

Pre-publication check template

Name of report: FRS 2021/22 Inspection

Service and abbreviation: North Yorkshire Fire and Rescue Service - NYF

SLL: Jo Ryan

Chief Officer signoff: Jonathan Dyson

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
EFFICIENCY				
	4	Paragraph 1	I have serious concerns about how sustainable its medium-term financial plan is in managing the risk of fire and other risks in an affordable way, and how effective the service is in carrying out workforce planning to make sure it has the skills and capabilities it needs.	Following HMI review. Changed to; I have serious concerns about how sustainable its financial plans are for managing the risk of fire and other risks in an affordable way, and how effective the service is in carrying out workforce planning to make sure it has the skills and capabilities it needs.
1	27	Paragraph 3 Finance	The report refers to 'During this inspection we found that the service continues to rely on reserves to help balance its budget'. This is factually incorrect. The use of reserves is not balancing the budget. Any use of reserves within the balanced MTFP are funding non-recurring expenditure and/or using funding that has been previously providing from the Government to fund specific areas of expenditure. We stated as part of our strategic briefing that the 'revenue budget is projected to balance for the next 4 years with no use of	Accepted. Changed to; During this inspection we found that the service's financial position is fragile.

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
			<p>'general reserves'. The Section 151 Officer's MTFP was part of the Document Submission, the Cause of Concern response and now the Pre-publication Check.</p>	
2	28	<p>Cause of Concern</p> <p>Finance</p>	<p>The Cause of Concern states that 'The service doesn't have in place robust plans to stop continually relying on its reserves to balance its budget.'</p> <p>This is not accurate and links to the point above, there is no reliance on reserves to deliver a recurring balanced MTFP for Core service delivery.</p> <p>The use of reserves within the MTFP are funding non-recurring expenditure, which is one of the main reasons that reserves are established.</p>	<p>Accepted.</p> <p>Changed to; The service doesn't have in place robust processes to ensure transformation activities provide efficiency and effectiveness.</p> <p>Recommendation(s):</p> <p>By September 2022, the service should put in place plans that are designed to:</p> <ul style="list-style-type: none"> • detail in its medium-term financial plan the efficiencies that its transformation plans will bring for the service; • make sure that its processes for working with other organisations are effective, provide value for money and benefits for the public, and don't negatively affect the service; and • monitor, review and evaluate its collaboration activities, such as enabling services, to make sure they achieve best value for money and are

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
				beneficial for both the service and the public.
3	29	Paragraph 3 Finance	The report states that 'Although the budget is balanced over the next four years, the service has achieved this by relying on reserves' – as set out above this is not correct.	Accepted. Changed to; The service's financial position is fragile The service currently shows a balanced budget over the next four years and has achieved this by changing delivery dates for parts of the capital programme, through grant funding, and by a reduction in the revenue contribution to capital. The financial position is fragile, and we are concerned that this may jeopardise any efficiencies that the new RRM might bring, impacting the service's ability to reinvest in operational resource requirements.
4	29	Paragraph 4 Finance	The report refers to 'The continued reliance on using reserves to balance the budget is not sustainable.' As mentioned on all of the 3 points above the service is not relying on using reserves to balance its budget on a recurring basis.	Accepted. This sentence has been removed.
5	29	Paragraph 5 Finance	The report refers to 'We found that although the service has made some savings, these have not been to the levels it originally anticipated in its Transform 2020 plans'	Partially accepted. Changed to; We found that the service has made savings, even though these have

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
			<p>T2020 was designed to save £2.5m (Decision notice 13-2019 Transform 2020).</p> <p>The Service has delivered, and evidenced, almost £2.9m of efficiency savings since the transfer of governance. While these may have come from different places and areas in comparison to the Transform 2020 plans the Service has addressed a MTFP that was projected to have a £2.5m deficit by 2022/23 to now having a balanced MTFP.</p> <p>As with any plans they should always reflect adjustments, changes and areas where assumption may change – this is not a negative, however, it shows positively that the Service is looking for savings in many areas and not simply relying on transformation to deliver savings.</p>	<p>not emerged from the Transform 2020 plans as originally anticipated.</p>
6	29	Paragraph 9 Finance	<p>The report states that: ‘While we recognise that this shared service arrangement is still developing, there is little evidence of the fire and rescue service achieving the anticipated efficiencies.’</p> <p>This contradicts the point made on Page 30 (paragraph 2) that states that ‘We are encouraged to see the improvements the service has made since the last inspection. A specialist business continuity post has been created as part of the shared support service collaboration.’</p>	<p>Not accepted.</p> <p>During inspection it was found to be unclear what the anticipated efficiencies were. An email from the enableNY MD, on behalf of the Collaboration Steering Group dated 17.05.22 acknowledged that “our ongoing work to provide a clear audit trail of the efficiency and effectiveness of the costs, benefits and service quality to NYP and FRS needs to further mature.”</p>

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
			<p>This improvement/investment has occurred within the same cost envelope, has only been possible because of the collaboration and the efficiencies that have been made.</p> <p>It is important to reflect that efficiencies can be that the service is receiving more for the same cost and not simply cashable savings. It is also important to reflect that the Service simply wasn't resourced to be able to deliver many of the things that it now expects/wants the shared service to deliver although for the same cost that it previously spent.</p>	
7	29	Paragraph 3 Finance	<p>The report states that 'Although the budget is balanced over the next four years, the service has achieved this by relying on reserves, changing delivery dates for parts of the capital programme, receiving some unexpected additional funding, and by a reduction in the revenue contribution to capital.'</p> <p>The use of 'although' within the above paragraph would suggest that the mechanisms for balancing the budget are somehow not appropriate.</p> <p>In terms of the reference to the revenue contribution to capital - It is perhaps worth reflecting that prior to the transfer of governance there was no financial capacity to provide any revenue contributions to capital. The over delivery of savings and prudent financial management since then has enabled this to happen.</p>	See comments under entry 3

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
			<p>Subsequently reducing these contributions is not a negative, it is simply part of the overall mechanism to ensure that the budget is balanced and there is the right balance between revenue funding and capital financing.</p> <p>This is one of the many mechanisms within the budget planning process to ensure that the comments in Paragraph 4 on page 29, (i.e. that 'unexpected costs may result in a budget deficit' and 'this may jeopardise any efficiencies that the new RRM might bring') – do not happen.</p>	
8	29	Paragraph 5 Finance	<p>The report states that 'The service acknowledges that its current IRMP and risk profile need improving. And its financial and workforce plans are not fully aligned with its IRMP'</p> <p>From a financial perspective the Section 151 Officer does not agree that the financials are not fully aligned to the IRMP. The financial plans of the Service provide for all of the Wholetime, On-call and Control Roles that are needed/required to deliver the IRMP. These are unchanged since the previous IRMP was agreed.</p> <p>If the service does not (or cannot) deploy them and/or resource to the IRMP that is an entirely different point, however this is not because the finances are unavailable to do so and/or the financial plans do not reflect the IRMP.</p>	<p>Not accepted.</p> <p>We accept that there is a balanced budget however (at the time inspection) the IRMP was out of date and there was no workforce plan therefore financial plans could not be fully aligned with the IRMP.</p>
9	31	Paragraph 3 Finance	<p>The report has a heading that states: 'The service needs to improve the way it shows savings from non-pay costs' – but it does not clarify what this means. There is always a table within</p>	<p>Not accepted.</p>

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
			the approved budget report that clearly sets out all savings that have been factored into the budget/MTFP.	This relates to entry 6 and is associated with the lack of detail regarding what savings or efficiencies Enable will deliver. This is detailed within the section.
10	32	Paragraph 5 Finance	<p>The report states that ‘There are no forecast savings built into any of its assumptions’ – it is unclear whether this is being viewed as a positive or a negative.</p> <p>The Service can demonstrate a balanced 4 year MTFP, with no use of reserves, other than for non-recurring items of expenditure. It has done this without the need to factor in arbitrary savings targets that in many other financial plans have little/no foundation.</p> <p>This therefore means that when savings are developed, which they will be, they can be used to fund unknown costs and/or reinvest in service delivery and help mitigate some of the risks that the report refers to later in paragraph 5 that ‘We are concerned that any unexpected and/or higher-than-expected costs could have an impact on reinvestment plans’.</p>	<p>Noted.</p> <p>We look forward to understanding what savings are associated with development activities.</p>
11	32	Section -The service’s reliance on its reserves is unsustainable Paragraph Finance	<p>This section is inaccurate and does not reflect the MTFP that was approved in February 2022 – which shows a balanced 4 year MTFP without needing to use reserves to fund recurring expenditure.</p> <p>The section also refers to: ‘We found no evidence to show how the service plans to replenish reserves.’</p>	<p>Accepted.</p> <p>Changed to;</p> <p>The service has reviewed its reserve strategy</p> <p>The service has reviewed its reserves strategy and made changes, for example</p>

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
			<p>The Section 151 Officer is unclear why the service would need to replenish its reserves. In line with the Reserves Strategy that was approved in February 2022 the General Reserves of the organisation will remain at around 3% of its annual expenditure and there is no planned use of these General Reserves.</p> <p>Earmarked Reserve, by their definition, are establishment to be spent on specific items and/or to help mitigate future risks. It is therefore entirely appropriate for these reserves to be used in line with the reason for establishing them in the first place.</p> <p>Public Sector organisations should not simply hold onto tax-payers money for some undefined reason and therefore the Section 151 Officer is not clear why we would need to have a plan to replenish reserves. Reserves should only be established for a specific reason and at this time we have not identified any need.</p> <p>The Reserves Strategy sets out that total reserves are expected to be circa £3.7m by March 2025, this equates to around 9% of what we would expect to spend in a year. The Section 151 Officer is unclear why any public sector organisation would plan to have reserves levels that are significantly higher than this over the medium/long term, this is simply hoarding the public's money that has been secured through taxation, instead of using those taxes to deliver the services that they were supposed to be used for.</p>	<p>in the way it deals with revenue contributions to its capital programme. The service's plan for its use of reserves is predominantly for new developments.</p>

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
PEOPLE				
12	36	Paragraph 5 Lines 2-4	<p><i>It should also review how effective its policy on bullying, harassment and discrimination is in reducing unacceptable behaviour towards its staff.</i></p> <p>The service seeks clarification on this point and the triangulated evidence. What is the expected action of the service?</p>	The second AFI on page 43 and narrative in the section entitled, 'The service should review its approach to tackling bullying, harassment and discrimination' refers.
13	44	Paragraph 1 Lines 1-2	<p><i>Trade unions also feel that engagement with senior leaders has become disjointed and reactive.</i></p> <p>We believe <i>disjointed and reactive</i> to be an inaccurate reflection of the positive working relationship we have with our Trade Unions. Forward planning, early engagement and consultation takes place through formal and informal structures.</p> <p>Whilst the service and the trade unions often have different perspectives, solutions and joint outcomes are achieved through our structured and proactive working relationship. This is a shared position with our trade unions.</p>	Noted – this is not language typically used by HMICFRS and reflects evidence provided during the inspection.
14	45	Paragraph 45	<p><i>More is needed to increase staff diversity. As of 31 March 2021, 8.3 percent of all new joiners are women and no new joiners self-declared as being from an ethnic minority background. This shows a reduction for both groups when compared to 2019/20.</i></p>	<p>Partially accepted.</p> <p>Changed to; Whilst there has been some improvement more is needed to increase staff diversity.</p>

Entry No:	Page	Section/paragraph/line number	Service comments	HMICFRS comments
			<p>We feel our direction of travel is demonstrated from the date of our last inspection. This comparison shows that 6.21% of firefighters are now women in 2021 vs 4.7% in March 2018 and that 1.38% of firefighters are from an ethnic background vs 0.5% in 2018.</p>	
15	45	Paragraph 3	<p><i>'For the whole workforce, on 31 March 2021, 1.6 percent were from ethnic minority backgrounds and 14.1 percent were women. The average across fire and rescue services in England is 5.3 percent from ethnic minority backgrounds and 18.0 percent women.'</i></p> <p>We aim to be representative of our local communities. 3.42% of North Yorkshire's population are from an ethnic minority background. Therefore, the national average for ethnic minority backgrounds does not directly translate into a local context for North Yorkshire.</p>	<p>Partially accepted.</p> <p>Changed to; For the whole workforce, on 31 March 2021, 1.6 percent were from ethnic minority backgrounds and 14.1 percent were women.</p>