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West Mercia Police & Crime Commissioner  
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WR3 8SP

Shropshire Council  
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Shropshire SY2 6ND

Date: 12 September 2017

My Ref:

Your Ref

Dear John

### **West Mercia Fire & Rescue Governance – Consultation**

Thank you for attending our Communities Overview Committee on Monday 4<sup>th</sup> September during which you presented the initial business case, supported by the more detailed work undertaken by Beckford Consulting, in which you are proposing to take on the governance of local Fire Services in Herefordshire, Shropshire, Telford & Wrekin and Worcestershire. I am now responding solely on behalf of Shropshire Council in my role as Leader having been given the mandate to do so at our Full Council meeting in the July 2017.

Cllr Cecilia Motley, Chair of this Scrutiny Committee has shared with me both the detail and the outcomes of the discussions held on Monday which I found extremely useful in enabling me to respond on behalf of Shropshire Council.

In summary, Shropshire Council does not support the proposals within the initial Business Case to change the governance arrangements for local Fire Services in Herefordshire, Shropshire, Telford & Wrekin and Worcestershire. Whilst Shropshire Council recognises that the consultation has been carried out against this initial Business Case, the feedback from the Scrutiny Committee is that the case for change lacks sufficient clarity and leaves a number of unanswered questions, principally that the £4.25m savings lack specific and coherent details behind them. As a result of this it has not been possible to understand the full benefits of the proposals compared to alternative options to further increase efficiencies by the Fire & Rescue Services, such as greater 'Fire to Fire' collaboration, as well as more collaboration with the other blue light services which would include greater sharing of accommodation. This decision has the support of opposition group leaders.

I know you mentioned the lack of involvement at this stage of West Midlands Ambulance Service, and we agree it would have made sense to look at this more holistically for all blue light services. Similarly, we are also aware through our involvement in the One Public Estate of the desire to further co-locate office accommodation, which I know is already taking place and developing across Shropshire and Telford.

We note that the financial savings are proposed to be around the enabling services (back office) although having considered the Report undertaken by Alendi Consulting (enclosed) we are also aware that a large number of those support staff are also retained fire fighters, which again causes us concern with regard to the impact it would have at the front line. We welcome your comments that front line activity would not be affected and that a local identity would remain; and can see a number of benefits within the overall proposals, particularly around data sharing and wider procurement opportunities building on those that already exist. However a number of these could be developed as previously stated by a remodelled governance structure such as Fire to Fire collaboration and I would urge you to explore this further in the short term.

Shropshire Council also has concerns about the proposed consolidation of services at Hindlip, and whether this would lead to a deficit in the north of the West Mercia area, impacting on the ability of Senior Officers to progress the high level cooperation that is already in place to deliver, amongst other things, emergency planning between Shropshire Council, Fire and Rescue Services and others.

The proposals also appear light in terms of the detail surrounding local engagement and understanding of how any new Fire Governance model would be scrutinised at a local level. We would have welcomed more explanation of the role of the 'small number of representatives across the counties' and how and whether they would relate to the proposed Police Fire and Crime Panel.

Having stated all of this, I do believe that this consultation has encouraged Shropshire Fire & Rescue and the other Fire Services to reflect on these proposals and the need for change and could have a beneficial impact, particularly encouraging different services to look positively at establishing new ways of working together to drive efficiencies, which I know you spoke of-with conviction at the Committee meeting.

To be clear, I regret to inform you that Shropshire Council rejects your proposals as drafted and consulted upon. We prefer the alternative approaches now being discussed which we believe will make the same efficiencies whilst delivering more robust and locally accountable governance. We acknowledge that you may well have boosted the urgency with which these alternatives will now be moved forward.

Thank you for the opportunity for Shropshire Council to respond to the proposals set out in the initial Business Case. I have attached a completed Consultation response form. As mentioned earlier, I have included the analysis undertaken by Alendi Consulting, which I would urge you to consider and take account of, when you are reviewing the consultation responses.

Finally, we look forward to hearing the outcomes of the consultation and working in a collaborative manner with you and your officers in the future.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'P. Nutting', with a stylized flourish at the end.

Peter Nutting  
Leader

cc: Clive Wright – Chief Executive  
Cllr Cecilia Motley - Chair, Communities Overview Committee  
Nick Hurd MP – Minister of State for Policing & the Fire Service



## **WEST MERCIA FIRE AND RESCUE GOVERNANCE**

### **CONSULTATION**

The Police and Crime Commissioner is proposing to take on governance of local fire services in Herefordshire, Shropshire, Telford & Wrekin and Worcestershire.

This would result in:

- Estimated £4 million annual savings through improved efficiencies.
- Closer collaboration between police and fire services.
- Improved resilience for ensuring public services.
- No changes to frontline officers or services
- A system of a directly elected Police, Fire and Crime Commissioner.

Q1 Do you support these proposals?

Yes ☐

No ☒

Q2. What are the main reasons for your answer to question 1? (Please tick all that apply).

Financial considerations ☒

Service resilience ☒

Levels of collaboration ☒

Replacing the existing Fire and Rescue ☐

Authorities

Other (Please Specify):

#### **About You**

Q3. In what capacity are you responding?

As an individual member of the community ☐ (Please go to question 6)

On behalf of a business ☐ Please go to question 7)

As an employee or volunteer of the police or fire service ☐ (Please go to question 4)

As a local councillor or on behalf of a local council ☒ (Please go to question 5)

Q4. Do you work for any of the following? (This can include in a voluntary capacity)

Hereford and Worcester Fire and Rescue Service ☐

Shropshire Fire and Rescue Service ☐

West Mercia Police ☐

Q5. Are you any of the following?

Town or Parish Councillor ☐ Unitary Councillor ☐

District / Borough / City Councillor ☐ County Councillor ☐

Providing an official response on behalf of the following Council SHROPSHIRE COUNCIL

Q6. Please confirm your age

Under 18 ☐ 40 - 64 ☐

18 - 25 ☐ 65 and over ☐

26 - 39 ☐ Prefer not to say ☐

Q7 Please confirm which local policing area you live in (or are located in if you are responding on behalf of a business, organisation or a council)

Herefordshire ☐

Shropshire ☒

North Worcestershire: Bromsgrove, Redditch, Wyre Forest ☐

South Worcestershire: Malvern Hills, Worcester City, Wychavon ☐

Telford and Wrekin ☐

Other (Please specify)

**THANK YOU FOR TAKING THE TIME TO TAKE PART IN THIS CONSULTATION.**

Please post your completed questionnaire to:

John Campion, West Mercia Police and Crime Commissioner, Hindlip Hall, Worcester WR3 8SP

The closing date for the consultation is **Monday 11<sup>th</sup> September 2017**

Results will be published in due course on: [www.westmerica-pcc.gov.uk](http://www.westmerica-pcc.gov.uk)

# ameo:



Consulting Ltd.

## **Analysis of West Mercia PCC Initial Business Case**

**Version – Final Draft 1.1**

**26<sup>th</sup> July 2017**

**Authors:** Mike Dearing,  
John Bonney,

The content of this report is based on information (interviews & documents) gathered in good faith from contacts within Hereford and Worcester Fire and Rescue, Shropshire Fire and Rescue and the Office of West Mercia PCC. Ameo /Alendi Consulting cannot guarantee the accuracy of this content and therefore accepts no liability whatsoever for actions taken that subsequently prove incorrect.

## 1. Introduction

In line with the Policing and Crime Act 2017 the West Mercia Police and Crime Commissioner (WMPCC) commissioned research to develop a business case for merging the governance, strategic and operational management of Hereford and Worcester (HWFRS) and Shropshire Fire and Rescue Services (SFRS) into his jurisdiction. This initial business case (IBC) was recently completed and submitted for public consultation on 12<sup>th</sup> June 2017 to run for twelve weeks with a closing date of 11<sup>th</sup> September 2017.

Shropshire and Wrekin Fire and Rescue Authority (SWFRA) and Hereford and Worcester Fire and Rescue Authority (HWFRA) made initial press statements in response to the launch of the public consultation, in which they recognised the need for greater collaboration but were keen to highlight the effective collaborative ventures that were already in place and those that were planned. Both FRAs also pointed out that they were already well governed, well managed, and delivered an excellent service to their communities within budgetary constraints. The FRAs also questioned the IBC on its assertion that £4m of savings could be made without losing jobs or reducing the quality that both FRAs rely on to deliver their service to the public and staff.

The Chairs of the FRAs have been in discussion with the Leaders of their respective Constituent Authorities (CAs) to determine how the CAs need to be supported in order to develop a considered response to the PCC's consultation. NB: the statutory consultees are the CAs, the public, the staff and their representative bodies (RBs).

The decision of the CAs was that this role would be delegated to the scrutiny function of each council and to support this the Leaders of the four CAs requested the two FRAs prepare a report. To that end the two FRAs agreed to jointly commission an independent analysis of the PCC's IBC in order to scrutinise its feasibility and practical deliverability. Furthermore, it was felt important that the analysis should also appraise the IBC against alternative options; such as a revised FRA structure that would allow for PCC representation, create efficiencies within the governance arrangements and exploit the sharing of resources.

As well as a detailed review of the IBC produced by Beckford Consulting, the supporting material from the two FRS's was examined and a series of one to one interviews were conducted with the Chairs of the two FRA's, their respective Chief Fire Officers and heads of finance. In order to better understand the PCC's intended approach the authors also met with the West Mercia Police and Crime Chief Executive as the Police and Crime Commissioner was not available.

As such this report provides a financial and organisational analysis of the IBC, verification of details therein and an exploration of a number of potential options in response to the consultation for consideration by the two FRA's and their constituent authorities.

## **2. Overview and Assessment of Governance Options**

The IBC approaches the governance options somewhat differently from the guidance provided by the Association of Policing and Crime Chief Executives (APACE) in that it does not consider the Representation model and focuses only on the Governance and Single Employer options. We presume this is because the PCC currently sits on both FRA's as a participating but non-voting member and this could be described as a variant of the representation model.

The lack of examination of the representation model may be a missed opportunity as a number of authorities are exploring the representation approach and developing innovative solutions to build strong working alliances without organisational disruption. We would suggest this might be an avenue for further exploration and provide more detail later in the report.

The IBC concludes that the current trajectory of collaboration and potential savings achieved under this arrangement would be accelerated by the adoption of a governance model. It cites that the removal of barriers around strategic decision-making as the main reason for this improvement. We offer evidence below that suggests that delays in collaborative activities may not be the result of existing governance structures but rather other organisational factors.

It is worth noting that the IBC limits suggestions that significant improvements in operational service delivery would be achieved through a change of governance. This we believe is wise. Both police and fire are category 1 responders under the Civil Contingencies Act 2004 and have statutory obligations to cooperate in identifying, planning and responding to emergencies. Both FRs are active participants in the Local Resilience Forum and work well with police and other category 1 responders. As such collaboration is both legally required and actively pursued within West Mercia. Additionally the Joint Emergency Services Interoperability Programme (JESIP) has ensured closer collaboration between services through nationally prescribed training and protocols for incident management. The use of "Resilience Direct" a shared database of operational information for first responders in West Mercia demonstrates the progress made in developing a stronger collaborative ethos. Hence it is unlikely that any change in governance arrangements would affect the current level of operational coordination and delivery at incidents.

In recommending the governance model as the preferred option the IBC posits that it represents many of the advantages of a joint employer model without the challenges of resistance from the representative bodies or the complexity and risk of organisational integration. In theory this looks attractive but the reality may be more challenging.

Much is made of the advantages of keeping three separate organisations managed by a “command alliance” (Later referred to as “joint command” in 5.4.5). What this actually means in terms of day-to-day leadership is not clear. There is no explanation as to whether the Chief Officers would act collectively across the three entities or whether there would be defined areas of jurisdiction. No mention is made of the process of corporate decision-making and whether this would incorporate veto arrangements. Whilst these are detailed points they are fundamental in understanding how the approach would operate.

With a shared back office, a concerted effort to introduce lean systems and combined governance the sense that individual organisations with separate brands could be maintained indefinitely seems unlikely. What is being proposed is a fairly complex organisational form in which responsibilities and decision-making would need to be carefully defined if it is to work efficiently and transparently.

Paragraphs 5.4.9 and 6.7.5 suggest that further transformation from the proposed model is likely to occur in the near term. Indeed it is makes clear that a review of the senior command teams would be expected after April 2019 “to begin to release any redundant posts and deliver the transformation plan”.

Hence what might appear as an initial model seeking to maintain three distinct organisations with separate leadership teams moves to something quite different with the individual Police and Fire and Rescue Service identities becoming increasingly less distinct. How well this is appreciated in the consultation process is unclear.

A key leg of the IBC argument is the purported improvement in accountability provided by PCC governance. It is worth noting that this relies on the belief that accountability is principally about the visibility of the decision making by a directly elected politician. However democratic accountability also encompasses issues of independent scrutiny and public accessibility. Currently both FRA’s are comprised of elected members appointed to the Authority rather than directly elected as the PCC. However the scrutiny arrangements operated by PCC’s is more limited than the infrastructure in place for each FRA, both of which have dedicated scrutiny bodies. In contrast to Police and Crime Panels, whose purview and authority is

narrow, FRA's scrutiny/performance committees are charged with greater discretion and influence.

It is also worth noting that FRA's are comprised of local representatives who offer the public a route by which to raise issues and concerns. In contrast, the WMPCC would be expected to deal with not only fire issues across two large counties but also the challenges of governing West Mercia Police whilst remaining open to local public concerns. The suggestion that this would cause "...a little extra work..." for the PCC seems highly optimistic.

That said the issue of community accessibility is clearly recognised in the IBC as it raises the concept of an advisory panel to the PCC. It is not clear how these unelected advisors would be appointed nor the formal authority they would hold. Neither is it clear whether these would be paid positions which would have financial implications and raise questions around independence. Whatever the case the argument that PCC's bring greater accountability through this model is open to challenge.

### **3. Five Case Analysis**

The IBC adopts the Treasury's "five case" model in line with APACE guidance. For ease of cross-reference we have adopted the same structure (including a sixth section around implementation).

#### **i. Strategic**

This section lists three key strategic opportunities that are presented by the adoption of the governance model.

##### **Acceleration of collaborative working in front line services**

It is clear from the outset of the IBC that there is a somewhat narrow view of the work of FRS. The emergency response role and the focus on "community safety" are interpreted to align closely with the police role. At a high level, this may seem to be the case but more careful organisational examination reveals police and fire roles are considerably different. It is not without some significance that in no other Western country are police and fire jointly managed in this way. Much more prevalent is the combination of fire and emergency medical services. Police, quite rightly, focus on crime and law enforcement and so the overlap with fire service operations is limited. And whilst the Police including West Mercia have crime prevention as a significant function it remains a subsidiary activity. The fire service on the other hand is legally required not just to respond but prevent incidents as part of its integrated risk management plan (IRMP) and its natural partners in reducing vulnerabilities to fire are those that share similar risk drivers. These tend

to be local government, health and social care agencies rather than just police. An example of this is the current chairmanship the HWFRS CFO holds as part of the "Connecting Families" initiative. This multiagency approach seeks to work with complex families to address their social, health and welfare issues in a coordinated way. This does involve police but is also heavily influenced by the education, health and welfare priorities of the families.

Therefore, by moving under the governance of the PCC there may be a risk that "community safety" becomes more defined in terms of crime than fire related vulnerability. This may not be deliberate but given that fire, is less politically contentious, the focus is likely to be on the more vexed issues of crime related risk. Clearly this is conjecture but it is telling that nowhere in the IBC is it recognised that health and care agencies are key partners to HWFRS and SFRS which is an unfortunate omission.

The success of both fire and rescue services is typified by the declining rates of fires (in both services all fires have reduced by more than 40% in the last decade) much of which has been achieved by working with those that share the drivers of community risk. Understandably the public and political attention given to law and order may mean that a PCC focussed on three organisations rather than one will prioritise attention and resources to prevention in areas of crime and policing. It is worthy of note that within both FRS's preventative activity is one of three strategic areas of work. In West Mercia police structure "Protecting Vulnerable People" is one of seven units within the protective services division, which is itself one of 5 divisions. Hence the relative organisational visibility of preventative activity is quite different. Therefore, it is recognised that in any ongoing collaboration there would be merit in the WMP exploiting the fire services expertise in reducing demand.

Our examination of both FRS's on-going projects shows an extensive range of collaborative initiatives. The breadth and volume of these projects is impressive not just with police but also with other key public bodies. Work with local authorities and social care agencies in relation to the Safe and Well programme is making an increasing contribution to the wider health and wellbeing agenda. This is particularly noticeably in SFRS where the unitary authorities represent the key partners for the service's preventative work. In Hereford and Worcester, the sharing of assets with West Mercia police is occurring at Bromsgrove, Hindlip, Hereford, with plans for co-locations at Wyre Forest, Peterchurch, Tenbury, Bromyard, and Worcester. These premises are being used by a variety of frontline and specialist staff all of which builds operational synergies between the organisations. A similar situation is found in Shropshire where the sites of Newport, Whitchurch, Bridgnorth and Telford have or plan to have shared occupation. The suggestion that this work would be accelerated and deepened by a transition to the PCC maybe

underestimating the work already in train and overestimating the capacity of all partners to take on more projects. Notably all this work has been achieved through the current separate but cooperative governing bodies. Indeed, both FRS's and the Police have a strategic commitment to actively pursue partnerships to achieve their mission.

In our research we found evidence to suggest that the pace of progress is less influenced by the commitment of the parties but by the sheer volume of projects currently being undertaken within West Mercia Police. The strategic alliance with Warwickshire police has a number of very significant projects including a major overhaul of information systems which consume considerable resources and attention. Add to this the projects to share the Police HQ at Hindlip with HWFRS, the establishment of a shared operational command centre and various site sharing opportunities means the police's ability to meet the fire partners' ambition is already stretched.

For the two fire services, what may represent a more fruitful and immediate approach to saving costs and driving performance is to increase fire-fire collaboration; something which has not progressed to the same degree as the fire services have been focusing on seeking and achieving substantial efficiencies internally. Here we consider there are opportunities to bring together training resources, fleet management, ICT support, mobilising control capacity and specialist resource deployment across the two FRS's. Experience shows that intra industry collaboration is often a more straightforward and speedy means of gaining efficiencies, capacity and resilience than tackling the added complexities of the divergent needs and protocols found across sectors. Here the recent establishment by both FRSS of dedicated posts to identify and exploit joint opportunities is an important step to progressing shared projects across the two FRS's.

### **Enabling Services**

Under the current governance arrangements, the different organisations have progressed a range of shared service initiatives. These have been with a variety of public partners depending on the financial and operational benefits that are available. By way of example SFRS receive some enabling services from Shropshire Unitary Authority – this organisation arguably has greater scale economies than WMP. It will therefore be important to do a clear like for like comparison between existing service costs and future service charges from any new shared arrangement.

We are not aware of any specific shared opportunities that the current governance has blocked. Moreover, as noted above, we are aware that consideration of

sharing some operational assets has been protracted due to decision making by PCCWM.

Reference is made to procurement economies, but there is no reference to where these are anticipated to be made. The majority of the external spend for a FRS is typically in operational assets and a number of national frameworks already exist which increase buying power of such equipment. Recent developments within the fire sector has seen all FRSs commit to national procurement frameworks for Training, Clothing, Vehicles, ICT, Professional Service and Equipment. The intention being that services benefit from national economies of scale rather than creating local procurement arrangements. As such whilst there are likely to be some common procurement categories between fire and police, the higher value categories will see greater synergies with other fire partners.

#### **ICT exploitation**

Considerable reference is made in the IBC to the crucial role of ICT provision and how sharing information holds the key to increasing effectiveness and generating financial efficiencies. What is not specified is exactly how these would materialise across the three organisations only that they would emerge. We have no doubt there is an important contribution to be made by collaborative ICT investment and assimilation but as to the extent of the savings and operational improvements no judgement can be made because of the scant information. As to the suggestion in 6.2.6 that the seamless sharing of data across organisation boundaries” ...on its own is sufficient to necessitate new governance arrangements” seems overstated given the lack of detailed benefits analysis.

Whilst the benefit of data sharing between police and fire is well made and is already established with HWFRS, this should not be seen in isolation. As explained above key partners for fire are health and social care agencies and often it is their data which is most valuable in fire risk analysis. Noticeably for both Hereford and Worcester and Shropshire FRS NHS data forms an important component of their risk intelligence.

#### **ii. Economic**

The economic case for transferring governance to the PCCWM is a central theme of the IBC. Given £250m of public money is involved we would have expected some significantly more robust analysis to be presented to inform appropriate decision making. The financial information offered to justify the benefits is very high-level and doesn't readily reconcile with existing budgets. As such we have not been able to recreate headline numbers to accurately validate them – where we have tried they appear overstated. For example, the governance costs appear to be overstated by over £300k (the two FRA budgets total £272k vs “combined

direct governance costs...amount to around £577k) – we could assume that Chief Officers have been included in this figure but they are operational and also included elsewhere risking double counting (see below). The headline figures are further complicated by referencing additional organisations in some areas and overstating the current costs.

As with all public services there is a cost of democracy and it is noted that the cost of the two FRAs is less than 20% of the cost of the PCCWM and his office – the current year budget for which is over £1.4m (excluding grants). We would anticipate that there are opportunities to streamline these structures, but given the different service remits we would anticipate that greater benefits would be available from FRA to FRA collaborations.

Beyond governance the IBC suggests significant savings through consolidation of enabling services – a figure of £4m is quoted. The figures suggest that creating the combined entity would see the removal of all enabling service headcount of the FRSs (in excess of 100 posts) and further reductions in the shared police team. This appears extremely challenging and impossible to achieve in short to medium term without incurring substantial transition costs

Little evidence is again provided and on face value these figures appear optimistic. Whilst caveated in relation to committed cost reductions no allowance appears to have been made for this. It would be helpful to have a clear summary of the savings/benefits and where they will be derived. From the information provided in the IBC and FRS budget information we would be concerned that the term “enabling” has been misinterpreted. It would appear that “enabling services” include Chief Officers, frontline command support, training officers, control staff and other senior staff who provide operational cover. As an example, in Shropshire half of the enabling services staff are operational staff (63 posts) – so including these in the 25% reduction would result in a reduction in front line staffing.

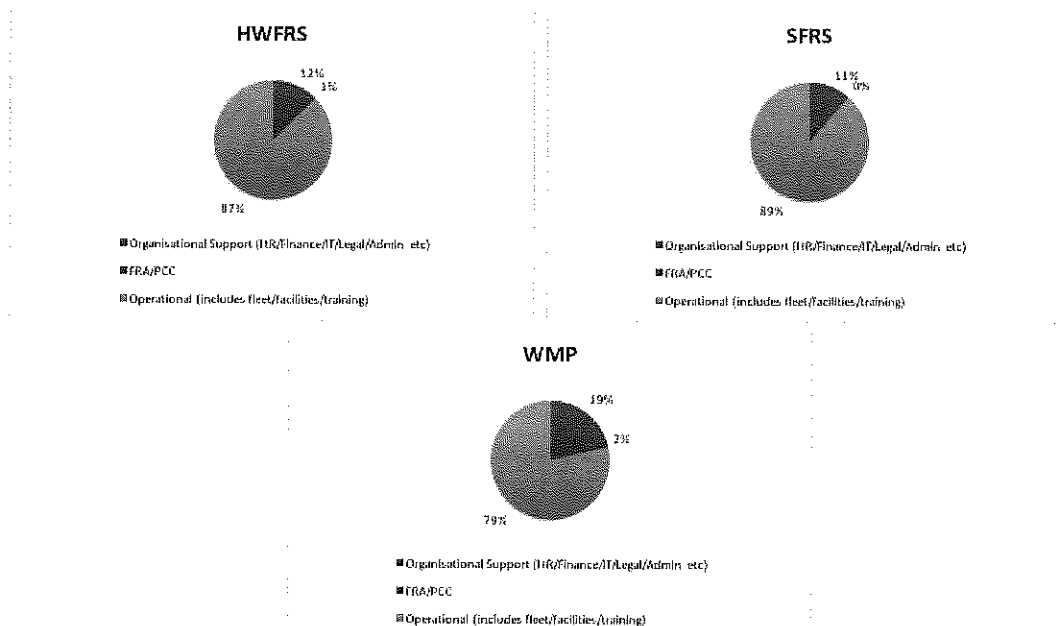


Figure 1 – Budget split by governance, organisational support and operational service delivery (including operational support)

Whilst the assertion that changing governance will deliver efficiency in enabling services is not evidenced, we do believe efficiency in this area can be delivered. When considering the enabling resources in the two FRSs there would appear to be some opportunities to deliver efficiency through fire-to-fire collaboration. We are aware that the two FRSs are already exploring such options in HR and ICT and we would encourage this to be extended across all support functions. The synergies will be much greater in a fire-to-fire scenario and could be delivered at lower cost.

The transition costs of the change are not clearly articulated and it is difficult to establish what they are given the lack of clarity over the model. Whilst the IBC recommends a change in governance, the main financial benefits suggested derive from headcount reductions in enabling services (including Chief Officers in 2019). Given the limited information presented on the end-state and timescales we would expect to see transition costs relating to: Redundancy, pension strain and/or relocation costs; these are likely to run to a seven-figure sum given staff numbers involved. We also anticipate, given the emphasis on the introduction of new systems to reduce costs that a considerable training burden would be created. Our experience elsewhere is that reskilling to use new/multiple software can be time consuming and expensive, no costings have been shown for this.

The reality of fire and emergency incidents means that FRS's, unlike many public services, are risk driven rather than demand led. This means that even in areas of infrequent incidents a level of cover is required to manage any risk that may arise. Delays lead to a greater severity of risk be that a growing fire or escalating Hazmat incident. Hence HWFRS and SFRS both set response target times and deploy their

resources to maximise a rapid response even in relatively low risk areas. The IBC 5.2.7 argues the success of fire and rescue services in reducing calls means maintaining cover is harder to justify. This assumes a demand led approach rather than the reality of FRS operations. Moreover, the success of the two services is a result of using the capacity within their current resources to sustain prevention activities and so drive down risk. Were these resources to be removed or reduced significantly then experience shows that frequency of incidents begins to climb.

### iii. Commercial

The IBC does not make any clear commercial case and relies strongly on efficiency opportunities – although they appear to be police efficiency rather than fire. Given both FRSs are continually striving for efficiency we would suggest Fire-to-Fire collaboration looks likely to be able to deliver greater returns. Based on the limited financial analysis we have been able to review it would appear that the commercial case is for percentage budget reductions as opposed to a change in governance.

We are unclear how the change can be argued to sustain local input when the current model of governance has 42 elected member representatives from across the region holding the Chief Fire Officers to account. The adoption of advisory support to the PCC is not explained either in financial or democratic terms.

### iv. Finance

The existing transformation plans that SFRS and HWFRS have in place are noted. Both organisations have a track record of delivering savings and have plans through to 2020. As a detailed implementation plan has not been provided within the IBC it has not been possible for these to be overlaid to understand the additionality and/or lost opportunities.

One area that is omitted from the IBC is consideration of tax receipts and precepting. Although in the proposed single governance model the two FRSs are to remain separate services it is assumed that their investment priorities will be aligned and this is likely to require a normalisation of revenue. Given that priorities have not been set it is not possible for us to comment on how this will fall, however normalisation could potentially increase the council tax precept for residents of Herefordshire and Worcestershire by 10%.

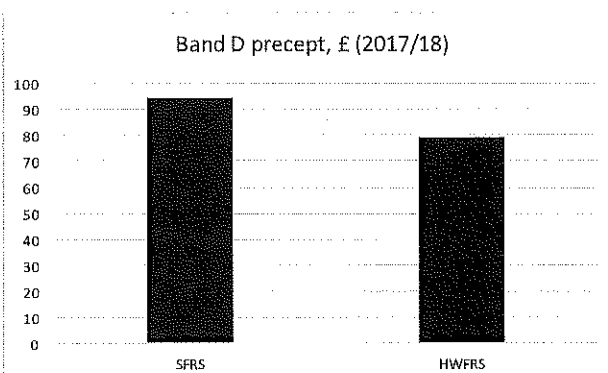


Figure 2 – Comparison of Band D fire precept for 2017/18

## v. Management

The IBC rightly points out that to deliver the joint governance model of a WMPCC amounts to a major transformation project. The suggestion that to reduce strategic capacity early in the project would be unwise given the volume of work involved and the need for clear and visible leadership we believe is undeniable. The suggestion that the three chiefs need to demonstrate “a unity of energy and direction” is also well made. Given the issue of the capacity and attention being consumed by the WM/Warwickshire strategic alliance there is a danger that an additional transformational project may outstrip the project resources available. Whilst this may be mitigated by additional project and programme support the clear risk lies in the limited additional strategic capacity to achieve the programme whilst continuing to deliver vital public services.

From what we can see it appears that the case is heavily underpinned by transformation of existing structures within PCCWM and WMP releasing capacity to support the FRSSs. If significant scope for transformation exists currently then why these opportunities have not already progressed is unclear. As an example enabling services at WMP appear to cost 19p in the pound, whereas for the two FRSSs this figure is around 11p. The cost of corporate services at WMP appear significantly higher than both the FRSSs even when normalised to account for different organisational scale (see below chart normalised by headcount which is typically a key cost driver for enabling services). If we just focus on the costs of governance the IBC makes several references to reducing cost by suggesting that redesign of the PCCWM support structures can deliver £110k at the same time as increasing their functions. We would be interested to understand what has prevented the PCCWM progressing these efficiencies before now.

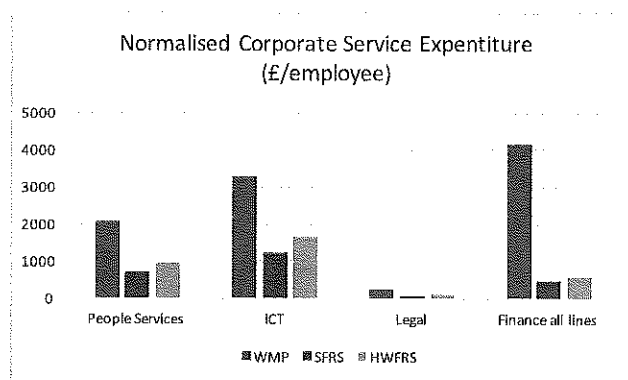


Figure 3 – Comparison of main components of corporate service expenditure for WMP, SFRS and HWFRS

## vi. Implementation

In the governance section of the IBC it is suggested that one of the drawbacks of pursuing the single employer model is the likelihood of resistance from representative bodies. Recent formal resolutions from the Fire Brigades Union make it clear that the union will resist any change in the governance of Fire and Rescue Services. Therefore, the suggestion of avoiding employee relations issues through

a governance rather than a joint employer model seems unlikely. Additionally, the stated future ambition to review Chief Officers in 2019 leaves the door very clearly open to a merger of the forces and further potential industrial relations issues. This would have significant repercussions for any transition timetable.

We would expect a more robust assessment of the options as part of any subsequent stage. It is our understanding that a Full Business Case will be completed in four (4) weeks after the consultation closes in order to submit it to the Home Office in October. This seems an impossible timescale to complete the required engagement with professionals to develop the options and undertake a comprehensive assessment of the risks.

#### **4. Opportunities and Options Going Forward**

As the IBC makes clear the proposals for change infer no criticism of the current governance arrangements or performance of the organisations. Indeed the report catalogues a whole range of collaborative initiatives established between the two FRSs and West Mercia Police. The contention that this collaboration would be accelerated and deepened by the new governance arrangements is questioned in our analysis. We consider that the transition costs and the impact on local accountability would be more significant than stated. Moreover the savings anticipated through a reduction in governance costs and back office rationalisation risk being overstated and are likely to be diminished by the increased costs of the OPCC and the considerable resource required to effect transition.

As such the four CAs and the FRAs should consider requesting a copy of the financial analysis that underpins the £4.25m saving that the IBC identifies. This will ensure that they are able to make an objective assessment of the benefits and disbenefits of change for those they represent.

Notwithstanding this the aims of the IBC to rationalise enabling services and achieve better use of front line assets through collaboration have real merit. There is no doubt that these represent an important means of ensuring future financial stability and service improvement. However we suggest that in moving forward the police should be one of a number of significant partners for the two fire and rescue services.

There is increasing evidence that FRS's and their constituent authorities are developing new models of collaboration and partnership to meet financial and service challenges. Strategic alliances not unlike that established between West Mercia and Warwickshire police have begun to emerge in the fire sector. These

exploit the synergies between FRS's and capitalise on their shared mission and delivery models. Furthermore, a single fire voice in a region would be more credible and influential amongst other public-sector partners. We consider this is a model to be explored across Shropshire, Telford and Wrekin, Herefordshire and Worcestershire Authorities.

Reducing the size of each FRA (currently across the two authorities there are 42 elected members) and creating a combined alliance board to drive greater collaboration between the two services is likely to realise financial benefits quickly and rationalise governance costs. There are gains in terms of economies of scale whilst ensuring continued local accountability, visibility and scrutiny. Creating a shared integrated risk management plan across West Mercia develops a more strategic view of risk in the area and creates greater resilience because of a larger resource base to meet local demand. Such an arrangement also creates a fire entity coterminous with West Mercia Police and more aligned with other regional bodies such as the ambulance trust and Environment Agency.

As we document there are also a variety of areas where the two services could gain efficiencies by working more closely. The recent appointment by both services of collaboration officers needs to be capitalised upon and potentially taken further by considering a number of shared posts.

We would suggest that appropriate representation from the PCCWM and WMP are invited to join any alliance board established by the two FRAs. This will help to maintain the momentum of the current collaborative work across the two fire and rescue services and WM police. As the IBC makes clear any transformational change requires determined political and professional leadership. Whilst this option is more straightforward than the Joint Governance model proposed it still requires sustained commitment from elected members and heads of service. Substantial change will reap rewards but only through hard work and political will. We consider that an initial three-year plan needs to be formulated and agreed by the board with the aim of achieving clear collaboration targets by 2020.

## **5. Conclusions**

As both the IBC and APACE guidance makes clear a transfer in governance of a Fire and Rescue Service is a significant and far reaching decision. The nature of emergency service work also means that maintaining the delivery of service during any transition and sustaining it thereafter is a matter of huge importance. In light of this the use of an initial business case, which by its very nature is limited in detail, in a public consultation is surprising. Our examination of the report has highlighted the need for greater clarity particularly around the financial

assumptions being made. Given the financial and economic case is a significant leg of the argument for change we consider the accounting assumptions as a minimum need to be disclosed. It is our understanding that a Full Business Case will be completed in four (4) weeks after the consultation closes which seems an unrealistic timeframe to consider the outcomes of the consultation and re-engage where necessary in order produce a robust and accurate appraisal of the options, benefits and importantly risks.

As we make clear we have been unable to reconcile the declared savings with the options proposed without significant headcount reductions. Moreover any transition of this scale has transition costs none of which have been stated in this business case. As such it has not been possible to ascertain the net savings or analyse the viability of the investment needed for change. Without proper analysis we consider there is an unquantified risk in such a change. In making alternative proposals we have examined the opportunities for financial savings whilst capitalising on the limited risk associated with closer fire-fire collaboration. Experience shows that where political and professional resources are focussed on a common goal considerable progress can be made in exploiting opportunities without compromising democratic accountability.

## **Glossary**

APACE – Association of Policing and Crime Chief Executives

CA – Constituent Authority

FRA – Fire and Rescue Authority

FRS – Fire and Rescue Service

HWFRS – Hereford and Worcester Fire and Rescue Service

IBC – Initial Business Case

PCCWM – West Mercia Police and Crime Commissioner

RB – Representative bodies

SFRS – Shropshire Fire and Rescue Service

WMP – West Mercia Police