



LONDON FIRE BRIGADE

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London Fire Brigade is run by the London  
Fire and Emergency Planning Authority

Date 30 September 2011

Dear David

### **LFEPA's shared services submission**

I am writing to provide you with LFEPA's shared services submission as requested in your letter to our Chairman on 5 September. I am providing a detailed update on LFEPA's recent progress in this area, together with information set out in the format proposed in Anne McMeel's note to Nick Griffin of 17 August, in order that the functional bodies provide budget submissions on a consistent basis.

As set out in Anne McMeel's note to Nick Griffin of 17 August, in order to prepare budget submissions to the Mayor on a consistent basis, LFEPA, MPA/MPS and TfL agreed to:

- 1. Establish the revenue budget provision for an agreed schedule of services ('Appendix A' to the note) with 2008/09 as the base year.**
- 2. Identify revenue budget savings made on the services included in Appendix A since 2008/09.**
- 3. Identify benchmarking carried out on the services included in Appendix A.**

This information is set out in Appendix 1 to this letter.

- 4. Identify the savings dependent on collaboration and shared services, either internally or with external partners (GLA group or otherwise).**

Work continues on development of the 2012/13 budget in order to provide a full and final budget submission. It is expected that the savings proposals will include further savings which are dependent on shared services, for example, the planned provision of the GLA's payroll and related HR services by LFEPA.

- 5. Develop an implementation plan to share the contract databases held by MPA/MPS, TfL and LFEPA.**

LFEPa shares expenditure information on a regular basis with the other functional bodies. To support this process, a database is being developed that will capture and update current spend across the three organisations. This will enable areas of spend to be prioritised, which will speed up the identification of further opportunities to share services and reduce costs. It is anticipated that the database will be completed in November 2011.

You should also note, as part of this submission, that on 13 June this year, our Finance and Personnel Committee took a report on progress on shared services in LFEPa, and the Committee agreed that LFEPa would continue to ensure that opportunities for outsourcing and shared services were a key component of its drive to improve efficiency. I am including some of the information from that report here, as I hope it will help to show what progress LFEPa has already made on outsourcing and shared services, and also that a number of ambitious projects are currently being delivered. The outsourced and shared services that are already in place are set out at Appendix 2. Appendix 3 shows those that are currently planned and Appendix 4 sets out those that are being considered for the future.

As the appendices demonstrate LFEPa has an extended history in outsourcing services and for some aspects of the Authority's services this is the predominant supply mode. The Authority let the first PFI contract for vehicles and equipment within the Fire and Rescue Service in November 2000. Specialist functions across IT and Property have also been outsourced for many years.

Numerous significant procurement projects that may result in external supply outcomes are currently being progressed, including the Authority's training function, its control room function and the provision and facilities management of nine new fire stations under the PFI initiative. These projects are taking place over a similar time frame and potentially represent a significant change programme for the Brigade.

LFEPa also takes an active role in the GLA shared services agenda and has recently set up shared service arrangements for both the Democratic Services function with the GLA and the provision of a secondary data centre via TfL. The Authority also agreed that the opportunity to provide a payroll service and HR system to the GLA should be pursued, and this is due to go live next month. The Authority is keen to share a range of services where it is proven that doing so will deliver value to LFEPa and other initiatives are under discussion. Discussions can often be slower than hoped due to the different starting point of the individual GLA bodies – for example as a result of contracts expiring at different times. It can also be the case that the shared service solution does not always provide improved value for money.

An example of this is where the body with the capacity has a higher cost base than LFEPa but LFEPa does not have the capacity to offer the service in reverse. A recent example of this is our initial investigation into a consolidated IT helpdesk with TfL. This indicated that it would have cost LFEPa £12 per call whereas the current internal cost per call is approx £5. TfL are now reconsidering the model as a result.

All of LFEPa's departments have some element of their services outsourced or shared and over 20 per cent or £94.5m of the Authority's total expenditure is made to a third party under contract. This compares with the fact that 67 per cent of our total expenditure is on operational staffing.

The budget challenges that the Authority expects to face in the coming years mean that it will be important to continue to benchmark and market test the cost of services to ensure that they provide value for money. The Authority's thinking and appetite for alternative forms of service provision has matured over recent years from outsourcing to other forms of service transformation such as partnering and shared services. This is reflected at a national level in the recent consultation and green paper "Modernising Commissioning" where the promotion of independent provision in key public services by voluntary and community organisations, social and private enterprises is championed in the pursuit of

increased innovation and efficiency through competition and consumer choice. LFEPA officers are already thinking how this approach could be used to encourage alternative forms of service provision.

As you can see, the extent to which services can be provided in alternative ways forms a key part of the ongoing drive towards increased efficiency and will continue to be a central part of the budget review process over the coming years.

I hope you find this submission helpful, and I look forward to continuing to work with you both on shared services and on budget development for 2012/13 and beyond.

Yours sincerely

*Alan M Ross*

PP

**Sue Budden**  
Director of Finance and Contractual Services