



ENHANCING SERVICE, SUSTAINING RESILIENCE, EXPLOITING INFORMATION.

Final Business Case considering the governance of
Shropshire Fire and Rescue Service, and
Hereford & Worcester Fire and Rescue Service



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I stood for Police and Crime Commissioner in West Mercia as I believed we can do more to support our communities to be safe and to feel safe. As Commissioner I have begun with earnest the investment in, and reform of, West Mercia Police to support them to be increasingly effective and efficient.

I do not believe in collaboration for collaboration's sake. Any collaboration must have clear aspirations and a clear process for delivering those aspirations. Any collaboration of blue light services must put public safety first; that is the test I have applied in my business case, and I am confident that test has been met.



This business case clearly shows that, by moving to joint governance for both Fire and Rescue Services and Police, current levels of public safety can be improved. The business case also clearly shows that much of what I am proposing can be delivered under the existing Governance arrangement, but has not been to date. There are good pockets of collaboration across West Mercia, but historical actions of the Fire & Rescue Authorities, combined with their response to my proposals, support the business case conclusion that the current governance arrangements will not take effective collaboration as far as it can or at a pace that our communities need. I am proposing the creation of a “Fire Alliance” between Shropshire FRS and Hereford & Worcester FRS which will then enable more effective collaboration with West Mercia Police and other partners. A “Fire Alliance” would ensure local identity of services can be maintained.

The three month consultation for the business case development has shown overwhelming public support for the proposals, whilst the Local Authorities expressed concerns and didn't support a change in governance. I am confident that I have addressed the Local Authorities' principal concerns within this full business case I am submitting to the Home Secretary.

I am incredibly proud of the work our emergency services do across West Mercia and I am committed that the governance of those services must be fit for purpose to sustain them in the future, and provide the necessary resources to continue to invest in public safety.

A handwritten signature in black ink that reads "John Campion". The signature is written in a cursive, flowing style.

John Campion
West Mercia Police and Crime Commissioner

1 INTRODUCTION AND EXECUTIVE SUMMARY

1.1. Preamble

- 1.1.1. The Policing and Crime Act 2017 introduces measures which places a statutory obligation on emergency services to collaborate. It also enables Police and Crime Commissioners (PCCs) to take on responsibilities for fire and rescue services in their area. In setting out the measures the then Home Secretary said that she believed “that it is now time to extend the benefits of the Police and Crime Commissioner model of governance to the fire service when it would be in the interests of economy, efficiency and effectiveness, or public safety to do so”. The nature of that change would be “bottom up, so that local areas will determine what suits them in their local area”.¹
- 1.1.2. The opportunities presented by the new Policing and Crime Act 2017 have been clearly set out by both the Policing and Fire Minister and the West Mercia Police and Crime Commissioner. In a speech to the Association of PCCs and the National Police Chiefs’ Council in November 2016, Brandon Lewis MP, then Policing and Fire Minister, said that “while collaboration between the emergency services is showing an encouraging direction of travel, it is not consistent across the country and we need to be doing more to ensure collaboration can go further and faster and to not get trapped into saying ‘we don’t do that around here’”.²
- 1.1.3. The current Police and Fire Minister, Nick Hurd, recently wrote to PCCs and FRA chairs to affirm “I expect the pace and ambition of this work to continue and look forward to seeing the final business case submissions and the benefits a change in governance will bring to our local communities.”³

1.2. The PCC’s proposal

- 1.2.1. The West Mercia PCC proposes to assume the governance of the Hereford and Worcester Fire and Rescue Service (HWFRS) and the Shropshire Fire and Rescue Service (SFRS) as enabled by the Policing and Crime Act 2017. The separate identities of the three services will be retained. A joint governance approach will facilitate enhanced collaboration between police and fire services and deliver better outcomes for the public. It will support the operational sustainability of both services in a largely rural area against a background of reduced public funding; and at the same time produce efficiency savings that other governance models are highly unlikely to be able to deliver.
- 1.2.2. The change in governance will enable four principal gains:
- Sustainable and highly collaborative front-line Fire and Policing Services providing more resilient public safety services, enabled through shared supporting and enabling services;
 - Savings from sharing support services may be diverted to increase the numbers engaged in prevention activity providing a direct contribution to improved public safety;
 - Sustainable reduction in costs achieved through collaboration and shared facilities;
 - Direct democratic accountability of the proposed PFCC to the electors of Herefordshire, Worcestershire and Shropshire with lower cost of delivery of governance.

- 1.2.3. The PCCWM intends to maintain the two Fire and Rescue Authorities (FRAs) together with the existing separate precepts and financial accountabilities.
- 1.2.4. These gains will be delivered across six streams of activity:
- Joint governance delivering direct democratic accountability and efficiency savings of £1.6m over 10 years (average of £157k per annum, NPV £1.3m);
 - Integration of fire command structures maintaining command resilience while delivering efficiency savings of £5.0m over 10 years (average £504k per annum, NPV £4.1m);
 - Integration of Shropshire Fire Command Centre with the Operations Communications Centre shared by Hereford and Worcester Fire and Rescue Service, West Mercia Police and Warwickshire Police at Hindlip with savings of £5.6m over 10 years (average £560k per annum, NPV £4.7m);
 - Alignment of Fire ICT and outsourced services with Police equivalents with total savings of £5.7m over 10 years (average £574k per annum, NPV £4.4m);
 - Increased inter-service collaboration particularly through premises sharing, achieving savings of £2.0m over 10 years (average of £203k per annum, NPV £1.66m);
 - Consolidation and integration of all supporting and enabling services across all three organisations (and in conjunction with Warwickshire Police through the Police Alliance) to deliver savings of between £10.7m and £26.3m over 10 years (average of £1.07 and £2.6m per annum, NPV £8.9m to £21.9m).
- 1.2.5. Delivery of full benefits will be achieved from 2021 onwards with some investment required in the intervening years. All savings are cashable.
- 1.2.6. The total projected financial benefit of these streams of activity amounts to between £30.6m and £46.3m over 10 years (average between £3.1m and £4.6m per annum, NPV £25.1m to £38.1m). It is the intention of the PCC that rather than realise all of that gain through reduced spending, a proportion of the savings realised from changes in governance, supporting and enabling services may be reinvested in public safety through collaborative, preventative staffing and actions. This will depend on the ability of the services to collaborate in achieving the savings.
- 1.2.7. West Mercia Police have conducted comparisons with other services, such as the Multi-Force Shared Service based in Cheshire, which confirm that the stated minimum supporting and enabling services savings are achievable. Experience and comparisons with other sectors suggests that additional savings of at least a further 10% and up to 25% from supporting and enabling services over and above those from an arrangement like the Multi-Force Shared Service are achievable. These two projections form part of the upper and lower limits of the projected financial benefits from the consolidation and integration of all supporting and enabling services.

ITEM	TOTAL	AVERAGE	NPV
Joint Governance	£1.6m	£157k	£1.3m
Integration of Fire Command Structure	£5.0m	£504k	£4.1m
Integration of Shropshire Command Centre	£5.6m	£560k	£4.7m
Alignment of ICT and Outsourced Services	£5.7m	£574k	£4.4m
Premises Sharing	£2.0m	£203k	£1.7m
Consolidation of Supporting and Enabling Services	£10.7m to £26.4m	£1.07m to £2.6m	£8.9m to £21.9m
Lower	£30.6m	£3.1m	£25.1m
Upper	£46.3m	£4.6m	£38.1m

1.3. Key Elements of the Proposed Arrangements

- The PCC will become the Police Fire and Crime Commissioner (PFCC) for West Mercia.
- The PCC will assume the functions and responsibilities of the Fire and Rescue Authorities for Hereford and Worcester and for Shropshire.
- Both HWFRS and SFRS will remain separate entities initially each under their own Chief Officer.
- The staffing and functions of the Office of the PCC will be extended to incorporate the statutory, reporting and administrative obligations and functions of the existing Fire Authorities.
- The three services (plus Warwickshire Police where appropriate) will adopt an alliance command and leadership structure.
- The PFCC in consultation with all chief officers will develop a shared and integrated Police, Fire and Crime Plan.
- The two FRS will retain separate Integrated Risk Management Plans (IRMPs), with mirrored aspects where there is a joint or collaborative approach.
- Police and fire services will develop and deliver joint police and fire services for prevention and public safety.
- There will be improved public safety and wider service delivery as a result of investment in information and related systems and technologies.
- There will be acceleration of operational collaborative working, with associated more rapid delivery of efficiency and financial benefit.

1.4. Summary Rationale for Proposal

- 1.4.1. Joint governance will serve to increase public safety through accelerated collaboration and efficient resource utilisation. It will enhance community resilience while limiting the risk of organisational cultural barriers and change resistance. Joint governance will increase effectiveness by removing local barriers to significantly greater levels of collaboration and reducing risk of resistance from inappropriate self-interest. It offers the greatest potential for significant efficiency gains with low implementation costs.
 - 1.4.2. In contrast to maintaining the current representational model this proposal simplifies decision-making and creates a focus for ambition and drive, making it easier to provide clarity of strategic direction. The creation of a PFCC offers clear accountability to the public for the desired outcomes and makes it easier to remove inter-organisational barriers and unnecessary bureaucracy.
 - 1.4.3. Whilst the current governance arrangements are not in themselves defective, maintaining the representational model (and its associated trajectory) will not deliver the available efficiency and economic gains. Continuing pressure on public finances will make it ever harder for the individual organisations to sustain resilient services.
 - 1.4.4. Attempting to bring the organisations together through a single entity, single employer model would offer only marginally greater benefits while introducing significant complexity, tension and organisational disruption with the potential to threaten public safety, community resilience and confidence in the services.
 - 1.4.5. Extensive public consultation on this proposal resulted in 60.7% of those consulted (794 of 1307 responses received) being in favour of the PCC's outline proposal.
 - 1.4.6. Consistent with the research proposal and with APACE1 guidance three options were considered:
 - Sustain Current Trajectory (the Representation Model);
 - Single Employer Model;
 - Joint Governance.
- 1.5. This document sets out the analysis and proposal in full.

2 PROCESS

2.1. Initial business case

- 2.1.1. It was determined from the outset that if any change were to arise from the exploration of this business case then shared development of that change and engagement and collaboration by all parties throughout the process would best support its implementation.
- 2.1.2. Two processes were undertaken in parallel:
- Collection and collation of organisational data concerned with structures, establishments, budgets, financial plans, information systems, core contracts and both ongoing and planned projects and changes;
 - Semi-structured interviews with the PCC, the Chairs of the Fire and Rescue Authorities, Chief Constable and Chief Fire Officers, their Deputies and Assistants and nominated officials. These particularly included understanding the process and impact of ongoing projects and the process and impact of existing collaboration activity (so that in no option would financial benefits be double counted).
- 2.1.3. The purpose of these interviews was to provide maximum opportunity for the individuals concerned to express their views, ideas and concerns about the question under consideration. It served to allow them to be fully involved in the discussion about possible options, the rationale for those options and to raise any issues of particular concern.
- 2.1.4. When this process had been completed the data was interpreted and then assessed against the three principal options.
- 2.1.5. Initial findings were informally explored with the PCC and subsequently presented to a meeting of the leaders (democratic, officers and officials) of all three organisations. Essentially well received the leaders expressed concern that the business case should rest more heavily on the issue of sustainability, organisational resilience and the potential to improve the community outcomes of the three services and less on the potential for financial savings. It was considered that financial savings could be achieved, while there was debate about both timing and quantity.
- 2.1.6. A further round of discussions and interviews was undertaken, as was a second 'all-organisations' meeting to discuss the draft business case prior to its formal submission to the PCCWM.

2.2. Consultation

- 2.2.1. The Policing and Crime Act 2017 places a requirement on the PCC to consult with the following groups: each relevant authority; people in the area; employee representative groups from the fire service and employee representative groups from the police service.
- 2.2.2. A public consultation exercise ran for 13 weeks, commencing on 12th June and ending on the 11th September 2017, and followed the Cabinet Office consultation principles guidance.
- 2.2.3. The methods of engagement and communication were tailored to each of the stakeholder groups to increase participation and feedback and these are outlined in more detail later in Annex 1.



2.2.4. 60.7% of respondents to the consultation were supportive of the PCC taking on the governance of the two Fire and Rescue Services within West Mercia. This is in contrast to the response from the statutory consultees and other stakeholders who all but one were opposed to the proposals. There was one individual response which is unclear in its support or opposition.

2.2.5. The full report on the consultation is attached as Annex 1, with documents related to the consultation added as further appendices.

2.3. **Final business case**

2.3.1. The preparation of the final business case (FBC) involved the following additional activity:

- Review of comments made on the initial business case by others.
- Further conversations with the chief fire officers.
- Re-examination of the five cases in the light of more recent information which became available after the initial business case was completed.
- Review of all financial aspects with the local professional heads.
- Review of the consultation findings and comments, particularly in relation to objections raised.
- Detailed consideration of implementation options.
- Further discussion with constituent authority leaders.
- Review of the business cases produced by other PCCs.

All parties have been friendly, open, supportive, prompt and efficient.

3 STRATEGIC CASE

This section of the business case sets out the legislative and strategic context for police and fire collaboration and governance, summarises the case for change and sets out the strategic risks. This provides the context, and change objectives, for appraising the options.

In summary, the strategic case is that substantial gains can be made from collaborative working, notably sustainable front-line Fire and Policing Services providing more resilient public safety services, enabled through shared supporting and enabling services and accompanied by a sustainable reduction in costs. These outcomes will be best achieved by adopting the joint governance model which has the additional benefit of providing direct democratic accountability to the electors of Herefordshire, Worcestershire and Shropshire with lower cost of delivery of governance.

3.1. The Current Situation

3.1.1. West Mercia Police

3.1.2. West Mercia Police is governed by the Police and Crime Commissioner for West Mercia supported by a Deputy and a Chief Executive, Treasurer and other governance functions. West Mercia Police is led by a Chief Constable and Deputy and delivers its services through an alliance with Warwickshire Police which has a matching senior command structure. The senior alliance leaders are Assistant Chief Constables and Directors (see Figure 1). It should be noted that provision of fire and rescue services in Warwickshire is not a consideration of this business case. The policing alliance is included because of its implications for the change under consideration.

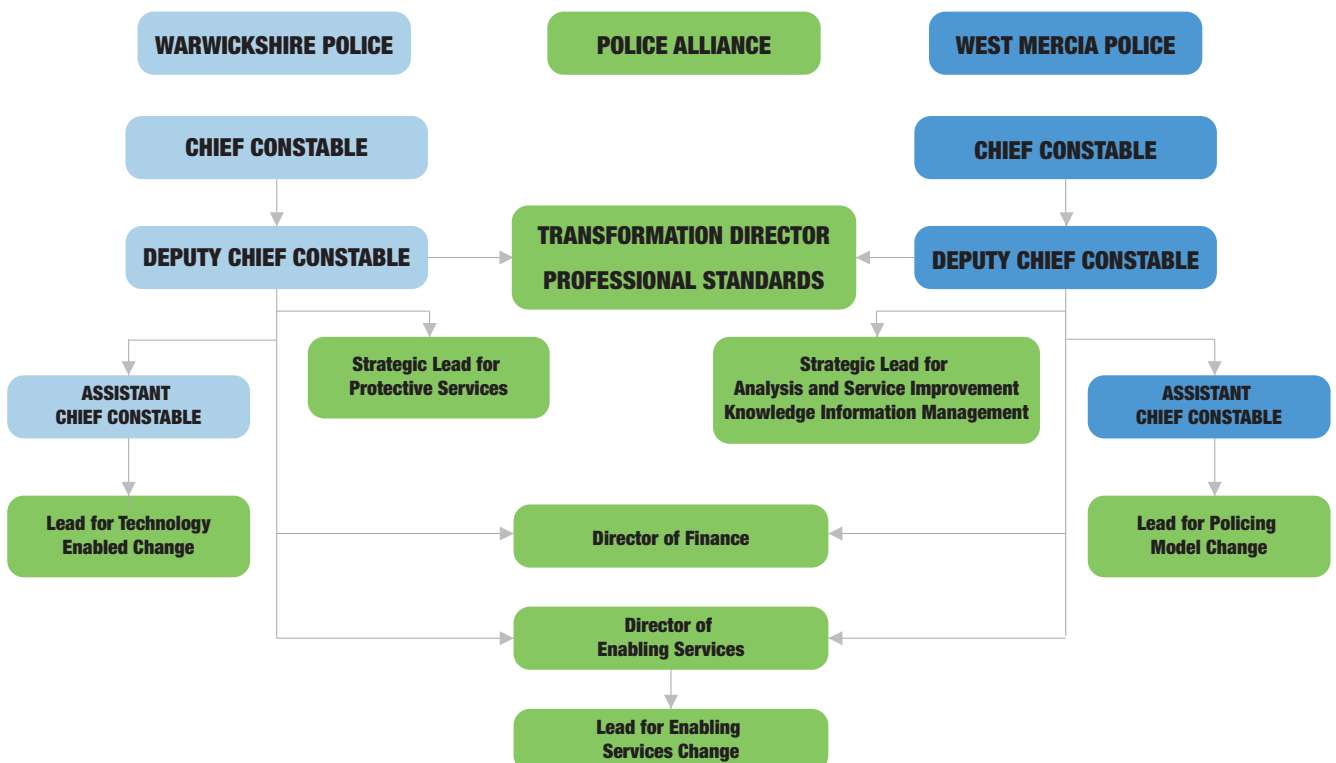


FIGURE 1

- 3.1.3. The police alliance extends to both Local and Protective Services policing which may have practical implications for collaboration between Police and Fire & Rescue Services in Herefordshire, Worcestershire in particular (having a shared boundary with Warwickshire Police), though less so for Shropshire.
- 3.1.4. Of direct relevance to the change under consideration are three elements of the alliance structure. Warwickshire Police and West Mercia Police share a single Director of Finance and common Finance and Procurement function, and a single Director of Enabling Services with common Fleet, Legal, Training, HR, ICT and other support functions. This means that some of the benefits of shared services have already been realised. In the event of a change in governance there will be a need to adapt those shared services to accommodate new approaches, behaviours and processes that might arise. There is also an alliance role of Transformation Director with responsibility for design and delivery of future policing. The existence of established integrated support functions serving two services may make the absorption of additional processing more straightforward (though it is recognised that there may be significant variation from the fire services in some aspects). Similarly, the style of delivery and performance standards will be reviewed to ensure that the support meets the needs of all the organisations. Along with HWFRS Warwickshire Police and others, WMP outsources most of their property management functions to a jointly owned company, Place Partnership Ltd, in which it also plays a role in ownership and governance. WMP also outsources payroll operations.
- 3.1.5. The alliance has a number of significant projects in course and care will need to be taken not to disrupt them from, on time, to standard, delivery in this process of potential governance change. These projects include major ICT upgrades and a new control room in particular (shared with HWFRS). Care has also been taken to ensure that the financial benefits of existing changes are excluded from this proposal.
- 3.1.6. At April 2017, West Mercia Police had an establishment of 2086 police officers, 2381 police staff and 403 specials.



3.1.7. Hereford and Worcester Fire and Rescue Service

3.1.8. Hereford and Worcester Fire and Rescue Service is governed by Hereford and Worcester Fire and Rescue Authority. The Authority is made up of 25 Councillors (6 from Herefordshire, 19 from Worcestershire) who conduct the democratic governance functions and are supported by 2 support staff plus legal services, monitoring and treasury. The Fire and Rescue Service retains its own finance, HR and other support functions. HWFRS is headed by a Chief Fire Officer supported by a Deputy CFO responsible for Service Support, Assistant CFO responsible for Service Delivery and a Director of Finance who is also Treasurer to the Authority. There is an independent head of Legal Services who acts as Clerk and Monitoring Officer (see Figure 2). With WMP and others it outsources most aspects of its property management to a contractor, Place Partnership Ltd (PPL), in which it also plays a role in ownership and governance. As at 15 February 2017 around 80% of the establishment, 777 person, HWFRS workforce were firefighters and of these 388 were retained firefighters, reflecting the rural nature of the area.

3.1.9. HWFRS had 27 Fire Stations of which 8 have whole time crews available serving a population of around 750,000.

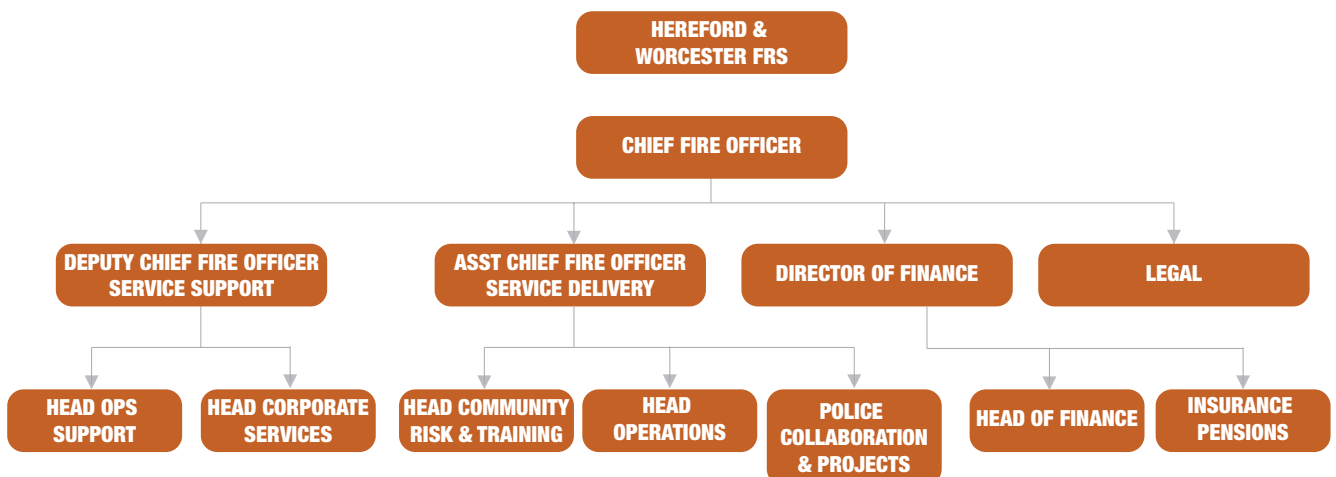


FIGURE 2

3.1.10. HWFRS is undertaking a number of change and transformation projects. In addition to the development of the joint control room with WMP it is, like all emergency service organisations, working on the Emergency Services Network and Public Services Network projects and it has also transferred operation of its payroll to Warwickshire County Council. It has also commenced working on collaborative projects with Warwickshire Fire and Rescue Service, and on a 'blue light hub' for the Wyre Forest District. A project to renew Evesham Fire Station is now completed and work continues on a similar project in Hereford jointly with WMP and Herefordshire Council.

3.1.11. Shropshire Fire and Rescue Service

3.1.12. Shropshire Fire and Rescue Service is governed by Shropshire and Wrekin Fire and Rescue Authority. The Authority is made up of 17 Councillors who conduct the governance functions and are supported by a Treasurer and part time support staff with most functions outsourced to local authorities. The Fire and Rescue Service retains its own finance, ICT, HR and other support functions. SFRS is headed by a Chief Fire Officer supported by a Deputy CFO responsible for Service Delivery and Training, Assistant CFO responsible for Corporate Services (HR, ICT, Planning and Performance), Head of Finance and Head of Resources (see Figure 3).

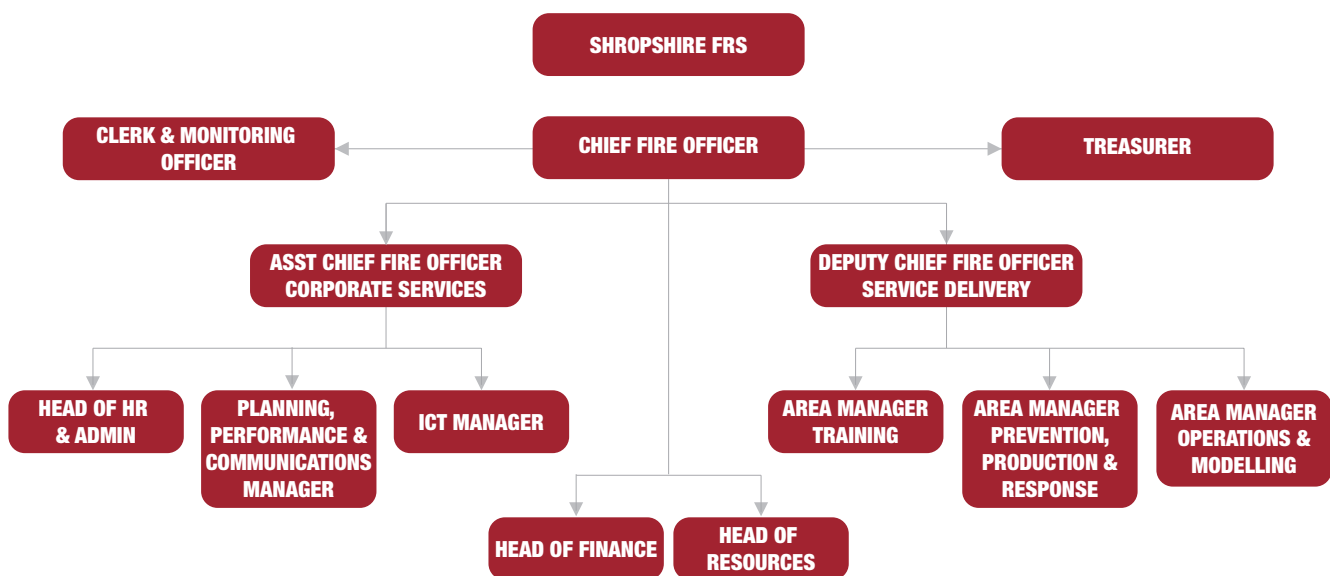


FIGURE 3

3.1.13. At April 2017, SFRS had an establishment of 640 of whom 79% were firefighters (177 whole time and 332 retained). This proportion again reflects the very rural nature and widely distributed population of Shropshire. SFRS had 23 Fire Stations of which 3 are permanently staffed, serving a population of 473,000.

3.1.14. SFRS has delivered service efficiency gains and reviewed its Telford site to improve its utility for SFRS and local resilience. A number of other operational improvements have been delivered in relation to people and systems in particular.

3.1.15. In assessing the strategic case for change and urging the potential for greater collaboration it is important to emphasise that no criticism is offered of the performance of the existing governance or organisations in isolation in their current form. We have not identified deficiencies in any dimension of their performance which lead us to consider that there is a failure or risk of failure to overcome. The argument presented is rather that there is an opportunity for more to be achieved on the same resource base by working together under joint governance and a co-developed plan than by working separately.

3.2. Drivers for change

3.2.1. National policy

3.2.2. In its manifesto, the government committed to deliver greater joint working between the police and fire service. As part of implementing this commitment, the Home Office took over ministerial responsibility for fire and rescue policy from the Department for Communities and Local Government in January 2016.

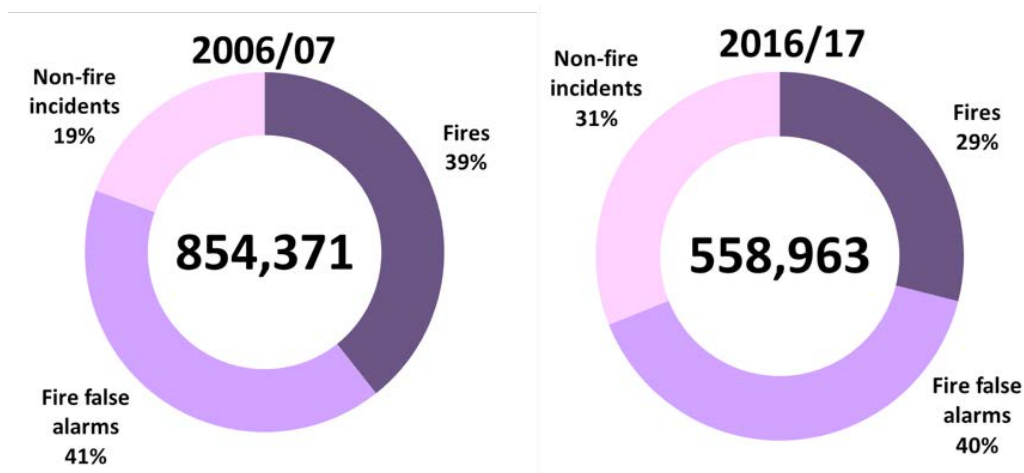
3.2.3. In January 2017, the Policing and Crime Act came into law. The Act places a high-level duty to collaborate upon all three emergency services (including the ambulance service) in order to improve efficiency or effectiveness.

3.2.4. The Act also enables PCCs to take a stronger role in the governance of their local fire and rescue service, either through sitting on the fire and rescue authority (the representation model), or taking on overall responsibility for fire and rescue services (the joint governance and single employer models). This is subject to tests to ensure that changes will deliver improvements in efficiency, effectiveness or public safety. These tests form the heart of the assessment of options in this final business case.

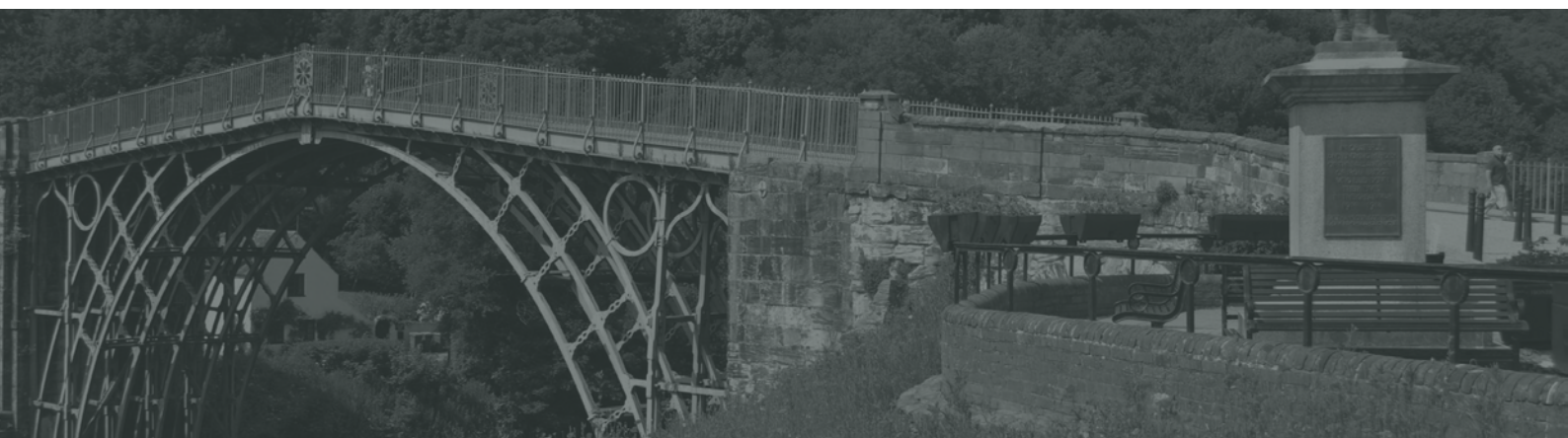
3.2.5. The 'Policing Vision 2025' - set out by the APCC and NPCC in November 2016 - also sets out a number of areas where closer collaboration with local partners, including other emergency services, can help improve public safety and deliver value for money. These include ensuring a whole system approach to public protection, and a whole place approach to commissioning preventative services in response to assessments of threat, risk and harm and vulnerability. It also highlights the opportunities for enabling business delivery through shared services.

3.2.6. Trends in policing and fire safety

3.2.7. There are strong operational drivers for closer collaboration between fire and police as both services give more focus to public safety. It is vital that fire services retain their capacity to respond effectively to emergency incidents. At the same time those services are becoming more engaged in other public safety functions, many of which overlap with police activity.



- 3.2.8. Crime, as measured by the independent Crime Survey for England and Wales, has fallen by more than a quarter since June 2010.⁴ However, a College of Policing analysis of demands on policing⁵ found evidence that an increasing amount of police time is now directed towards public protection work, such as managing high-risk offenders and protecting vulnerable victims. Such cases often require considerable police resource and close working with other statutory agencies. In the 12 months to September 2017, WMP attended 162,987 incidents of all types of which 75,799 (46.5%) were related to Public Safety and Transport matters rather than reported crime.
- 3.2.9. Incidents attended by fire and rescue services in England have been on a long-term downward trend. The latest statistics bulletin from the Home Office⁶ states that, nationally:
- 558,963 incidents were attended by FRSs in 2016/17. This was a six per cent increase compared with the previous year (529,504 in 2015/16), in contrast to an eight per cent decrease compared with five years ago (606,875 in 2011/12), and a 35 per cent decrease compared with 10 years ago (854,371 in 2006/07).
 - For the first time since 1999/00 (when comparable records are available) FRSs attended more non-fire incidents in 2016/17 than fires.
- 3.2.10. Both HWFRS and SFRS have experienced a reduction in the number of incidents they respond to in the last decade. In 2016-17 HWFRS attended 6749 incidents, a small increase on the previous year. Of the calls attended, 1,887 were in relation to Fire, 3,302 were false alarms for various reasons, 1,560 were for special services including road traffic collisions⁷. SFRS attended 3,544 incidents in 2016/17. Of these, 1,120 were in relation to fire, 1,702 were false alarms for various reasons, 722 were for various special services including 303 road traffic collisions.⁸
- 3.2.11. The decline in fire incidents is attributed to a range of factors including fire prevention work, public awareness campaigns, standards to reduce flammability such as furniture regulations, and the growing prevalence of smoke alarm ownership in homes. All of which have been instigated, promoted or supported by the prevention activities of fire and rescue services.
- 3.2.12. As with the police, fire and rescue services are targeting prevention resources at people, property and locations most at risk. Both WMP and WMFRS/SFRS recognise that there is a significant overlap in those with whom they seek to engage. Data sharing could be significantly improved in this area to provide a sound evidence-based approach to integrated service delivery. Ultimately there should be a genuinely integrated approach to risk management.



3.2.13. **The impact of the Grenfell Tower Fire**

3.2.14. It is suggested that the inquiry into the Grenfell Tower fire will not have a direct impact on proposals for governance because changes in governance do not, by themselves, result in changes in service delivery. Changes to service delivery that result from the Grenfell inquiry will apply regardless of governance models and will need to be implemented by the fire and rescue services not by the governing body. The focus will remain on public safety.

3.2.15. The focus of the inquiry is on fire safety in multi-occupancy high-rise buildings. There are few of these in West Mercia. It is possible that the inquiry could lead to increased, unfunded responsibilities for fire and rescue services through new regulation. It is the contention of this FBC that the proposed change in governance and ensuing increase in collaboration will make West Mercia more able to implement any such requirements. This will be achieved through closer working between HWFRS and SWFRS, particularly the development and implementation of policy, training and expertise, and through the economic benefits that will result from the change in governance and from increased collaboration.

3.2.16. **Finance**

3.2.17. There are financial pressures for change. The WMP Budget (2017/18) is £212m. The budget includes savings of £10.7m based on previous years' underspend and £3.5m in new efficiencies. The Medium Term Financial Plan for West Mercia requires total savings of £21.9m by 2020-21⁹ and savings of £12.3m over 10 years (£1.2m per annum, NPV £10.6m) are being delivered in the current year.

3.2.18. The Revenue Support Grant from Government for HWFRS and SFRS has fallen and will fall by an average of 22% between 2007/8 and 2019/20. HWFRS has a budget of £31.6m (2017/18) and is aware that it needs to close a budget gap of £1.6m by 2020/21. SFRS has a budget of £21.3m in 2017/18. Action taken some years ago means that the service will not require further savings before 2021.

3.2.19. Experience from the West Mercia–Warwickshire policing alliance shows that collaboration, enabled through effective governance, is a key enabler of financial savings while protecting the quality of service delivery to the public.

3.3. **The opportunity: what enhanced collaboration can deliver**

3.3.1. Collaboration can produce better outcomes for the public by:

- Bringing police and fire resources together in coordinated and intentional activity to enhance public safety
- Improving service resilience
- Offering better value for money
- Savings that will allow more resources to be directed towards public safety through an increase in those working on prevention with the police

3.3.2. As all three organisations continue to deliver the same or better levels of service on lower budgets there will come a point where existing business and service delivery models have

been refined and reduced to their limits. At that point, the services will need to consider reductions and/or variation in service. Joint working and collaboration will encourage the redesign of services and challenge the organisations to develop transformative ways of working to deliver the same services on a lower cost base and obviate the need for service reductions.

3.3.3. In discussions, senior police and fire officers identified a number of ways in which collaboration could make better use of resources and improve outcomes. These included reconsidering how to more frequently deploy Retained Duty System (RDS) resources in appropriate circumstances. This might include working together more closely on youth engagement, mental health issues, and meeting the needs of vulnerable people, all of which could be supported by the ability of those in the control room to draw upon the full range of resource available whilst ensuring the services' respective expertise is respected and deployed appropriately.

3.4. **The potential for collaboration to achieve the desired outcomes**

3.4.1. Officers from police and fire services will be able to work out the details of specific collaboration projects soon after the transition to joint governance. These projects are expected to include the following features, all of which have a direct impact on operational effectiveness and efficiency:

- A shared control room, including back-up facilities.
- Routine sharing of stations and other assets.
- Routine sharing of resources in the management of a variety of public safety situations including RTCs and missing persons incidents.
- Operational intelligence sharing.
- An expansion of the PCSO/RDS scheme (see Section 3.4.10).

3.4.2. Operational collaboration will be supported by and dependent upon strategic planning and working at command level. This must include estates and intelligence as well as operational deployment. Collaboration at the front-line will allow services to be more flexible, resilient and responsive, thus improving public service and safety as well as delivering annual savings from premises of at least £203k per annum (see the financial case below for details concerning these average savings). It will be further supported by the proposal to integrate enabling and support services. It is important to note that although the sharing and integration of these services creates savings and financial efficiencies, it will also enable collaboration as the routine way of working across West Mercia.

3.4.3. Gains will be delivered by collaboration in two dimensions: between fire and police services and between the two fire services. The police and both fire services will develop a strategic plan for police/fire collaboration delivered through an alliance command structure. Police and fire staff will be able to work routinely from the same buildings, with fire staff supporting police-led public safety activity and with PCSOs also serving as RDS firefighters where required. Fire/fire collaboration will allow the fire services to share command and training functions and maintain or improve service within their resources. They can also share policy-making and communications functions and some equipment. Fire/fire collaboration is likely to eventually reduce the number of command and training roles required across the two organisations.

- 3.4.4. In bringing support services together annual savings of £574k will be delivered (see the financial case below for average annual details). As stated above, it is essential to recognise that a “one size fits all” approach to shared enabling services will not work. Shared services must provide tailored support based on real understanding of the different needs of the three services. There is also no need for a modern shared service to be physically sited in any particular place and it is anticipated that services can continue to be geographically distributed and that use is made of a business partner model to ensure that the service meets the needs of the three organisations. It will be equally important to recognise and support those areas where specialist technical expertise or dedicated and specialised equipment is essential to the provision of an effective service. It will be one of the tasks of the Chief Officers to ensure that all these features are recognised and sustained.
- 3.4.5. Shared command and support services will also enable the services to realise the major strategic opportunity that resides in the potential to exploit investment in an information-enabled future. Substantial investment is already being made by WMP, Warwickshire Police and HWFRS in the new Operations Communications Centre together with a range of supporting investments in new infrastructure hardware and software. While SFRS has already been making investment in Information and Communication Technology (ICT), the opportunity for it to join with the joint control room facility and for all services to be aligned around the most appropriate software and technologies can be most easily realised through joint governance. This will be consistent with the development of the Emergency Services Network (ESN) and Public Services Network (PSN) infrastructures. New ICT allows for new ways of working both in operations and in supporting and enabling services. Examples include:
- prediction of service demand;
 - more flexible dispatch and control;
 - utilisation of drones and other robotics;
 - deployment of staff on areas of new demand such as dementia care, missing persons preventative services and support for the most vulnerable.
- 3.4.6. In these, both the statutory responsibilities and management of delivery will need to be aligned.
- 3.4.7. It is important to stress that this business case envisages police and fire services retaining operational independence and continuing to manage their own affairs. While joint planning at command level will manage areas of collaboration, each police and fire service will continue to develop their own plans to manage their own business. All three services must be able to continue to collaborate with other bodies. The proposed joint governance model enables all three services to ensure that police/fire collaboration supports rather than inhibits region wide, systemic collaboration on matters that affect public safety.
- 3.4.8. It is also important to note that savings will be applied in whichever of the three organisations they arise and will contribute to that organisation’s current efficiency and savings requirements.

3.4.9. Existing police/fire collaboration projects in West Mercia

- 3.4.10. Police and fire services work more closely now than in the past on a range of matters of common concern such as prevention and protection, response, training, estates and programme management. Specific collaboration projects include:
- A pilot project being delivered by HWFRS and SFRS in which PCSOs have been trained as RDS firefighters. Training has taken place from Jan 2016, and the trained officers have been in service in both roles from April 2016. It is not clear, however, how effective this has been nor what benefits have accrued.
 - HWFRS plan to move their HQ to the location of the WMP HQ at Hindlip in August 2018.
 - WMP (in alliance with Warwickshire Police) and HWFRS have advanced plans to co-locate police and fire control in a joint new building (the Operations Communications Centre) at Hindlip. The building project will be completed in January 2018 and facility in operation later that year.
 - There is combined police and fire use of some buildings. A new joint station is proposed for Hereford and a new shared station established in Bromsgrove in 2014. Police officers are based at Newport fire station. Other such projects are at varying stages of progress.
 - Police and fire services mount joint high visibility patrols in Telford and other places
 - Place Partnership Ltd provide property services, owned by and providing services to HWFRS, WMP, Warwickshire Police, and Worcester City, Redditch Borough and Worcestershire County Councils.
 - Joint paramedic training has been discussed, but not enacted.
- 3.4.11. These initiatives are important steps to realising the potential of collaboration and constitute examples of positive intent and goodwill. They move the collaboration agenda on. But they are limited in scope and impact because:
- They do not appear to be supported by clear objectives, either operational or financial.
 - They are not being monitored against clear success criteria in particular service or financial outcomes.
 - They rely on local initiative and are not the result of strategic police and fire planning.
 - Progress is slow in some cases, in part because of the independent nature of the organisations involved and the difficulties created by the need to negotiate between them. One service may be more committed to proceeding with pace than another and currently there is no facility for breaking down barriers and insisting on strategic joint working.



3.5. The case for change in governance

- 3.5.1. The full options analysis is set out in the Economic case (below). However, it is important to note here that collaboration comes with limitations. In a collaboration each entity retains its identity and sovereignty. Consequently collaborative activity requires multiple controlling agents to agree before action is taken. Individual organisations can act in self-interest to the detriment of the public interest intended to be delivered by the collaborative venture. Joint governance provides a mechanism for ensuring the public interest is paramount, whilst protecting the sovereignty and accountability that individual services require.
- 3.5.2. A number of the benefits of collaboration could be realised within the current governance structure. But, despite goodwill and some progress, those benefits have not been delivered and are less likely to be seen as a priority under current governance arrangements. In order to realise the full potential of collaborative working a deliberate, co-ordinated and strategic approach is required, supported by close alignment of objectives and approaches at command and management level. These must in turn be enabled by shared policies and support services that remove barriers and make joint collaborative working the norm across West Mercia. Under the current arrangements collaboration requires negotiation between two or three governance bodies. A formal joint governance structure will provide clarity of accountability as well as the ability for the PFCC to provide the strategic drive and focus which will be required to realise the full potential of collaboration.
- 3.5.3. To achieve these ambitions will require connected thinking and action with a mutual understanding of the mechanisms for identifying and allocating all types of resources. Of particular importance will be the sharing of information, which will be particularly enabled through integrated control room approaches.
- 3.5.4. There are additional arguments for a change in governance arising directly from this potential for sharing information through enhanced ICT. Data sharing enabled by changing ICT provision will also enable the identification of points of acute public need and the use of shared resources to respond to them. This will ensure the delivery of benefits of collaboration particularly in rural areas where delivery resources are necessarily sparse. The public value benefits of both efficiency and effectiveness will increasingly require that ICT is understood to provide a common public safety platform. Shared costs can be reduced and collaboration can be further enhanced. Public value, over time, will inevitably require and rely on the effective sharing of data across organisational boundaries. That need on its own is sufficient to necessitate new governance arrangements.
- 3.5.5. WMP has developed an organisational architecture for its information services approach based upon:
- Intelligent Client
 - ICT Design/Build
 - ICT Run/Support
- 3.5.6. This architecture allows for the optimisation of support contracts and systems. Key to this is that bringing services together and establishing a common public safety platform necessitates common procurement. This is not a green field – there are existing contracts – and therefore the greatest scope for common procurement is enabled by agreeing to collaborate at the earliest date, before any further major systems renewal. This affects both operational command and control and support services.

- 3.5.7. In addition, there is a logical separation between supporting or enabling support functions and operational control. Supporting or enabling support focuses on HR and finance. These include Recruitment, Purchasing, Payroll, Expenses, Fixed Assets, Cash Management, Accounts Receivable, Accounts Payables, General Ledger, Procurement, and Invoicing.
- 3.5.8. These back-office functions are amenable to cost savings and quality gains through scale economies and the most efficient use and management of ICT (good systems, well procured). There are opportunities for careful development of self-service functions such as expense claims, duty management, HR functions and so forth, though with the caveat that poorly-designed self-service will hide cost in the organisation. The approach adopted by Cheshire Police and Northamptonshire Police in the Multi-Force Shared Services facility based in Cheshire can offer potential savings of £4.29m over 10 years (£429k per annum, NPV £3.33m) to WMP. The investigatory work that has led to this conclusion underpins the PCCs belief that proportionate benefits might be obtained for the FRS and that an approach such as the MFSS could meet the needs of all.
- 3.5.9. Operational functions are different in that they can be developed so as to prioritise innovation in process for the purposes of quality and cost-saving. Examples of innovation will be intelligent and flexible assignment of personnel to different kinds of incident or task, live information-sharing and conference over incidents, utilisation of specialist knowledge, e.g. animal handling, via cameras and remote-working.
- 3.5.10. To summarise, these two architectural components are (1) back-office focused on scale and efficiency, and (2) operational control focused on innovation and process redesign for quality and efficiency. Implementing (1) and (2) in a multi-force, multi-service environment, constitutes a 'Public Safety Platform' – a change in the effective use of ICT in public service.
- 3.5.11. In general, ongoing investment in ICT needs to deliver information to those who need it to support the decisions they are charged with taking, and for which they will be accountable. There is an obligation to ensure that they are fully informed. The starting point for consideration in this area is always to focus on the I in ICT, and to ask "what do staff need to know to make the decisions they need to make?" The role of the C and T in ICT is to provide that information. Information-focused processes need to be designed which deliver that information, are enabled by the technology and support devolved decision making, often to distant officers operating with high autonomy.
- 3.5.12. This is consistent with the existing direction of travel of the organisations under consideration. At present, albeit unintentionally, multiple governance bodies inhibit collaboration through the organisational barriers those arrangements render necessary. The proposed changes will support and enable significant acceleration in the substance and rate of transformation in the direction currently considered by Chief Officers and the design and delivery of a more coherent, integrated public service over a shortened timescale.
- 3.5.13. A key additional benefit of joint governance is that it would enhance the accountability of the Chief Officers through the introduction of a whole-time governing body with dedicated professional support in the form of the PFCC and his office. Accountability of the governing body would be enhanced both by direct democratic election and as the actions

and decisions of the PFCC would be subject to public scrutiny by the local authorities' combined Police, Fire and Crime Panel. The current Fire and Rescue Authorities are not directly elected and are not held to account by any body.

3.5.14. The options will be considered more fully in the options appraisal but it is the contention of this business case that the coordination and commitment required to maximise collaboration requires a change in governance, but not adoption of the single employer option.

3.6. Strategic risks

3.6.1. There are a number of strategic risks involved in making major changes in governance of these organisations and in considering collaborative operational activity against which options must be assessed. The most significant of these are:

- That, as the smaller organisations, HWFRS and SFRS get less focus and attention than police in a joint governance model. This risk will be mitigated through the transition by the retention of two chief fire officers, and into the future by there being a dedicated Chief Fire Officer and not a single employer model;
- That changes to governance divert leadership focus away from delivery of major transformational change in both organisations. This will be mitigated by ensuring that collaboration is part of a collective police and fire strategy that positions collaboration as a part of the transformation of all three organisations;
- That changes to public perception of the independence of the fire and rescue services from law enforcement affects the willingness of the public to engage. This will be mitigated by the retention of separate identities and branding for police and fire services.

The risks are considered further in the management case in Section 7, sub-sections 7.4 and 7.8.

3.7. Conclusion

3.7.1. In summary, the following benefits are best realised through a move to shared governance:

- Greater, accelerated collaboration, realising the benefits outlined sooner than could otherwise be achieved.
- Effectiveness and resilience in ensuring public safety by all three organisations across the three rural counties through maximising joint working and collaboration.
- Gains in efficiency that will enable the three organisations to deliver and sustain their services at a lower economic cost than is currently the case.
- Maintenance and promotion of established brand identities within the context of an FRS alliance.

3.7.2. The total projected financial benefit of these streams of activity amounts to between £30.6m and £46.3m over 10 years (average between £3.1m and £4.6m per annum, NPV £25.1m to £38.1m). It is the intention of the PCC that rather than realise all of that gain through reduced spending, a proportion of the savings realised from changes in governance, supporting and enabling services will be reinvested in public safety through collaborative, preventative staffing and actions. This will depend on the ability of the services to collaborate in achieving the savings.

4 THE ECONOMIC CASE (OPTIONS ASSESSMENT)

This section sets out the options for change and assesses them in terms of the public value they offer. The options are assessed under the following headings:

- Scale of benefits
- Public safety
- Effectiveness
- Economy and efficiency
- Ease of implementation

Following APACE¹ guidance three options were considered:

1

REPRESENTATION MODEL - SUSTAINING THE CURRENT TRAJECTORY

In other words, make no further change in governance (beyond formalising current arrangements), but continue to develop joint working in line with the statutory obligation enshrined in the Policing and Crime Act 2017. Agreement already exists that allows the PCC to be a member of the two FRAs and is only awaiting action by Parliament to enable it.

2

SINGLE EMPLOYER MODEL (SEM)

Under this option, the PCC takes on the role of the FRAs and creates a single employer for both police and fire personnel under a single chief officer. The chief officer should appoint a senior fire officer to lead fire operations and a deputy chief constable to lead police operations, under their command. Separate funding streams and financial reporting remain, meaning that all costs still need to be allocated between police and fire services.

3

JOINT GOVERNANCE

This option uses the powers set out in the Act to allow the PCC to take on the role of the FRAs. Under this option, WMP, HWFRS and SFRS remain distinct organisations. The PCC becomes the Police Fire and Crime Commissioner (PFCC). The PFCC becomes the employer of all fire and rescue staff, and holder of assets and contracts, but the Chief Fire Officers and Chief Constable continue to have operational responsibility.



WMP already has an alliance with Warwickshire Police and it may be that advantage can be gained through that for all parties. The existing alliance with Warwickshire Police will hamper neither this project nor the creation of shared services that might in the future support West Mercia Police and Fire Services.

4.1. Representation Model - Sustaining current trajectory

4.1.1. Sustaining the current trajectory means proposing no further change in the governance arrangements of the respective services. The existing agreement to make use of the representation option would be pursued. The three organisations would continue to pursue existing collaborative projects and to further develop such projects and activities in a manner consistent with their individual plans and strategies. This option uses the powers set out in the Act to allow the PCC to request that Hereford and Worcester and Shropshire FRAs allow him to sit on the Fire Authorities or any of their committees with full voting rights.

4.1.2. Scale of benefits

Under this option the three organisations would continue to operate with their existing separate governance and command structures whilst continuing to develop collaboration. There is collaborative and joint working in place and more is either planned or aspired to. It is, however, hard to identify specific, measurable financial or other benefits to be achieved, or expected delivery dates, with the exception of the HMFRS/WMP shared OCC at Hindlip and the HWFRS HQ move to Hindlip.

The representation option would not prevent enhancements to public safety and community resilience but it would not necessarily deliver service outcomes beyond current plans and expectations. It leaves increased collaboration as a matter of negotiation by organisations under separate governance and command structures. In particular, it would not support truly effective joint planning between police and fire services, nor remove procedural barriers which make it difficult to maximise the potential for collaboration and for collaboration to become the norm. Research into emergency services collaboration¹⁰ found that “Differing governance structures can mean that projects are delayed because of the different ways organisations deal with the approval process.” This can include different priorities, and slower decision-making. It can also hinder the development of integrated commissioning strategies.

“

Differing governance structures can mean that projects are delayed because of the different ways organisations deal with the approval process.

”

4.1.3. **Public safety**

Public safety benefits from the collaboration opportunities identified in the strategic case are possible without changes to governance, but for the reasons listed above, are likely to prove harder and slower to realise.

4.1.4. **Effectiveness**

As this FBC argues, the potential for collaboration to increase police and fire effectiveness and resilience (and with it, public safety) is considerable. The contention of the FBC is that this option would not support the realisation of benefits on the scale available and at the pace required. Current collaboration, which is acknowledged by the organisations to be slow and largely limited in progress, would not be stimulated and it is thought unlikely that existing or envisaged services would be enhanced. There are a number of areas where potential collaboration opportunities are not currently being fully realised. These include each benefitting from the insight and expertise of the other in relation to service delivery around:

- Search and Rescue;
- Missing persons;
- Road traffic incidents;
- Prevention activity;
- Supporting the most vulnerable;
- Community resilience.

In addition, shared enabling and support services will realise significant performance and delivery cost gains. It is important that in working together the statutory responsibilities and particular expertise of each service are brought together through a fully joined up understanding.

This option would neither enhance nor enable further and deeper collaboration.

...the continuing success of the Fire and Rescue Services over many years in reducing incidents through public safety and prevention campaigns means that the cost of sustaining the services and maintaining their effectiveness as stand-alone organisations will, over time, become harder to justify. There is a threat to their effectiveness, sustainability and resilience if opportunities for efficiency and economic gains are not actively pursued. The representation approach makes it more difficult to maximise savings from sharing Supporting and Enabling Services and costs.

4.1.5. **Economy and efficiency**

There would be no costs to implement this option as there is no change. The direct governance costs of the fire services will continue at current levels, totalling around £577k per annum (actual costs for 2016-17).

With a low likelihood of delivering the full potential of collaboration, it is expected that, in the absence of any other imperative for change, this would essentially be limited to premises sharing delivering possible financial gains limited to £2.0m over 10 years (£1.7 NPV). WMP on its own could realise savings from the way its transactional services for finance and HR are delivered. An approach like the Multi-Force Shared Services would realise £4.3m over 10 years (average £430k per annum, NPV £3.33m).

This option therefore would make little or no change to current levels of economy and efficiency nor would it stimulate either efficiency improvement or economic gains.

4.1.6. **Ease of implementation**

As this option envisages no change to current governance arrangements, it would cause no disruption and incur no implementation costs, nor would it be anticipated to have any employee relations impact. Plans currently on course to deliver savings would not be disrupted.

4.1.7. **Commentary**

The brands of the three organisations are well known and respected in their communities and these would be sustained under this option. Because the organisations do not need to integrate to collaborate, in common with joint governance this option would avoid potential disruption from aligning differing organisational cultures, behaviours and disciplinary and employment structures. The approach would inhibit neither interchangeability nor sharing of appropriate resources but nor would it encourage or facilitate either. These would remain at the behest and goodwill of the various parties.

A number of disadvantages would also arise. First of these is that directness of accountability to the public would not be enhanced as it would be with a Police and Fire Crime Commissioner.

Second, the continuing success of the Fire and Rescue Services over many years in reducing incidents through public safety and prevention campaigns means that the cost of sustaining the services and maintaining their effectiveness as stand-alone organisations will over time become harder to justify. There is a threat to their effectiveness, sustainability and resilience if opportunities for efficiency and economic gains are not actively pursued and the representation approach makes it more difficult to maximise savings from sharing Supporting and Enabling Services and costs.

Finally, doing nothing would inhibit the realisation of potential from the collective investment in information and communications technologies. It will be essential to ensure first that the systems provided to Police and Fire are fit for the specialist purposes for which they are needed and second that they deliver increased value for money.

4.2. Joint Governance

4.2.1. Under this option, WMP, SFRS and HWFRS remain as separate legal entities. There would be no need to align the differing precepts between HWFRS and SFRS. The option transfers fire and rescue functions to the Police and Crime Commissioner, creating a separate corporation sole for each of the new fire authorities. This also has the effect of ensuring that existing references in legislation to PCCs do not apply in relation to their fire functions. In his role as FRA, the PCC becomes the Police Fire and Crime Commissioner (PFCC). The PFCC becomes the employer of all fire and rescue staff, and holder of assets and contracts, but the Chief Fire Officers continue to have operational responsibility. The PFCC also continues to be responsible for setting priorities through the Police and Crime plan, with responsibility for controlling police assets; the Chief Constable of WMP continues to direct and control and employ WMP officers and staff. The Office of the PFCC will need to be only marginally expanded and restructured to take on the role of scrutiny of HWFRS and SFRS and enhanced collaboration. The PCP will continue to provide oversight of the PCC and will need to review its approach to include oversight of fire functions. It is not a decision-making body, however, and the ability for local authority members to sit on the PCP does not confer it with an ability to shape priorities.

4.2.2. Scale of benefits

One of the enablers of change highlighted in the Emergency Services Collaboration Research is “a clear and shared vision of the objectives of the collaboration”.¹¹ Under this governance change option, the PFCC will be setting that shared vision across both police and fire services, with an integrated commissioning strategy. The PFCC will have direct control over the strategies and budgets for police and fire and can adopt a more strategic approach to investment where wider public benefit can be achieved (while respecting the separation of fire and police budgets). The PFCC will be in a position to drive collaboration as a strategic priority by the three services within the context of a common, integrated police and fire plan covering areas of joint working.

There are limitations to this model, which can be managed:

- The model does not of itself align the operational delivery. It will be the PFCC, with the support of the OPFCC, to work with the chief officers to align operational priorities and closer working. The PFCC will have the levers to do this through setting strategy and consequent budgets and monitoring against them. The PFCC will be the holder of assets and contracts. Consequently, this limitation is not as significant as the limitations of the representation model.
- The risk of loss of brand identity: the likelihood of this is significantly mitigated by the retention of the three distinct organisations.
- That staff are employed by different organisations and therefore on differing terms and conditions can limit the flexibility to make changes that involve closer or integrated working. This risk is significantly mitigated by both the Fire and Rescue Services’ staff remaining on NJC terms and conditions. Police staff will remain on nationally agreed terms and conditions. The differences between fire and police can be overcome by agreement between organisations where staff remain on different terms.

4.2.3. **Public safety**

Public safety benefits from the collaboration opportunities identified in the strategic case are likely to be more achievable through a single governance model for the reasons presented above. In addition, effective working together under a shared plan with a strong focus on delivering maximum available savings will enable re-investment by the PFCC in preventative public safety activity using both Fire and Rescue and Police officers. This effective reinvestment would not be as easily possible under the representation model or the status quo.

4.2.4. **Effectiveness**

A single governance structure for police and fire will play a major role in enabling this and contributing towards improving the effectiveness of the three organisations. The joint governance model will accelerate delivery of operational collaboration opportunities, and ensure the development of shared services and shared estate. This approach offers the potential to deliver gains comparable with those of the Single Employer Model whilst reducing the risks of resistance and disruption that might arise from that approach. Normalising joint working at command level removes many of the organisational barriers to increasing collaboration while, again, minimising the risk of resistance.

This option will also improve the effectiveness of decision-making because:

- The PCC model has demonstrated improved levels of public visibility as evidenced by the National Audit Office report of 2014¹²
- A single decision maker can be more easily engaged than a committee, with additional dedicated support through the OPFCC.
- Leadership is less dissipated, with the PFCC in post for four years, and so able to maintain direction over the term. A Fire Authority does not necessarily have the same stability, as the composition can change either along party lines following an election, or with changes of membership at the behest of the constituent authorities.

4.2.5. **Economy and efficiency**

In developing this business case the PCC has determined a range of possible economic outcomes from the change to joint governance and taken into account the ongoing delivery of economy and efficiency gains by both the Fire and Rescue Services and by West Mercia Police.

The potential benefits set out in this FBC are in addition to those efficiencies already being delivered.

West Mercia Police already has under consideration a number of medium term changes which are expected to deliver savings of £1.2m in the 2017/18 financial year (£1.2m per annum, 10 year NPV £10.6m), while Herefordshire and Worcestershire Fire and Rescue Service is pursuing efficiencies with a value of £0.446m per annum (10 year NPV £3.8m) from the current year and Shropshire Fire and Rescue Services have implemented operational efficiency changes as well as improving back office and supporting services.

All three organisations considered here continue to have future budget gaps which adoption of this joint governance model will enable them to address together.

economy and efficiency gains will be delivered through the following six strands of action:

1

Joint governance delivering direct both democratic accountability and lower cost.

The governance function for HWFRS and SFRS is currently carried out by 42 councillors appointed by their respective local authorities. Under the joint governance proposal these will be replaced by the directly elected PCC (to be PFCC) for West Mercia. The statutory and administrative support to the current FRA's will be transferred to the (to be) OPFCC

This change will generate savings of £1.6m over 10 years (£157k per annum, NPV £1.3m)

2

Integration of fire command structures while maintaining command resilience.

Under the current arrangements there is some duplication of function at both Chief Officer and 'Head of Function' levels. Under joint governance arrangements it is the intention to sustain Chief Officer capability and internal capacity in the medium term to provide leadership support and enable the transition and thereby minimise the need for external support, this capacity will be released in around 3 years. At 'Head of Function' level it is the intention to move more rapidly to deliver a consolidated structure and reduce the headcount and costs.

This change will generate savings of £5m over 10 years (£504k per annum, NPV £4.1m)

3

Integration of Shropshire Fire Command Centre with the Operations Communications Centre shared by HWFRS, WMP and Warwickshire Police at Hindlip.

WMP in conjunction with Warwickshire Police is completing the development and commissioning of a new Operational Command Centre at Hindlip. One part of the change is that HWFRS will share the control room and move its HQ to the Hindlip site. This facility will have the capability and capacity to absorb the activities of the SFRS control room in Shrewsbury. It is proposed that the Shrewsbury Control room activity be merged into the Hindlip OCC. This will affect 18 posts in Shrewsbury.

This change will generate savings of £5.6m over 10 years (£560k per annum, NPV £4.7m)

4

Alignment of ICT enabled and outsourced transactional services with Police equivalents.

Police have undertaken comparisons for transactional services for HR and Finance with the Multi-Force Shared Services facility operated by Cheshire Police and are confident that substantial performance and cost gains are deliverable. Joint governance will enable a benefits case to be developed for the three organisations to deliver these together rather than separately.

This change will generate total savings over £5.7m over 10 years (£574k per annum, NPV £4.4m), which is an additional £1.45m over 10 years (average £145k per annum, NPV £1.07m) over those achievable by WMP alone.

5

Increased inter-service collaboration particularly through premises sharing

A particular benefit of effective collaboration will be the ability to make more effective joint use of premises across West Mercia. Premises and facility sharing will become the norm. This approach will have the additional benefit of allowing some maintenance costs to be deferred and some premises sold. The value of capital realisations has been excluded from this business case to allow for uncertainty over market conditions and timing of sales.

This change will generate savings of £2.0m over 10 years (£203k per annum, NPV £1.7m).

There would, in addition, be further savings arising from obviating the need to refurbish assets and capital realisations from buildings which could be sold.

6

Consolidation and integration of all supporting and enabling services across all three organisations (and in conjunction with Warwickshire Police through the Police Alliance).

A key part of the proposed transition to the new arrangements is that Chief Officers and their staff must have ownership and control of the subsequent changes. The PCC recognises that those people must take responsibility for delivering the objectives and are best placed to determine how that is achieved. In concert with the integration of the supporting and enabling services, it will be for them to redesign, adopting lean management methods, all of the non-transactional processes and activities across the supporting and enabling services.

The PCC proposes an achievement of between 10% and 25% savings across these, realising between £10.7mm and £26.4m over 10 years average between £1.07m and £2.6m, between £8.9mm and £21.9m NPV).

Illustratively, an initial investigation has shown that the adoption of new supporting systems for transactional services can generate savings in the order of £4.3m over 10 years (£430k per annum, from West Mercia Police only and net of investment costs; NPV £3.33m). The quality of the investigation is such that there is confidence that the systems and associated benefits of taking up an outsourced service such as the Multi-Force Shared Service Centre based in Cheshire Police can be relied upon as a useful indicator of the potential. The benefits amount to around 48% of costs currently associated with these services.

It will be for the Chief Officers and their teams to consider which, if any, route to pursue in this regard.

When currently identified required efficiency savings have been achieved, any savings beyond that may be reinvested by the respective services in preventative activity. This would enhance resilience in the services and deliver benefits to Public Safety. By way of example an additional 30 officers (mix of fire and police) would present a cost of around £600k per annum or a reduction in the savings of £3.4m NPV over ten years.

Assuming full implementation of all current efficiency savings planned, which together have potential to deliver £14.4m (NPV) and MFSS for West Mercia Police which might deliver a further £3.3m over 10 years (NPV), the economic case for joint governance are not less than £28.7m (£24.1m NPV) and not more than £38.8 over 10 years (£32.3m NPV). These benefits will not be achieved either at all or in the timescales proposed through the other options.

4.2.6. **Ease of implementation**

There can be little doubt that establishing a new mechanism of governance across the three services will present challenges of organisation and compliance, though these will be less demanding than would be the case for a single employer approach. It is the contention of this business case that this approach offers the potential to deliver gains in public safety and effectiveness comparable with those of the single employer model whilst reducing the risks of resistance and disruption that might arise from that approach. Joint working at command level removes many of the organisational barriers to increasing collaboration while, again, minimising the risk of resistance. It offers the potential for gains in effectiveness, efficiency and economy while having a lower cost of implementation and a lower risk profile than the single employer model.

The formal change required under this option relates to the change in governance support arrangements and the transfer of staff, assets, contracts and liabilities to the new PCC-style FRA. At the date of transfer all staff will move on their existing terms and conditions, and all assets and liabilities will be transferred to the new corporations sole. Financial due diligence will be undertaken prior to the transfer date, which may uncover some complexities. Subject to that due diligence, it is expected that this would be a straightforward transfer process.

4.2.7. **Commentary**

The advantages of this option include supporting the sustainability and resilience of all services across West Mercia through fuller, faster collaboration and joint working, together with additional inter-operability and sharing of appropriate resources. These will translate to further and faster development of better services to the public. There will be fewer barriers to progress than with the single employer model. The common command structure will enable a 'best fit' principle to be applied to activities, allowing the deployment of the most appropriate or the nearest resource depending on the particular circumstances. While it might be argued that similar benefits are possible under the existing arrangements, the history and experience of such arrangements both within West Mercia and more broadly shows that these are unlikely to be realised without joint governance.

Sustaining the three separate organisations will cause a little extra work at OPFCC level but that will be compensated for by maintaining the local levels of spending and precept and thus the local accountability of services. Whilst the two FRAs have provided solid foundations from which to build, expanding the work of the PCC to include Fire and Rescue will improve public visibility, accessibility and accountability of Fire and Rescue governance.

This option will enable the greatest financial and organisational benefits to be driven from the adoption of ICT developments, especially around prediction, planning and flexible working. The organisations will be able to blend specialist knowledge, systems and equipment where necessary with generic knowledge, systems and equipment where that is most appropriate

The initial disadvantage will be the absence of a 'single command' at Chief Fire Officer level and it may be that the short term economic gains are slightly less than they might otherwise be. Additional strategic and leadership capability will be needed through the early years to accelerate the rate of change and the new ways of working, whilst over time a single Chief Fire Officer and command team for an alliance of two fire and rescue services may be desirable. Retention of this leadership capacity should be considered as an alternative to the employment of external consultant change agents to support the process. It will have the advantage of generating no additional implementation costs as well as capitalising on the already established relationships and expertise.

The principal driver underpinning change in this large, very rural area needs to be on sustaining the resilience and effectiveness of the services whilst addressing the predicted budget gaps. Alliance based working will need a clear, agreed, financial model so that costs and benefits are shared appropriately. The cost of doing that should be outweighed by the benefits.

If it is considered that the development of a shared enabling services function could be appropriate then it must be handled carefully. It must be recognised from the outset that the Chief Officers, working with the PFCC must take responsibility for creating an enabling services function that meets all of their needs. It needs to be the most effective in providing support, not simply the cheapest.

4.3. **Single Employer Model**

- 4.3.1. Under this option, the PCC becomes the PFCC, takes on the role of the FRAs and creates a single employer for both police and fire personnel under a single chief officer. The chief officer then appoints a senior fire officer to lead fire operations and a deputy chief constable to lead police operations, under their command. There remain separate funding streams and financial reporting, meaning that all costs still need to be allocated between police and fire. This option would require the alignment of fire precepts.
- 4.3.2. As with joint governance the OPFCC would be expanded and restructured to take on the role of scrutiny of the combined fire service. A significant addition would be the substantial work required to deal with the legal aspects of merging the organisations and dealing with the alignment of roles, salaries, benefits and other staff and legal matters. The Police and Crime Panel would continue to provide oversight of the PFCC with the additional remit, and without substantial change to its operation.
- 4.3.3. Following the change, the members of the FRAs would step down from their role and support arrangements would transfer to the OPFCC. There would need to be a transfer process of staff to the chief officer and an option to also transfer contracts, assets and liabilities from the old Fire Authorities to the new organisation, chief officer or to the PFCC as appropriate. Transfer to the PFCC has been assumed for this business case to match the current position between WMP and the PCC.
- 4.3.4. If approval for this option were given, the PFCC would take on the role of the fire authority and establish a single employer. This would take at least 12 months plus a significant settling in period while the structures, cultures and norms of the new organisation were established. The work would need to take account of the potential impact on staff with extensive, complex multi-party consultation, as well as searching for and appointing a single chief and deputies and any other required organisational restructuring. If the PFCC does not implement the single employer model to begin with, it could be introduced subsequently, although this would require additional consultation and a further local business case, as well as enabling secondary legislation.
- 4.3.5. **Scale of benefits**
The single employer model would offer the most straightforward management route to enabling further collaboration and better resource utilisation which could help to ensure the sustainability of police and fire services. It would remove institutional and legal barriers to maximising collaborative working and offer greatest potential for process efficiency and economic gains.

The single employer model potentially offers maximal benefits but there would inevitably be a delay in realising them due to the complexity and risks around implementation. There is also substantial risk that the attitudes and behaviours required to achieve the potential of collaboration could be adversely affected by the perception that collaboration required a loss of identity for the fire services. All of this would generate an unnecessary distraction from the task of delivering services to public safety and addressing budget gaps.

4.3.6. **Public safety**

Public safety benefits from the collaboration opportunities identified in the strategic case are likely to be eventually fully achievable through a single employer model for the reasons presented above.

In addition to the potential benefits of collaboration initiatives, the PFCC and chief officers would between them provide single elected and appointed loci of accountability to the public for both police and fire.

4.3.7. **Effectiveness**

As described in the governance model, there are potentially significant benefits to organisational effectiveness from aligning fire and police strategic priorities in a number of key areas in order to tackle shared challenges and deliver shared outcomes. In addition to the benefits from the single governance structure for police and fire, organisational effectiveness could be enhanced further through:

- A single point of operational accountability and consistency across both police and fire at strategic and operational leadership levels;
- The capability of a single chief officer to drive performance;
- Sustainable decisions, with the PFCC in post for four years, and chief officer changes limited to the changeover of only one role (not two as under the joint governance model), and so able to commit to and see through longer-term projects.
- The greater reduction in command capacity might present a challenge to resilience and management of major incidents.

4.3.8. **Economy and efficiency**

The headline gains under this option are about £250k per annum higher than those under the joint governance option, as only a single chief officer will be required. There would however be a significant visible additional cost to aligning these large organisations. Extensive external help would almost certainly be required. In addition, there would be an invisible internal cost arising from the distracted focus of officers and staff, and a reduction in their short to medium term effectiveness while changes were developed and implemented.

There would be a need to align, currently substantially different, precepts across the local authority areas which would be likely to stimulate some degree of public unrest. Similarly, the balance sheets of the individual organisations (including both assets and liabilities) would need to be merged. This would lead to the appearance of gain for some and loss for others, particularly where liabilities are transferred.

4.3.9. **Ease of implementation**

This is the most challenging of the options to deliver as it involves substantial changes to staffing arrangements and will require significant engagement with representative bodies as well as the alignment and evaluation of all roles and benefits to ensure that equality and equity are maintained. There will be roles where legal obligations, duties and freedoms are not comparable and the attempt to align them may confound rather than enable. The FBU have highlighted in public documents that they do not agree with the single employer model. This is likely to be the most contentious of the options.

4.3.10. **Commentary**

The single employer model would offer some potential advantages. The clear command and control structure would be simple and easy to understand (for employees and public alike), would be constitutionally very simple and would offer clear democratic and leadership accountability. The approach would potentially offer the greatest headline economic gains and maximisation of benefits. Seen by some as an 'inevitable destination' through flexibility in use of resources it might contribute to the resilience and sustainability of the services.

Nevertheless, the disadvantages of the single employer model outweigh the advantages. The newly combined organisation would need to invest, first of all, in establishing a shared identity for both public and employees. It would require investment of substantial resources in establishing equality of work and pay, pensions and other employment benefits, and thereby impart risk to current financial and business models. It would need to support this with full alignment of the financial models, equalisation of fire precepts and balancing of liabilities. There would be a number of difficulties in the implementation process including cultural, behavioural and employee relations concerns, and potentially some lost work. These issues would certainly lead to negative impact on effectiveness in the short to medium term and inhibit the development of a new, single, shared identity for the organisation.

Compounding these aspects, there are a number of other issues with which the single employer model would have to contend, including enforced ICT integration at pace. Failure of the business-critical systems underpinning service delivery would risk unacceptable outcomes for public safety. Such failure potential becomes increased when systems are merged, renewed, updated or refreshed.

The WMP are currently delivering a number of significant projects (with Warwickshire Police) and have a transformation programme emerging. In parallel the HWFRS Control Room is co-locating in 2018 to share physical space with the WMP Control Room. This will be a useful test for both organisations.

There would be concern about the loss of the two FRS brands which are both respected and valued, and in particular that concern would be about the loss of local identity in the merged organisation. Similarly, WMP have a well-established brand and a clear public understanding of their role. For all organisations, this understanding might be threatened by full merger. This would at least appear to contradict the attempt to increase direct local accountability.

The effort required to overcome the inherent challenges of implementing this option might easily outweigh the advantages sought. We would anticipate that the overall economic cost of implementing this approach, both direct and visible and indirect and invisible would be greater than for the other two options.

4.3.11. **Public value**

The public value of the representation and single employer models are not evaluated here as they are not recommended.

There are two principal areas in which public value can be directly improved through the proposed change to joint governance.

The potentially most significant area of public value through economic gain is in the provision of enabling services to the constituent organisations. Through consolidation of activity, process redesign and the elimination of non-value adding activity a gain in the order of the MFSS value plus 'aspiration'; of current combined costs is achievable.

Across the four organisations affected here (including Warwickshire Police through the police alliance), some 628 employees, 11% of the combined total, are employed in these areas which cover Chief Officers and their Deputies, Transformation, Alliance Working, Business Support and Estates, HR, Training, Transport, ICT, Strategic and Operational Planning, and Legal. 482 of these are employed in existing West Mercia and Warwickshire Police Alliance related roles. There may be an impact on some of these roles from the proposed change in governance which will need to be recognised in alliance arrangements. Adopting lean and other quality management approaches, through consolidation of structures, integration, transformational process redesign and more effective use of information, this can be reduced by around 25% to about 474 (8.5% of the combined total) over three years. There is no impact on front line staffing from this element.

The cost of designing and implementation should be largely absorbable within the current cost base of the organisation (by redeploying existing staff), although some facilitative external consultancy support may be required. The PFCC will need to determine the pace of delivery of the change through natural wastage, non-replacement of leavers and, if necessary, redundancy. That will to a large extent determine the cost of reducing the headcount. The style and pace of transition plans will have a significant impact on any transition costs arising.

The second area in which public value through economic gain can be made is in enhanced collaboration and optimisation at front line, especially around Public Safety, Preventative activities and community resilience. We have not attempted to quantify the potential at this stage. Existing collaboration plans (beyond the shared control room at Hindlip) embrace a range of matters such as PCSOs cross-trained as firefighters (23 across the two FRSs), joint fire investigations, incident planning and training, some procurement, Place Partnership Ltd (property management), sharing of buildings and co-location. The financial benefits of these are reported to be captured in local budgets. Future plans include joint Harm Hubs and Community Risk Teams, co-locations of local area commanders, shared training facilities, relocation of HWFRS to Hindlip and some aspects of driver training and vehicle maintenance.

There is considerable scope to extend collaboration, particularly in relation to Public Safety (where FRSs have been particularly successful), preventative activities and community resilience. Through that it will be possible to eliminate duplication of action, to increase efficiency in the use of all forms of resources and make gains in achievements of desired outcomes. To achieve this will require retention of substantial management and leadership capability at senior levels in all organisations. That leadership will need to identify and quantify barriers to collaboration and work out means by which they can be overcome.

4.3.12. **Conclusion**

In summary, to sustain the representation model or current trajectory would be unlikely to result in realising the benefits of collaboration. The Single Employer Model option could achieve the potential of collaboration and associated advantages for public safety and public value, but with significantly higher risks and more complicated implementation. The joint governance option directly supports collaboration and its associated gains in public safety and public value with much less risk and cost. It is, therefore, the preferred option.

5 COMMERCIAL CASE

In this section the viability of the Joint Governance model is considered.

The main commercial implications from adopting the joint governance model are relatively straightforward and focus on the transfer of all contracts, assets and liabilities from the old FRAs to the new PCC-style FRAs. This transfer will take place through a statutory transfer scheme.

The joint governance model would result in all HWFRS and SFRS staff transferring from the existing FRAs as their employer, to the PCC-style FRAs at the date created. All staff will transfer on their existing terms and conditions utilising the Cabinet Office Statement of Practice (COSoP).

5.1. Commercial implications

- 5.1.1. Contracts that support delivery of policing in West Mercia are held by the PCC, and contracts associated with delivery of fire services are held by the FRAs.
- 5.1.2. There will be no change to policing contracts. Existing fire service contracts will be transferred to the respective PCC-style FRAs.
- 5.1.3. To give effect to the Joint Governance model, the Policing and Crime Act gives the Secretary of State the power to make an order that makes the PCC the FRA for the area covered by the order. The order will also provide for the creation of two corporations sole as the FRA. This arrangement is intended to “preserve the distinct legal identify of the fire and rescue service by creating the PCC-style FRA as a separate corporation sole, rather than transferring the fire and rescue functions to the PCC”.¹³
- 5.1.4. Subject to the FBC being approved by the Secretary of State, it has been confirmed that an order would be created which makes the PCC the FRA for the area covered by the order, and that order would transfer all property, assets and liabilities from the existing FRA to the new PCC style FRA. Under this proposal two such Orders would be required, one for each FRA.

To give effect to the Joint Governance model, the Policing and Crime Act gives the Secretary of State the power to make an order that makes the PCC the FRA for the area covered by the order. The order will also provide for the creation of two corporations sole as the FRA. This arrangement is intended to

“preserve the distinct legal identify of the fire and rescue service by creating the PCC-style FRA as a separate corporation sole, rather than transferring the fire and rescue functions to the PCC”.



- 5.1.5. Things that will be transferred under a transfer scheme include:
- Property and rights and liabilities, which could not otherwise be transferred.
 - Property acquired, and right and liabilities arising, after the making of the scheme.
 - Criminal liabilities.
- 5.1.6. References to “property” above include the grant of a lease.
- 5.1.7. There will be a need for further examination of all existing assets, liabilities and contracts held by the FRAs to understand if there are complexities created by the transfer to the PCC-style FRAs, such as restrictions on novation or change control. This will be undertaken as a part of the transition arrangements.
- 5.1.8. The PFCC taking on the role of the FRAs will mean disbanding the current committee and subcommittees. The additional scrutiny responsibilities of the PCC will be supported by the OPFCC. The SFRA currently purchases legal support services from Telford & Wrekin Borough Council. This includes the role of Monitoring Officer. This contract will need to be ended. Other committee support and all HWFRA committee support are currently delivered internally.
- 5.1.9. The OPFCC will conduct a full review of its structure in order to meet its future requirements. The current expectation is that this will continue to be delivered in-house.
- 5.1.10. In the longer term, as enabling services are brought together through collaboration arrangements, some of the supporting contracts will also change. For WMP, enabling services are already closely interlinked with Warwickshire Police as shared services.

5.2. **Human resources implications**

- 5.2.1. Under the Joint Governance model, all fire and rescue staff will transfer at the date of the PCC-style FRAs being created from the current FRAs to the PCC-style FRAs. The transfer would take place via the same transfer scheme described above (because references to ‘rights and liabilities’ includes rights and liabilities under an employment contract). The transfer will be governed by the Cabinet Office Statement of Practice (COSoP), protecting the terms and conditions of staff.
- 5.2.2. It will be for the PFCC and the Programme Board to consider, as part of a collaboration programme, whether any specific collaboration projects may require changes to standardise terms and conditions - to improve public safety, effectiveness or efficiency. However, it is anticipated that the same result will be achieved by a collaboration agreement between the PCC-style FRAs and Police with staff working together on different terms and conditions. Any additional changes would be subject to a separate full business case, and appropriate consultation would be undertaken with staff.
- 5.2.3. Without standardisation, where staff are doing the same job there could potentially be claims for breach of trust and confidence or equal pay. Initial legal advice suggests that such claims would be unlikely to succeed under the governance model, but could cause unrest.

5.2.4. If standardisation is pursued, in relation to roles that are not reserved to either a warranted constable or a firefighter, representative bodies may wish to support this but they will seek to drive standardisation at the higher terms.

5.2.5. These issues will need to be considered as part of the wider collaboration programme, but under the requirements to consult during the transfer process it is likely that unions will seek assurances on terms and conditions. The PCC has already committed to respecting NJC terms and conditions, to which both FRAs currently sign up.

5.3. **S151 officer implications**

5.3.1. At the point of transfer, the intention is to retain the individuals in the existing S151 Chief Finance Officer posts in both police and fire services. If in the future the PCC opts to appoint the same individual to the s151 Chief Finance Officer posts for fire and police, appropriate safeguards and protocols to mitigate against any actual or perceived conflict of interest will be required. Examples of the governance arrangements to provide necessary oversight of arrangements in place will include Internal Audit, External Audit and Audit Committee scrutiny. The in-built statutory and professional standards responsibilities associated with the s151 roles also provide inherent safeguards for the professionalism and probity with which the roles will be undertaken.



6 FINANCIAL CASE

In this section, the affordability of the preferred option is considered. This financial case considers the financial implications in four sections:

- Direct impact of the governance changes.
- Potential impact from collaboration opportunities.
- The assumptions.
- The accounting implications of the change in governance.

We estimate that the direct costs of implementing the joint governance model will be minimal. There will be the opportunity cost of existing OPCC staff in undertaking the necessary due diligence activities prior to transfer. We forecast a small saving in operational costs as a direct result of a change to the joint governance model of £1.6m over 10 years, (£157k per annum, NPV £1.3m), shared across the FRAs and West Mercia PFCC.

In addition, joint governance will enable further potentially significant benefits through increased premises sharing of £2m over 10 years (average £203k, NPV £1.7m). The change in governance arrangements will require transfers of assets and liabilities and agreement on how shared costs and benefits will be apportioned.

Some savings are required by all organisations to meet their budget pressures. Further savings could be reinvested or passed onto the public through a reduction in the requirement for precept increases. However, these savings equate to less than 1% of the precept for each organisation and so in itself an equivalent precept reduction would have limited tangible impact. The reinvestment of these savings is proposed.

6.1. Assumptions

6.1.1. A number of assumptions have necessarily been made in the preparation of this report, they are:

1. In line with HM Treasury guidance, the impact of inflation has been excluded.
2. In line with HM Treasury guidance, a Discounted Cashflow Factor of 3.5% has been applied.
3. Salary scales are broadly comparable across the three organisations.
4. Redundancy and early retirement costs have been based on the average costs incurred by the Police Alliance over the last three years (2014/15 to 2016/17).
5. The costs of functions provided by the Police Alliance have been apportioned between West Mercia and Warwickshire Police Forces on the basis shown in the Collaboration Agreement (69:31).
6. There will be no reduction in Police Officers, PCSOs or Fire Fighters as a result of the changes to governance.
7. The refurbishment costs of shared premises would be broadly comparable to the previous costs of similar projects.
8. All relocations to shared premises can be completed and the property disposed of within two years.
9. The workload of the SFRS control room remains stable. If it does it is known that this workload can be accommodated within the new OCC at Hindlip.

10. The estimated net savings of a possible MFSS arrangement for all three organisations are extrapolated from the estimated net savings for WMP of £4.3 million. This gives a total net saving (including that for WMP) across all three organisations of £5.7 million.
11. Minimum savings of 10% have been included for the supporting and enabling services that are not transactional. The maximum savings for these services are included at 25%.
12. There are no critical contractual issues arising from the novation of contracts to the PFCC.
13. All contractual savings will be achieved within two years.
14. No estimates of likely capital receipts have been included in this business case.
15. Savings arising from shared premises are based on the current running costs for the affected sites.
16. The increased net cost in Year 1 will be funded from reserves. Given the level of savings, reserves will be replenished in subsequent years to ensure minimum levels of reserves across the three organisations are maintained.

6.2. Accounting implications

- 6.2.1. The same five sets of financial reporting are required as today:
 - PCC Group – including the PCC and Chief Constables accounts.
 - PCC Accounts – PCC who owns the assets and contracts for the police.
 - Chief Constable – separate accounts are maintained and these are also incorporated into the PCC group accounts.
 - SFRA – this covers all of the costs, assets and liabilities for SFRAS
 - HWFRA – this covers all of the costs, assets and liabilities for HWFRS.
- 6.2.2. All of these accounts are currently prepared in line with the CIPFA Code of Practice on Local Authority Accounting and will continue to be so if joint governance is approved.
- 6.2.3. Where services or assets are shared in delivery of police and fire duties (such as the OPFCC), the costs will need to be apportioned fairly between police and fire. The PCC proposes to adopt a cost and benefits sharing model in relation to collaborative activities and shared services like the police alliance, which is an established and accepted mechanism.
- 6.2.4. We do not expect any changes to treatment of VAT due to the change in governance.
- 6.2.5. The PFCC will be taking over the role of SFRA and HWFRA and as such taking responsibility for all assets and liabilities. Further work will be required before the transfer in order to build a detailed understanding of the assets and liabilities held. Further information is provided below on the current status of the FRA's assets and liabilities.
- 6.2.6. As at 31 March 2017, SFRA holds long-term assets worth £23.3m, the majority of which are property assets (£18.6m), or vehicles (£4.6m).¹⁴ The Authority also has long-term liabilities, chiefly pensions, of £230m. HWFRA holds long-term assets worth £44.5m, the majority of which are property and vehicles (£44.2m). HWFRA has long term liabilities (also chiefly pensions) of £367m.¹⁵

6.2.7. In his current role, the PCC already controls £74.6m of long-term assets (as at 31 March 2017) and £2,497m of long-term liabilities (again, chiefly pensions).¹⁶ With control of fire assets and liabilities as well, the PFCC will control a total of £142.4m long-term assets and £3,094m long-term liabilities. As shown below, there may be significant opportunities over time to manage these assets more efficiently and effectively as a result of the governance model. Receipts from the sale of PCC, police or fire assets will continue to be paid into the appropriate police or fire funds, which will remain separate. The current services' pension arrangements will not be changed.

6.3. Overall Collaboration Potential

6.3.1. The adoption of Joint Governance will enable all the other collaborative opportunities across the three organisations to be delivered. These opportunities, detailed in the options appraisal and summarised in the following table require investment in the first year of between £2.7m and £3.1m, then begin to deliver cashable savings in the second year of between £870k and £1.6m, and in the third year of between £3.6m and £5.5m. These opportunities will then deliver ongoing benefit of between £3m and £5.8m for the next seven years. The total ten year saving will be between £29m and £45m giving a Net Present Value between £24m and £36m.

6.3.2. Table 1 shows that there is a need to invest in the delivery of these other benefits. The investment, which can be met from existing budgets and, if necessary, reserves, amounts to around £3.5m in the first two years covering procurement and implementation of systems and the costs of redundancy where that proves necessary.

6.3.3. Collaboration on premises is expected to offer significant benefits to the revenue budgets from running costs savings. Any capital receipts are excluded from the financial appraisal as the values are dependent on asset condition, timing and market demand. With assets under the control of the PFCC, more innovative use of the combined estates and other assets held by police and fire can be expected. This can include better use of existing buildings at no additional cost to ensure that the public can access police and fire services, through to realising financial savings from rationalisation and consolidation of the estate. Further work will be commissioned to scope these opportunities in more detail and they will then be subject to separate business cases.

6.3.4. Where services are shared between West Mercia and Warwickshire Police, full consultation with the Warwickshire Police and Crime Commissioner and Chief Constable will be undertaken and changes agreed with them prior to any business case relating to those shared services progressing. This includes both transactional and strategic functions.

6.3.5. All costs and benefits of collaboration will be apportioned between the separate accounts that continue to be required. Apportionment of shared costs will be determined on a case by case basis, based on appropriate measures. These issues will need to be considered in detail as part of the business case for each initiative, as it may affect savings projections.

TABLE 1

	YEAR 1 (18/19)	YEAR 2 (19/20)	YEAR 3 (20/21)	ONGOING ANNUAL SAVING	TOTAL 10 YEAR SAVING	NPV
Integration of Shropshire Command Centre	-£141,700	£638,200	£638,200	£638,200	£5,602,100	£4,713,526
Alignment of ICT & Outsourced Services (WMP)	-£979,007	-£442,235	£714,375	£714,375	£4,293,760	£3,338,238
Alignment of ICT & Outsourced Services (HWFRS & SFRS)	-£973,699	£269,205	£269,205	£269,205	£1,449,146	£1,074,328
Integration of Fire Command Structure	-£51,200	-£23,948	£327,334	£684,034	£5,040,424	£4,135,692
Premises Sharing	-£100,000	-£32,500	£270,000	£270,000	£2,027,500	£1,661,805
Consolidation of Supporting & Enabling Services - LEAN	-£478,720	£291,554	£1,168,585	£1,168,585	£9,161,512	£7,564,134
Consolidation of Supporting & Enabling Services - ICT	£0	£171,403	£171,403	£171,403	£1,542,628	£1,303,981
Lower Total	-£2,724,326	£871,679	£3,559,102	£3,915,802	£29,117,070	£23,791,704
Upper Total	-£3,058,406	£1,561,203	£5,468,171	£5,824,871	£44,745,067	£36,802,919

6.4. Commentary

- 6.4.1. The financial case acknowledges the good work that has already been done and is in course of delivery by all three constituent organisations. Major projects are in course of delivery, and WMP is working on its transformation plan. HWFRS has identified the need to save a further £1.6m pa by 2019/20 and SFRS intend to take advantage of the efficiencies gained from the existing IRMP projects. All are rightly concerned to protect and preserve their front-line services in Policing, Fire, Prevention and Public Safety. One of the means through which that might be achieved is by bringing together the governance as proposed herein, and exploiting that for the business efficiencies and savings that can be generated.
- 6.4.2. This will not be an easy, trivial or comfortable task. Much work has already been undertaken and process efficiencies and economic savings delivered. The next stage will require courage and insight to draw on the latent capability of information systems to reduce costs through smarter working, eliminate non-value adding activity, reduce process cycle times, improve response times, reduce duplication and delay and promote greater autonomy in the administrative functions. Part of this may be achieved through extensions to 'self-service' capabilities in enabling services, part through more radical approaches.
- 6.4.3. Work so far has largely delivered improvement to existing systems, processes, procedures. Taking the next steps will require considering whether some processes are needed at all, whether greater decision discretion can be allowed to individuals within the organisational system, whether some systems, processes, activities and ways of working have run their course and can simply be stopped. This will require courageous, strong leadership at all levels.
- 6.4.4. The benefits stated and costs recognised are focused only on revenue matters. There are some capital programmes in course of delivery or in planning which are included in collaborative working, or are outside the scope of this work. Once a determination on the governance question has been made, it is recommended that the WMPCC revisits the capital programme and identifies additional areas of potential gain.

7 MANAGEMENT CASE

This section of the business case describes how the proposed change to shared governance and the ensuing increase in joint working will be managed so as to minimise costs and disruption and maximise the potential of collaboration.

7.1. **New governance structure & legal arrangements**

7.1.1. Under this proposal the constitution of the FRAs will be changed and the PCC will become the PFCC with full governance and legal responsibility for HWFRS and SFRS, and will become the legal employer of the officers of both services.

7.2. **Management structure**

7.2.1. The change in governance will allow the establishment of an integrated command structure that embraces police and fire services in relation to matters on which the services can collaborate. This in turn will allow the development of a shared Police, Fire and Crime Plan and a new structure which will allow more streamlined, collaborative working and make efficiency savings. The police and fire services will continue to plan and operate independently on matters which concern their own responsibilities.

7.2.2. At the point when the PCC becomes the PFCC, the management structure will be as shown in Figure 4.

APRIL 2018 OVERALL STRUCTURE

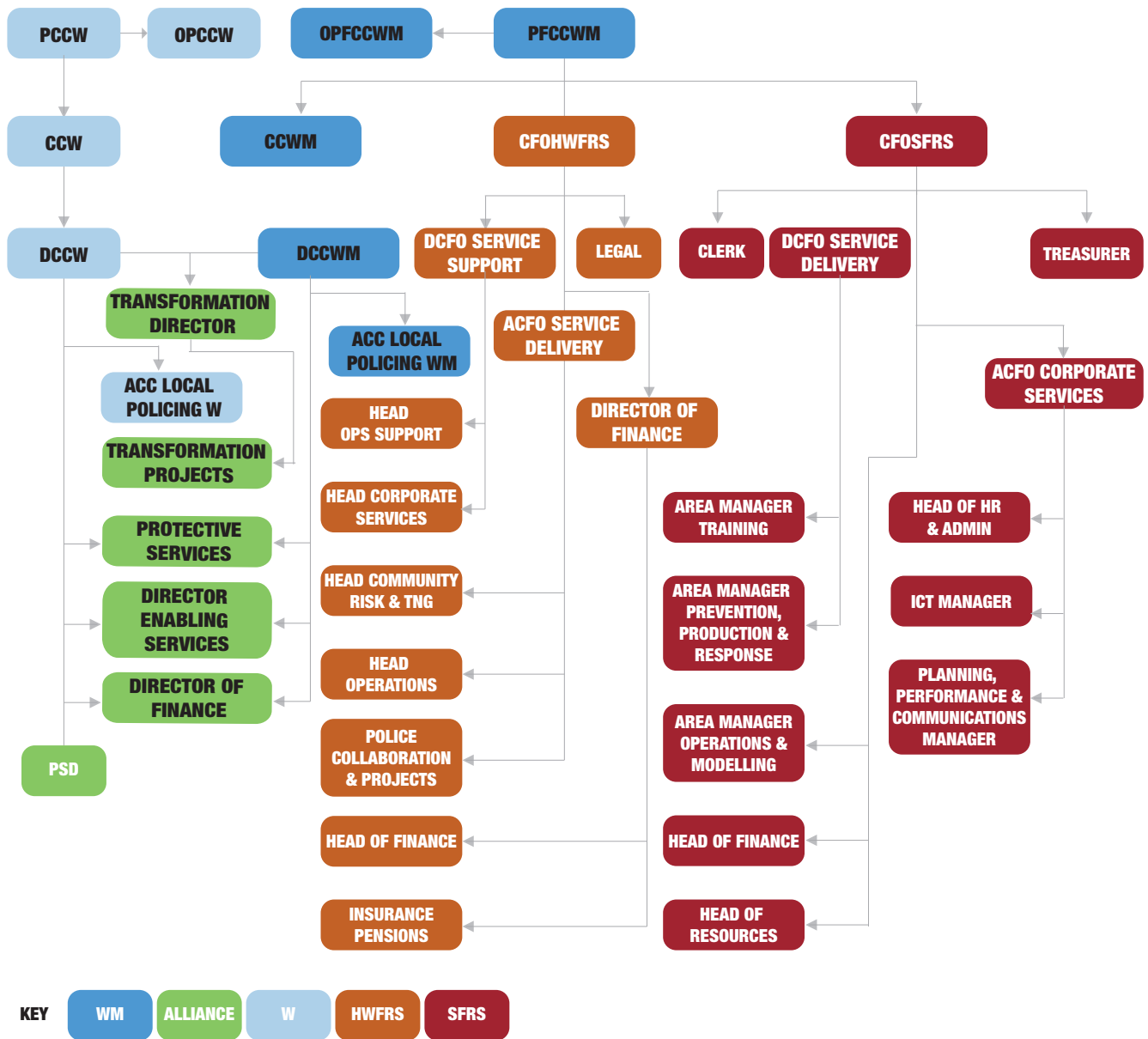


FIGURE 4

By April 2021 it is anticipated that this structure will have been rationalised so as to support collaborative working and reduce duplication (see Figure 5)

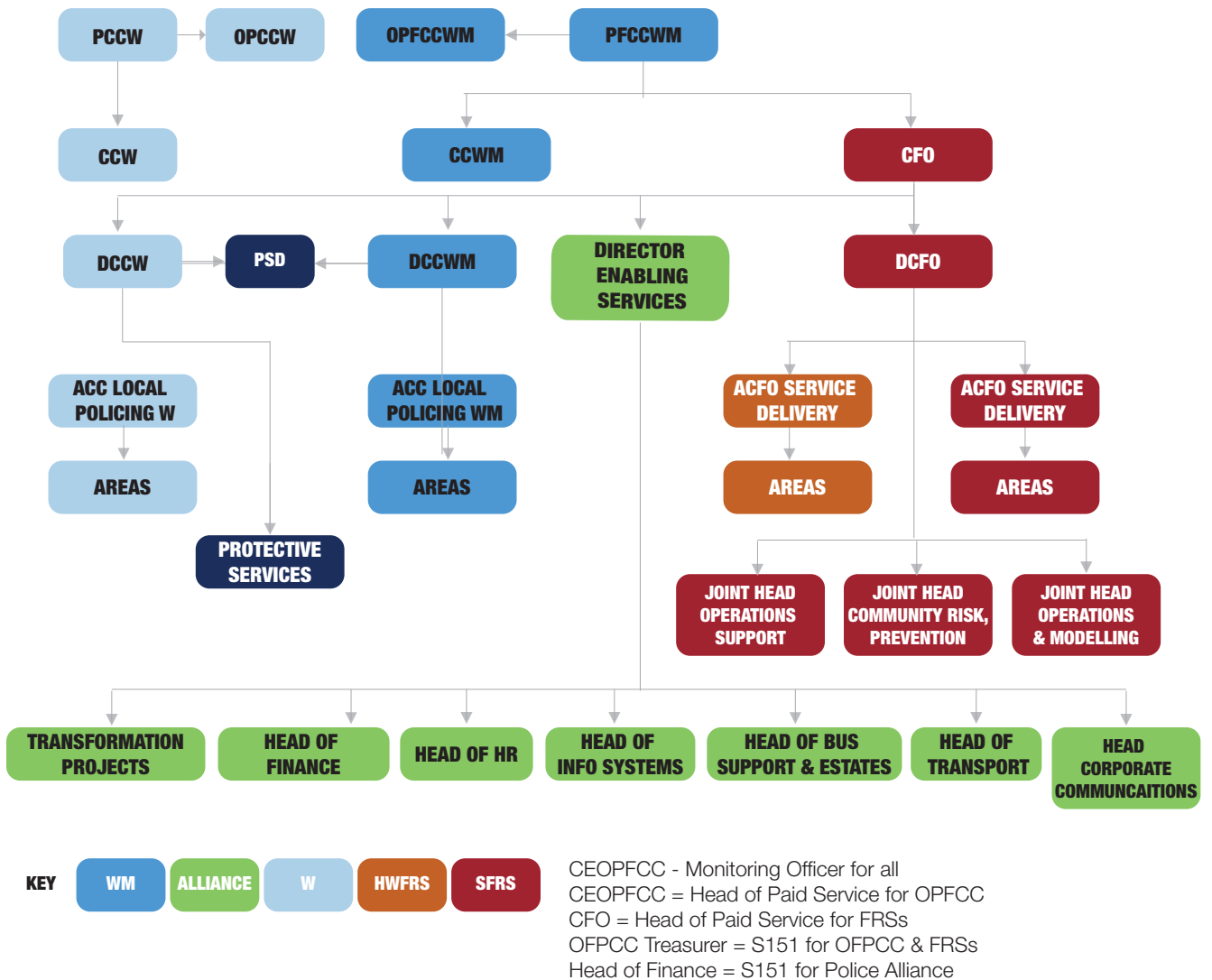


FIGURE 5

7.3. Transition plan

7.3.1. Principles and critical success factors

7.3.2. Leadership

7.3.3. In order to carry out the transition plan and achieve the desired outcomes the contribution of senior officers will be crucial. It will require active leadership by senior officers from both fire and police services.

7.3.4. Delivery of the proposed plan will depend upon the hard work, determination and ambition of the democratic leadership and chief officers of the three organisations. All have already demonstrated significant capability in this regard and it would be short-sighted when setting out on this task to reduce that capability at all. The task of delivering the change will be demanding and will rely on the engagement of the established leaders with their loyal workforces. Pursuit of this proposal will provide unity of energy and direction which will simplify the roles of the Chief Officers in meeting the expectations and demands of democratic leadership.

7.3.5. It is considered that each service should retain its own Chief Officer for at least the duration of the transition. They will be required to lead the change in the organisation and engage positively with the leaders of the other two.

7.3.6. Engagement and ownership

7.3.7. It is also essential that senior officers implement the proposed changes in such a way as to engage staff and build real shared ownership. Whilst there is no doubt that something would be achieved by giving instructions, the true potential of collaboration will only be achieved by fully engaging every employee within the three services in the design and delivery of the change. They will need to build a shared transformation team, to work out how that co-exists with the existing police alliance activity, and then work together to deliver a new way of working across process, people, information and technology.

7.3.8. The transformation activity and timetable in Section 7.5 has been designed to create an iterative process by which plans initiated at more senior levels can be developed and “owned” at the next organisational level. This will enable a degree of genuine co-creation involving police and fire staff at all levels which goes further than consultation. Plans and changes developed in this way are far more likely to be effective and sustainable than plans developed by external advisers or by dedicated internal business change teams.

7.3.9. Culture and behaviours

7.3.10. It is a well-established fact that when organisations come together, a high percentage of such projects fail to achieve their objectives, principally because of the failure to respect and manage cultural differences between the organisations concerned. This business case does not propose a merger and this lessens the risk that would be posed if the fuller integration necessitated by the single employer model were being proposed. Nevertheless, although police and fire services have become used to collaboration, the intent in this business case is to create a step change in joint working. This will represent a considerable cultural challenge and meeting it will be probably be more demanding than managing the formal, structural and management changes. If the police and fire

services are to deliver the full potential of collaboration it will be essential to develop an understanding of and a positive regard for of the cultures of the three organisations. Agreement will be required on how those cultures will be honoured, then managed and adapted in order to support joint working. This will mean working together through the transition process, and agreeing, at all levels, on the behaviours that will be required and enacted. Because WMP is by far the largest organisation there will be a risk that it assumes, unconsciously, a cultural dominance in the partnership. This must be avoided and it will require a deliberate effort to ensure that it does not happen. This must start with senior officers.

- 7.3.11. The biggest factor in the success of the overall project will be the extent to which, and the manner in which, senior officers model collaboration. This is unlikely to happen by accident. It will require a deliberate and intentional process of identifying and committing to the values and behaviours that support joint working. This process must be replicated at all levels of the organisation as a key feature of the transition plan. It is often the case that this challenge is recognised but is seen as one workstream among many and, in practice, regarded as less important than those work streams addressing business structures and processes. This produces sub-optimal results in that which has the biggest impact on successful joint working. The cultural and behavioural factors will be given the right priority and seen as permeating all aspects of implementation.

7.4. Activities and timetable

- 7.4.1. In the period before April 2018 the three services can continue to focus on the delivery of existing collaborative activities and coupling them to achievement of performance and financial targets. None of that is affected by governance discussions.
- 7.4.2. If the proposed governance change is confirmed the process thereafter would be as follows:

1

GOVERNANCE SUPPORT: From 1 April 2018 for up to 9 months

- Governance moves to PFCC
- Scheme of Delegation - Implement a new PCC-style FRA Scheme of Delegation to the senior officers of the two fire services FRA support services come under control of OPFCC
- Establish governance framework for collaboration, including programme management arrangements
- Establish behavioural norms/ground rules at governance and senior management level
- Start to develop new Police Fire and Crime Plan covering areas of collaboration
- Develop operational collaboration strategy
- Review governance-related outsource contracts
- Review existing in-sourced activity
- Consider operational implications and formulate options for maintaining / improving
- Final governance support structure decided
- At risk notices issued to relevant parties
- Selection/appointment process for new team
- Develop support services integration plan

2**SERVICE - SUPPORT SERVICES SENIOR MANAGERS: From 1 Aug 2018 for 8 months**

- Transition of support/enabling services leaders (HWFRS already planning to move then)
- Review outsource support service contracts
- Review support service processes
- Review information needs
- Finalise support service structures
- Place relevant persons 'at risk'
- Make new appointments
- Develop behavioural norms/ways of working together
- Implementation: launching systems/consolidating support service structures

3**SERVICE - NEXT LEVELS & OPERATIONAL LEADS: Timeline to be discussed with CFOs**

- Change structures below senior level

It will be essential to manage the transition so it is carefully integrated with the services' own transformation programmes throughout. This will be facilitated by the transformation leads playing a major role in the implementation of the transition to joint governance and closer police and fire collaboration.

7.5. Governance and programme management

7.5.1. The transition will be overseen by a Programme Board chaired by the PCC.

7.5.2. The transition will be managed by a programme team led by the chief constable, the two chief fire officers and others, working with and through the Transformation Director. A crucial early task for this group will be to develop a programme plan to deliver the proposed activities on the proposed timetable, with associated work streams and staffing. In addition to the activity required to deliver the governance, command and support service process changes the programme plan must cover:

- Communication: an internal communication plan for activity to support the roll out of the new governance model.
- Culture: a plan to ensure the three organisations will develop behavioural norms that support collaboration.

7.5.3. The programme will be managed in accordance with the established programme management protocols of the three services: an early task will therefore be to ensure that these are aligned in relation to this transition.

7.6. Managing the impact on the services

7.6.1. During the change to a new governance model and the ensuing transition to collaborative working, there is a risk that the demands on management capacity in the OPCC and in the police and fire services could cause the focus on operational delivery to be reduced, and this could, in turn, have a negative impact on public safety. It is important that the mitigations put in place to prevent this happening are robust, and indicators of potential issues are identified early. To mitigate the risk the PCC and chief officers will regularly review police and fire performance data on a monthly basis and, if necessary, take corrective action. This risk is one of the principal reasons why this business case recommends maintaining chief officer capacity during the transition.

7.7. Risk management

7.7.1. The three services involved all already manage considerable risk in relation to public safety.¹⁷ The proposal to enhance collaboration through shared governance will provide additional mitigation for many of those risks, by creating a source of additional shared resource for each of the partners and supporting service effectiveness and resilience.

7.7.2. There are strategic and programme management risks associated with this proposal, and with the transition involved, some of which have already been mentioned. Further risks are suggested in correspondence received by the PCC during the consultation and attached to this report in Annex 1. These risks are mitigated by the commitments made in response by the PCC as set out in the consultation report attached as Annex 1.

7.7.3. A full risk register is attached to this report as Annex 2. The risks identified include:

- That there is significant resistance from staff in one or more of the three services. This will be mitigated by leadership commitment to successful partnership and by involving staff in the way collaboration is implemented.
- That staff morale suffers as a result of tensions between the services and different, assumptions, behaviour, and management styles. This risk will be mitigated by including the creation of a shared cultural understanding and behavioural norms, modelled by senior officers, in the transition programme.
- That the programme fails to achieve its financial objectives. This will be mitigated by robust examination of the financial assumptions and calculations in advance, and by rigorous programme management and governance.
- That it proves difficult to bring SFRS into the shared Operations Communications Centre because of differences between police and fire procedures and technology. This will be mitigated by ensuring that lessons are learned from the prior experience of bringing HWFRS and WMP together – a project that is already planned and timetabled irrespective of this business case.
- Some will be concerned that there will be a risk to employment in some parts of West Mercia. This risk will be mitigated by ensuring that efficiencies will not be sought disproportionately in any one service or geography.
- That the organisational changes distract officers and staff from service delivery leading to a reduction in public safety. This risk is mitigated by the retention of leadership capability and capacity throughout the change period.

7.7.4. The transition programme itself will be risk managed according to the established protocols of the three services for such programmes. These will need to be aligned as an early task of the programme management team.

7.8. **Benefits management**

7.8.1. The primary responsibility for ensuring that the benefits of the revised governance arrangements are realised lies with the PCC and chief officers. There are two types of benefit:

- Governance benefits, i.e. those benefits directly associated with improvements in the governance of the Fire and Rescue Services.
- Service delivery benefits, i.e. those benefits that flow from collaboration between the three services, which are enabled and more likely to be realised as a result of the governance changes.

7.8.2. The approach to benefits realisation includes:

- Establishing a benefits register
- Identifying clear owners with responsibility for benefits realisation for specific areas of the programme
- Developing common benefits realisation plans
- Regular review processes
- Utilising the existing collaboration programme board

7.8.3. Critical success factors are:

- Accelerates pace and effectiveness of police and fire collaboration.
Joint governance is likely to accelerate and enable more effective police and fire collaboration to deliver tangible public safety and vulnerability prevention benefits, improve effectiveness and resilience.
- Enables a more innovative and effective approach to public service transformation.
Joint governance is likely to accelerate and enable more innovative and effective collaboration with wider public sector partners to deliver tangible public safety and vulnerability prevention benefits, improve effectiveness and resilience.
- Brings benefits in terms of transparency and accountability.
Joint governance can improve transparency, accountability, visibility and effectiveness of scrutiny and decision-making.
- Facilitates the optimal utilisation of property, equipment and fleet.
Joint governance can accelerate and enable the realisation of further financial benefits from optimising the utilisation and management of estate, equipment and fleet.
- Safeguards the financial sustainability of public services.
Joint governance ensures ongoing financial sustainability of affected public services.
- Deliverable.
The joint governance option can be implemented easily and successfully.
- Ability to mitigate strategic risks.
The joint governance option can mitigate strategic risks.

7.8.4. **Equality Impact Assessment**

- 7.8.5. The Equality Impact Assessment (EIA) is concerned with anticipating and identifying the equality consequences of a particular policy/service initiative and ensuring that as far as possible any negative consequences for a particular group or sector of the community are eliminated, minimised or counterbalanced by other measures.
- 7.8.6. Our view is that the proposed governance changes will not affect any particular group or sector of the community differentially. The intention is to increase the level of public visibility and accountability in the governance of the Fire and Rescue Services through the new governance arrangements.
- 7.8.7. Each collaboration opportunity included in the FBC will be subject to its own business case before a decision is made on how to proceed. At these points EIAs will be completed to ensure the impact is fully understood.

8 REFERENCES

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- ⁴ Crime Survey for England and Wales, year ending December 2015
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- ¹⁶ <http://www.westmercia-pcc.gov.uk/wp-content/uploads/2017/08/WMP-Group-and-PCC-SOA-1617-FINAL.pdf>
- ¹⁷ See the HWFRS community risk management plan 2014-20, <https://www.hwfire.org.uk/assets/files/crmp2014-2020.pdf>, the SFRS integrated risk management plan 2015-
- ²⁰ <https://www.shropshirefire.gov.uk/sites/default/files/14-irmp.pdf> and the WMP Control Strategy https://www.westmercia.police.uk/media/7576/Strategic-Assessment-2017---2018/pdf/Strategic_Assessment_2017_18_-_FINAL_REDACTED.pdf

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