Reserve	0.452	(0.055)	(0.055)	0.342
Protection Grants Reserve	0.247	(0.127)	(0.120)	0.000
Fire Prevention Reserve	0.147	(0.077)	(0.070)	0.000
Equipment Reserve				0.000
Safety Initiatives Reserve	0.114	(0.061)	(0.053)	0.000
	7.313	(3.874)	(2.265)	1.174
<u>Other Specific Reserves</u>				
Operational Activity Reserve	0.600			0.600
Insurance Excess Reserve	0.130			0.130
	0.730	0.000	0.000	0.730
<u>Budget Reduction Reserves</u>				
Budget Reduction Reserve	1.457			1.457
	1.457	0.000	0.000	1.457
Total Earmarked Reserves	9.500	(3.874)	(2.265)	3.361

In respect of the budget reduction reserve the strategy is outlined above and arises from two factors

- The Authority has always been at the forefront of cost savings and there is no remaining “low-hanging” fruit, thus savings have to come from more radical reductions which take much longer to deliver.
- The Authority’s experience in 2013/14 when grant cuts forced service reductions that the Authority would not have been able to meet in sufficient time without the opportunity to second staff to other services. An option no longer available.
- Whilst the Authority agreed that it would support up to £0.431m of the 2025/26 gap the expectation was that savings would be made to close the gap without a draw on balances, leaving it available to smooth the impact of any future funding changes. An efficiency plan is now being approved by the Authority to achieve efficiencies in excess of this sum, which are now required in the MTFP



Efficiency

The efficiency target as set out in the sector Comprehensive Spending Review (CSR) submission (for 2022/23 to 2024/25) was 2% of non-pay budgets, and this Authority maintained those targets as base for future period of the MTFP. Based on the budgets and budget requirement these targets can be summarized as

	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
Running Costs	8,755,600	9,604,600	10,464,800	10,632,300	10,951,300
Capital Financing Costs	2,827,000	2,399,000	3,014,000	3,016,000	3,386,000
	11,582,600	12,003,600	13,478,800	13,648,300	14,337,300
2% Target	231,700	240,100	269,600	273,000	286,700

In respect of efficiency there is some certainty that the sector as a whole can achieve further efficiencies, but the degree to which this can be delivered at individual Services varies. There is no doubt that Hereford & Worcester is already an efficient Service. Financial pressures, beginning way before “Austerity” have meant that many efficiency driven changes have been done here long before they were done elsewhere.

The table below summarizes the efficiencies made over the CSR period and impact into the future. The following efficiencies have been re-invested in supporting the core strategies and are already included in the budget requirement.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
2% of MTFP Non-Pay Costs	231,700	231,700	231,700	231,700	231,700
		240,100	240,100	240,100	240,100
			269,600	269,600	269,600
				273,000	273,000
					286,700
Cumulative Target	231,700	471,800	741,400	1,014,400	1,301,100
Cumulative % Target	2%	4%	6%	8%	10%
WC(B) posts x3 reinvested	177,000	186,000	193,000	200,700	208,700
Capital Financing - Vehicle Life Extensions	45,000	63,000	56,000	13,000	0
Fleet Maintenance - LT Investment in Fleet	29,000	29,000	29,000	29,000	29,000
Procurement - cost savings	40,000	114,000	115,000	105,000	144,000
Collaborative Procurement - cost savings	3,000	3,000	3,000	3,000	3,000
Collaborative Procurement - process savings	0	89,000	0	0	0
ICT - licences renegotiation		50,000	50,000	50,000	50,000
Insurance Re-tendering		27,000	54,000	54,000	54,000
Resource Review			186,000	485,800	630,800
Collaborative Estates - Leominster			6,000	13,000	13,000
District Support - reinvested in On-Call			99,600	99,600	99,600
Efficiencies Identified	294,000	561,000	791,600	1,053,100	1,232,100
Cumulative % achieved	2.54%	4.76%	6.41%	8.31%	9.47%



In addition to these efficiencies the Service has identified further areas where cost savings can be made, in order to move to deliver a balanced budget, however whilst these may be seen as efficiencies they will lead to a reduction in resilience and the capacity to deliver and support some key functions. These plans are tentative and are not due before the Authority until September 2025 but can be broadly summarized as

	2025/26	2026/27
	£	£
Grey Book Staffing	230,000	230,000
Support Staffing	213,000	213,000
Running Costs	308,600	308,600
	<u>751,600</u>	<u>751,600</u>
Additional Cumulative %	5.93%	5.78%

Whilst these savings do not immediately impact on staff directly delivering the three Core Strategies as it is the intention not to reduce front line staffing in the delivery of these functions this year, there will be an acute impact on resilience and capacity alongside the pace with which these functions can be supported.

Furthermore, there are significant “cost-avoidance” savings expected from the joint Fire Control project, over the 7 years from 2025/26, these are estimated to total be between £7-9 million pounds over the period. Representing the difference between the cost of a solo project and the joint approach adopted.

Collaboration

The Authority has always actively engaged in collaboration, where it serves the needs of our communities, primary partners being West Mercia Police and Shropshire & Wrekin Fire Authority. Whilst there is good practical work with West Midlands Ambulance Service, the Trust does not wish to engage at a more strategic level. Many of these collaborations have been in place for some time and they are therefore not available for future efficiencies.

Some examples of this are given below:

- Joint Fire/Police stations at Bromsgrove and Redditch
- Fire HQ moved to Police HQ site in 2018 – saving £0.3m p.a. in capital financing costs
- Fire Control has been located with Police Control in same period.
- Fire operational policy/planning and emergency planning functions are co-located with police and work together to protect our communities
- Police share Peterchurch, Wyre Forest and Tenbury Wells fire stations
- North Herefordshire Strategic Training facility is being built on land at Leominster police station and converting a disused custody facility.



- Wyre Forest Hub is shared with West Mercia Police and Severn Area Rescue Association (*a skilled voluntary body providing water rescue*)
- Fire provide drone cover to police and also assist with missing persons and gaining entry
- A number of PCSO were recruited who also provide on-call cover in rural areas
- Property and facilities management for Hereford & Worcester Fire Authority and West Mercia Police is carried out jointly by the Police & Crime Commissioner.
- The Authority is a full member of the Worcestershire Internal Audit Shared Service.

The Authority embedded approach to procurement is that wherever it is possible (and practical) it will procure with partners in a national/regional/local triage approach. Some examples of this are:

- Replacement Breathing Apparatus with West Midlands, Staffordshire, Warwickshire and Cleveland Fire Services.
- Leading on replacement fire control system with Shropshire, Cleveland and Durham Fire Services identifying £7m of avoidable future costs over next 10 years for this Authority.
- Routine appliances replacement and other vehicles procured from national frameworks
- Collaboration with Shropshire Fire to procure three identical and interchangeable Command Support Units, appropriate to our risks.

Asset Management & Investment in Technology

As would be expected, staff test and check safety critical operational equipment on an appropriately regular basis. The time this takes varies from station to station dependent on the distribution of special appliances and the number of On-call appliances (there are On-call units at every station).

The Authority has already made efficiencies in On-call pay by having these checks carried out by Wholetime personnel on those stations and the employment of mobile On-call technicians for On-call only stations

As part of the initial “time and motion” study prior to 2022/23 it was identified that on average 11% of Wholetime station personnel time was spent on equipment and inventory checks. There is a current project underway to introduce replace the life expired equipment recording system with a new IT based equipment tracking system. This aims to reduce the time spent on this process (and the project will quantify the expected gain) but it should be recognised that this system will not remove the need for safety critical testing and will only ease the administrative



burden, and in some cases may result in more frequent testing alongside the need for staff to embed the new ways of working in the first few years.

Resourcing

The Authority has always been a largely On-Call (*Retained*) service and 87% of appliances are crewed by this method. This is very efficient but the changing socio-demographics of communities mean that this is becoming less cost effective than previously.

Wholetime appliances are staffed with watches of 5 or 6 Firefighters to provide 4 or in some cases 5 riders on a fire engine at any one time. On Call staff at the 24 locations will crew with either; 4,5 or 6 riders depending on the availability of staff. The Authority uses a Resilience Register to allow Wholetime and On-call personnel to provide additional shifts to fill any unexpected gaps e.g. arising from sickness on wholetime fire engines. This Register has been in place for many years.

The Authority made a determined attempt to introduce new shift patterns and went through the whole national negotiation mechanism all the way to approval by the Technical Advisory Panel (TAP), however the current national position allowed the FBU to veto this in 2019/20. The proposed 10-hour shift would have been more effective and efficient than the 12-hour shift that was finally agreed.

Productivity

The Authority had begun to look at Wholetime productivity prior to the Spending Review target being established and will be pursuing the national target with the caveat that any prior gains may not be counted against this future target.

As the Authority began the journey on productivity before the national target and measure was set it was inevitable that there would be an issue with definition. The main difference being that the Authority regarded the breaks and stand down periods in the nationally agreed Grey Book conditions as being outside it's influence and was measuring productivity against the balance.

Using the Home Office Utilization Survey as a measure the December 2022 base line was:

Prevention & Protection	7.97%	
Operational & Training	<u>38.67%</u>	46.64%
Non-productive	19.53%	
Non-productive-Grey Book	<u>33.83%</u>	53.36%
	100.00%	

By June 2023 the Utilisation Survey was already showing 3.39% point improvement in productivity, but there has been no subsequent collection of data.



Prevention & Protection	10.92%	
Operational & Training	<u>39.11%</u>	50.03%
Non-productive	18.17%	
Non-productive-Grey Book	<u>31.80%</u>	<u>49.97%</u>
		<u>100.00%</u>

In 2021/22 a study of the activities of Wholetime operational staff was undertaken and it identified, using slightly different definitions, a proportion of “un-allocated” time.

- The unallocated time was therefore targeted to provide more appropriate training and to undertake Prevention (Home Fire Safety Visits) and Protection (Business Fire Safety Checks) activities.
- Actual activity is monitored against the initial estimates to ensure productivity is maintained as expected. Or to recognise the impact of increased operational activity or training requirements.
- A review of station routines to ensure time allocated to various activities is used effectively and efficiently.
- Investment in technology to reduce administrative time of equipment checking.
- A review of the Authority approach to Unwanted Fire Signals was undertaken to try to reduce attendance and increase time available for prevention and protection activities. The review factored in
 - Current directions from the Fire Authority about what premises it wishes to provide an attendance
 - The increasing number of such installations
 - There is no “repeat offender” problem.

This has been a particular success and has helped increase the number of Home Fire Safety Visits from 3,301 in 2021-22 to 7,218 in 2024/25, as well as an increase in BFSC activity.

In 2023 the Authority introduced a Station Work Routines module to assist with planning and also to record actual activity. This allows a full analysis of activity down to individual watches, shift types and time of day. This allows local managers some flexibility, but also assists them in better planning work activities in advance and utilising time efficiently.

There is still some minor fine tuning to be done and lining up with the HO Survey in respect of Day Crewing Shift patterns, which was held pending further surveys which did not materialise. but average productivity for 2024/25 was 49%. Work continues to refine this measure and ensure the data collected is an accurate reflection of the diverse work activities undertaken by whole time firefighters on duty.





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