

Local Business Case for Joint Governance of Police and Fire & Rescue in Essex

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1 INTRODUCTION AND EXECUTIVE SUMMARY

The Policing and Crime Act introduces measures which places a statutory obligation on emergency services to collaborate and also enable 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”.

The PCC set out his commitment for joint governance and closer collaboration between Essex Police (EP) and Essex County Fire and Rescue Service (ECFRS) in his election manifesto, which was endorsed by the people of Essex.

This Local Business Case (LBC) assesses the scale of opportunity for closer working between police and fire (and potentially wider collaboration, such as with the ambulance service), and how future joint governance options for the police and fire and rescue services in Essex could best enable the achievement of these benefits.

This Executive Summary brings together the main analysis and findings, which are explored in more detail in the rest of the document using the “five case model” structure stipulated by HM Treasury.

1.1 The case for change in Essex

The opportunities presented by the Policing and Crime Bill have been set out clearly by both the Policing and Fire Ministers and the Essex Police and Crime Commissioner. In a speech to the Association of PCCs (APCC) and the National Police Chiefs' Council in November 2016, Brandon Lewis MP, the 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’”.¹

Similarly in his election manifesto in April 2016, the Essex PCC made a commitment to bring fire and police closer together, stating: “closer working between the Police and the Fire & Rescue Service can unlock significant resources to deliver better emergency services in Essex. The potential for better joint working between the Police and Fire & Rescue is substantial”.

With these legislative and manifesto mandates in mind, there are three key drivers for changing governance of fire and rescue:

¹ <https://www.gov.uk/government/speeches/brandon-lewis-speech-to-apcc-npcc-joint-summit-on-emergency-services-collaboration>

1.1.1 Driving operational benefits which will keep the public safer

Operationally, increased collaboration will allow for both organisations to coordinate a genuinely integrated approach to contact with the public, sharing information and making better operational decisions based on richer information, enabling a better understanding of risk and vulnerability. It will have a direct impact on vulnerable individuals, young people, and offenders. It will help to maximise engagement with the public, for example through shared technology, and will use valuable volunteer resources better. It will allow both organisations to respond more effectively to the changing nature of demand which they both face.

This will help to improve public safety in Essex, while keeping the identities and roles of Police and Fire officers separate and distinct. Both organisations recognise the value that better working together and sharing resources will help to deliver for the public, and are committed, under the PCC's governance, to delivering an ongoing programme of operational collaboration which will continue to deliver enhanced public safety outcomes. A number of the operational initiatives have been trialled successfully elsewhere in the country where they have delivered significant public safety benefits; other proposed initiatives build on the already strong local links within Essex, maximising effective use of resources to make communities safer.

1.1.2 Improved management for fire and rescue

ECFRS has faced considerable challenges which make the need to implement reform more pressing. The Irene Lucas review (September 2015²) highlighted some major issues in organisational effectiveness and found that culturally ECFRS was 'a failing organisation...in urgent need of a radical overhaul to ensure it is held to account and is adaptable to the needs of the 21st century'; that 'the organisational culture was 'toxic'; and 'governance of the organisation needs to be strengthened'.

The recommendations, which have been accepted by Essex Fire Authority (EFA), included improvements to governance, leadership and management practices. An update in September 2016 on progress in delivering the Lucas review concluded that, while there has been significant activity, there remains much to do to deliver a modern and flexible fire and rescue service in Essex. "There is still some way to go to embed change throughout the authority and service."

1.1.3 Financial benefits through more economic and efficient provision of services

We have identified a wide range of financial and non-financial opportunities and benefits for ECFRS and EP from closer collaboration, which are set out in Table 1 below and explored in more detail in section 2.5.

Table 1: Summary of collaboration benefits

| Area of business benefit | Short-term | Medium-term | Long-term | Non-financial benefits | 10 year Net Present Value (NPV) |
|---|------------|-------------|-----------|--|---------------------------------|
| Better working together to improve public safety | ● | | | Public safety , such as through reducing offending, or helping the vulnerable to feel safer in their homes) Effectiveness through joined-up service delivery between police, fire and other partners, and improved public access online | £4.3m |
| Sharing of estates | | | | Greater effectiveness in | £10.1m |

² http://www.essex-fire.gov.uk/_img/pics/pdf_1441197562.pdf

| | | | | | |
|---|---|---|---|--|---------------------------|
| • OPCC move to Kelvedon Park | ● | | | collaborative working and an enabler of wider collaboration | |
| • HQ functions | | ● | | | |
| • Operational emergency services centre | | ● | | | |
| • Better use of stations / front desk | | ● | ● | | |
| • Facilities management | | ● | | | |
| Enabling shared business services providing key support functions (e.g. HR, Finance, IT) | | ● | | Joined up systems enable further collaboration and economies of scale . Taking the best from both organisations means that supporting services are more effective , benefiting operational activities | £5.9m |
| • Shared ERP platform | | ● | | | |
| • Fleet management | | ● | | | |
| Joint procurement initiatives | ● | ● | | Enables wider collaboration | £2.3m |
| Further operational collaboration | | ● | ● | Further public safety improvements Effectiveness , such as quicker responses to emergency calls that require multi-agency response | £9.0m |
| • Control Room | | ● | | | |
| Total NPV: | | | | | £30.8m³ |

Where existing enabling services are shared between Kent & Essex Police, full consultation with the Kent Police & Crime Commissioner and Chief Constable will be required and agreed with them prior to any business case relating to those shared services being initiated or progressed. This includes both operational and strategic functions.

1.2 A step-change in governance is required to deliver this service transformation

While a number of future collaboration opportunities could be delivered through existing governance arrangements, collaboration between police and fire to date in Essex has not yet developed in a significant way. Research consistently shows fragmented governance acts as a barrier to effective collaboration. Delivering this ambitious programme for Essex would require a step-change in governance to enable greater accountability, accelerate collaboration, and enable an integrated approach to community safety and maximising the use of assets.

- To improve emergency services and facilitate collaboration, the Act sets out three alternative options to the status quo (the “do nothing” option). These are:
- The “representation option”, whereby PCCs would join the local Fire and Rescue Authority (FRA) as a member with full voting rights.
- The “governance option”, whereby PCCs would take on the role of the FRA but would maintain separate organisations of Fire and Rescue and Police.
- The “single employer option”, which would go a step further by combining the Police and Fire and Rescue services under the leadership of a single Chief Officer.

³ The total NPV includes a cost of £0.9m for programme management

Where the PCC wishes to change governance arrangements, the Act requires an assessment of why (i) it is in the interests of economy, efficiency and effectiveness, or (ii) it is in the interests of public safety for this to happen.

This LBC recommends that the PCC should take on the role of the FRA, and would be accountable to the people of Essex for effective service delivery of both Police and Fire and Rescue. This option is most capable of delivering improved public safety outcomes, as well as greater organisational effectiveness and better value for money for the people of Essex. It offers the majority of the benefits of the more radical single employer model (which would combine the Police and Fire and Rescue services under a single Chief Officer), but at lower cost and risk to implement.

1.3 What would the future look like?

Under this governance model, the PCC would take responsibility for:

- A total budget of £338m (£268m Police and £70m Fire and Rescue), although fire and police budgets will remain separate.
- A total workforce of over 6,800 officers and staff.
 - Police: 4753 FTEs: 2776 officers⁴; 99 PCSOs, and 1878 staff. These are supported by a further 361 specials.
 - Fire and Rescue: 1015 FTEs: 752 whole-time firefighters and officers; and 263 staff. These are supported by a further 480 on-call firefighters.
- A significant estates portfolio of around 130 properties.
- Other assets such as fleet, IT, and specialist equipment.

Although Fire and Rescue and Police would remain as separate services, these valuable resources can work more effectively together to protect the public and secure best value for money. This will result in:

- Joined-up public prevention work and media engagement.
- Greater co-responding to incidents by both services.
- Better use of the estate in both organisations to provide effective response and community engagement.
- Integrated support services providing economies of scale.
- A shared contact centre (with an opportunity to consider inclusion of Fire in the Essex and Kent Police joint Contact Management Review Programme).
- A strong platform for even greater levels of collaboration (including with the ambulance service or other criminal justice or local government agencies).

⁴ Police HR data as of 31st December 2016

1.4 How the change will be delivered

The LBC assumes that the changes will take effect on 1 October 2017, but this is dependent upon a range of activities being achieved before then.

The implementation of the governance changes will be led by the PCC, with support from the OPCC. Where required the OPCC will commission specialist professional advice and support in areas such as programme management, HR, estates and legal services.

This LBC has been developed in consultation with EFA and in discussion with other key partners. If agreed by relevant parties, and following formal consultation, it will be used as the basis for the LBC submission to the Home Secretary for approval of the preferred option.

1.5 Conclusion

Enhanced, transparent and effective governance under an elected PCC will be the catalyst for delivering significant and tangible benefits for the people of Essex. The changes will improve public safety through more effective co-working, and a more joined-up approach to responding effectively to the most vulnerable groups and individuals. The new governance model will accelerate collaboration and set a clear strategic direction, allowing for medium-term operational and financial gains through managed integration of supporting services and making the best use of assets such as estates and fleet. It will provide a secure platform for further wider emergency services collaboration in the future.

2 THE CONTEXT AND CASE FOR CHANGE (STRATEGIC CASE)

The Strategic Case sets out the legislative and strategic context for police and fire collaboration and governance, summarises the case for change and sets out the constraints, dependencies and strategic risks. This provides the context, and change objectives, for appraising the options.

This section identifies a wide range of opportunities and benefits that increased collaboration between fire and police would deliver. It represents a step-change in the level of collaboration, and of the public safety benefits and organisational effectiveness for the people of Essex. It will allow both organisations to respond more effectively to the changing nature of demand which they face. It will allow for both organisations to coordinate a genuinely integrated approach to contact with the public, sharing information and making better operational decisions based on richer information. It also has the potential to deliver significant financial savings through making the best use of resources and achieving economies of scale.

External reviews have highlighted the significant challenge that remains if Essex is to benefit from a modern and flexible fire and rescue service. Implementing the recommendations of the Lucas review will require strong sustained leadership, and there are attractions to fresh governance and supervision. In preparing this LBC, there was a positive initial endorsement by key stakeholders for changing the governance of ECFRS and bringing police and fire closer together. They recognised that this would help to embed operational collaboration and also realise financial benefits.

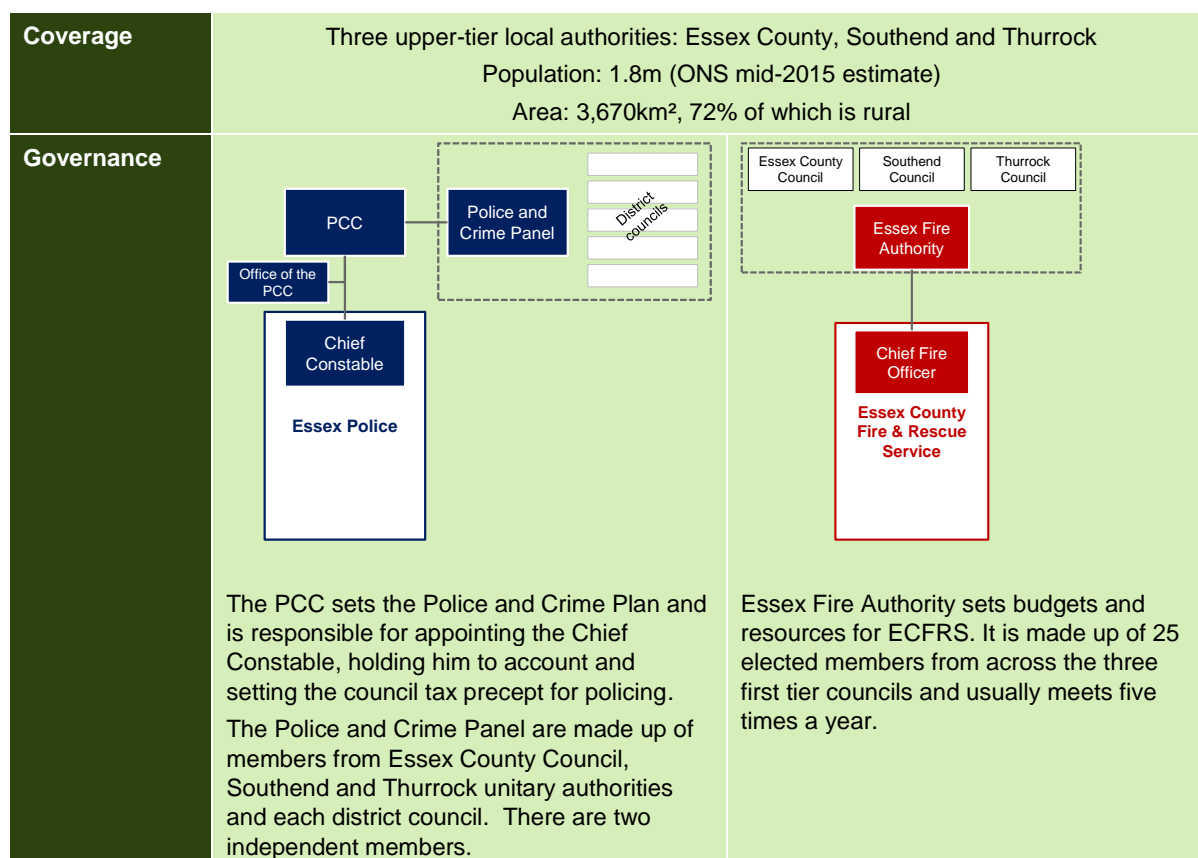
2.1 The current position

2.1.1 Key organisational information and governance

EP and ECFRS operate across Essex, Southend and Thurrock and share coterminous boundaries.

Current key organisational information is set out in the table below.

| | EP | ECFRS |
|------------------------|---|--|
| Annual spend (2015/16) | £268m | £70m |
| Staff | 4,753 FTEs ⁵ , plus 361 special constables ...of which 2,839 FTEs are police officers | 1,015 FTEs, plus 480 on-call firefighters ...of the firefighters, 720 are whole-time and 32 are in the control room — |



The table above shows the ECFRS and the EFA as distinct entities with a separate reporting line. It should be noted that unlike the relationship between the PCC and the Chief Constable, the FRA and the ECFRS are one legal entity and one corporation sole. The FRS does not have a distinct legal identity; all functions have been conferred on to the FRA who in turn put in place arrangements for operational delivery.

2.1.2 Current governance arrangements

Essex Fire Authority

ECFRS is directly responsible to EFA. The Fire Authority was formed on 1 April 1998 by virtue of the Essex Fire Services (Combination Scheme) Order 1997 SI 2699/1997.

The 25 members of the Authority are elected members nominated by the three constituent first tier councils in Essex. Twenty members are nominated by Essex County Council, three by Southend-on-Sea Borough Council and two by Thurrock Council.

The Authority is the formal employer of fire staff. It prepares and approves an annual Strategic Plan and Integrated Risk Management Plan, and a council tax contribution to fire and rescue services through a precept. It approves the Annual Statement of Accounts, the Annual Budget and Medium Term Financial Plan, including the Capital Programme.⁶

Under a partnership agreement between the Fire Authority and Essex County Council the county's emergency planning responsibilities are carried out by the Authority with the Chief Fire Officer acting as the Head of Paid Service for the function. The partnership agreement runs until 31 March 2018.

The EFA meets five times a year and has three committees: the Policy and Strategy Committee, the Audit, Governance and Review Committee and the Principal Officers Human Resources Committee.

⁶ http://www.transparency.essex-fire.gov.uk/_img/pics/pdf_1433169818.pdf

Essex Police and Crime Commissioner

The PCC is elected to hold the Chief Constable of Essex to account for the delivery of policing in Essex. He has a wider duty to bring together community safety partners to reduce crime and support victims across Essex. He sets and updates a four year Police and Crime Plan, sets the force budget and council tax contribution to policing through a precept, and has responsibility for appointing and dismissing the Chief Constable. He holds monthly performance meetings with the Chief Constable and chairs the Force Strategic Board, which meets quarterly.

A PCC has wider responsibilities in their area for: delivery of community safety and crime reduction; bringing together Community Safety Partnerships; making crime and disorder reduction grants; ensuring that all collaboration agreements deliver better value for money or enhance the effectiveness of policing capabilities and resilience; and enhancing delivery of criminal justice. The Essex PCC chairs the Essex Criminal Justice Board and the Essex Reducing Re-Offending Board, working with many of the same organisations that ECFRS collaborate with.

The Essex PCC and Kent PCC jointly chair the Kent and Essex Police Collaboration Board which is the governance for the Kent and Essex collaboration programme including enabling services.

Since October 2014, PCCs have had responsibility for deciding how to provide services to victims of crime in their area in line with the Victims Code and from April 2015 PCCs have had wider responsibility to provide for referral and assessment services for all victims of crime.

PCCs engage regularly and directly with the public and communities.

Essex Police and Crime Panel

The PCC is scrutinised by the Police and Crime Panel (PCP). Their role includes reviewing the police and crime plan, annual report and both scrutinising and supporting the activities of the PCC in holding the Chief Constable to account. This includes: the power to veto, by two-thirds majority, the proposed precept and the proposed candidate for Chief Constable; reviewing the draft Police and Crime Plan, and making recommendations to which the PCC must have regard; reviewing the PCC's Annual Report, and making reports and recommendations at a public meeting that the PCC must attend; asking Her Majesty's Inspectors of Constabulary (HMIC) for a professional view when the PCC intends to dismiss a Chief Constable; and holding confirmation hearings for the PCC's proposed chief executive, chief finance officer and Deputy PCC appointments.

The Panel, which is currently chaired by Councillor John Jowers from Essex County Council, is made up of members from Essex County Council, Southend and Thurrock unitary authorities and each district council. Two independent members have also been appointed. There is a power to have a co-opted member, but the Panel does not now have one.

2.2 The context for change

There are policy, financial and operational trends at both national level and in Essex that are driving the need for change both in how EP and ECFRS work together and how they are governed.

2.2.1 Statutory requirements and national policy on collaboration

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.

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

The Act also enables PCCs to take a stronger role in the governance of their local fire and rescue authority, either through sitting on the fire and rescue authority, or taking on overall responsibility for fire and rescue services. This is subject to tests to ensure that changes will deliver improvements in economy, efficiency and effectiveness; or public safety. These tests form the heart of the assessment of options in this LBC.

In setting out the measures the then Home Secretary said that she believed “that it is now time to extend the benefits of the PCC model of governance to the fire service when it would be in the interests of economy, efficiency and effectiveness, or public safety to do so⁷”. The nature of that change would be “bottom up, so that local areas will determine what suits them in their local area⁸”.

The case for change was re-enforced by the Policing and Fire Minister, Brandon Lewis, in a speech to the Association of PCCs (APCC) and the National Police Chiefs' Council (NPCC) in November 2016, where he 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’”.⁹ He made it clear that will not be willing to accept the ‘status quo’ where there is a compelling case for enhancing police and fire collaborative initiatives.

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.¹⁰

This case explores the opportunities that these new legislative provisions could enable in Essex, and how the national agenda for deeper collaboration could be best delivered.

2.2.2 Election of and priorities for the Police and Crime Commissioner

In addition to the national agenda, the PCC for Essex has also set out his strategic objective to ensure closer working between emergency services, particularly fire and police. He set out his commitment for joint governance and closer collaboration in his election manifesto, which was endorsed by the people of Essex.

The PCC released ‘Policy Implications from Manifesto Commitments’ following the election, which outlines how the PCC wished to tackle his priorities.¹¹ This included his objective to bring fire and police together under a single governance structure.

2.2.3 Fire reform: the Knight review of efficiency in fire and rescue and the Lucas review of Essex FRS

In December 2012 the then Government commissioned Sir Ken Knight, the outgoing Chief Fire and Rescue Advisor (2007 to 2013), to conduct an independent review of efficiency in the provision of fire and rescue in England. His report ‘Facing the future: findings from the review of efficiencies and operations in fire and rescue authorities in England’¹², published May 2013, noted that: “Efficiency and quality can be driven through collaboration outside the fire sector, particularly with other blue-light services” and recommended that: “National level changes to enable greater collaboration with other blue-light services, including through shared governance, co-working and co-location, would unlock further savings.”¹³

He noted that £17 million could be saved if authorities adopted the leanest structure in their governance types, and that Authority Members needed “greater support and knowledge to be able to provide the

⁷ http://www.transparency.essex-fire.gov.uk/_img/pics/pdf_1433169818.pdf

⁸ <http://www.publications.parliament.uk/pa/cm201516/cmhansrd/cm160307/debtext/160307-0001.htm>

⁹ <https://www.gov.uk/government/speeches/brandon-lewis-speech-to-apcc-npcc-joint-summit-on-emergency-services-collaboration>

¹⁰ <http://www.npcc.police.uk/documents/Policing%20Vision.pdf>

¹¹ <http://www.essex.pcc.police.uk/wp-content/uploads/2016/06/PCC-ROGER-HIRST-MANIFESTO-POLICY-IMPLICATIONS.pdf>

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/200092/FINAL_Facing_the_Future__3_md.pdf

¹³ Ibid

strong leadership necessary to drive efficiency. Scrutiny of authorities and services varies considerably, some more robust than others.¹⁴

On governance in particular, he observed that “elected PCCs were introduced because former Police Authorities (which were established on similar levels to existing single purpose fire and rescue authorities) were not seen as providing enough scrutiny and accountability to the public. A similar model for fire could clarify accountability arrangements and ensure more direct visibility to the electorate.”¹⁵ He added that, if PCCs were to take the role, the benefits would need to be set out clearly both in financial terms and in increased accountability and scrutiny for the public.

ECFRS has faced particular challenges which make the need to implement reform more pressing. The Irene Lucas review (September 2015¹⁶) highlighted some major issues in organisational effectiveness in ECFRS and made a number of recommendations to transform the organisational culture. This followed a number of serious incidents, including the suicides of two serving firefighters. The review found that culturally the ECFRS was ‘a failing organisation...in urgent need of a radical overhaul to ensure it is held to account and is adaptable to the needs of the 21st century’. It said that ‘the organisational culture of ECFRS is toxic’ and ‘governance of the organisation needs to be strengthened’.

The recommendations, which have been accepted by the EFA, included improvements to governance, leadership and management practices. An update on progress in delivering the Lucas review recommendations has been provided by Sir Ken Knight in September 2016. It concludes that, while there has been significant activity, there remains much to do to deliver a modern and flexible fire and rescue service in Essex. “There is still some way to go to embed change throughout the authority and service.”

Sir Ken Knight made an additional 19 recommendations for change in his recent review of Essex, including strengthening the assurance and scrutiny role of the Authority members, exploring the use of fire stations as community hubs for a wide range of public services, greater flexibility and diversity of workforce, and improvements to performance assessments.

He recognised the history of longstanding and challenging industrial relations in Essex in his update on progress,¹⁷ as well as the progress which had taken place since September 2015, given the landscape of change and transformation.

2.2.4 Operational drivers for change

There are strong operational drivers for closer collaboration between fire and police. Crime, as measured by the independent Crime Survey for England and Wales, has fallen by more than a quarter since June 2010¹⁸. However, a College of Policing analysis of demands on policing¹⁹ found evidence to suggest 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. HMIC highlighted that EP’s response is often poor and routinely fails to meet the needs of victims in their PEEL inspection in December 2015²⁰. Specialist units were overworked and there was a backlog of incidents in the Force Control Room.

Incidents attended by fire and rescue services in England have been on a long-term downward trend, falling by 42% over the ten year period from 2004/5 to 2014/15 to just over 496,000 incidents.²¹ Fire-

¹⁴ Ibid

¹⁵ Ibid

¹⁶ http://www.essex-fire.gov.uk/_img/pics/pdf_1441197562.pdf

¹⁷ Ibid

¹⁸ Crime Survey for England and Wales, year ending December 2015

¹⁹ http://www.college.police.uk/Documents/Demand_Report_21_1_15.pdf

²⁰ <http://www.essex.pcc.police.uk/wp-content/uploads/2015/11/police-effectiveness-vulnerability-2015-essex.pdf>

²¹ Fire Statistics Monitor: England, April to September 2015, DCLG

related deaths and casualties have also been on a long-term downward trend; deaths and injuries from fires in Essex are low, averaging nine deaths and 100 injuries a year over the past 5 years²². In Essex, capacity for response is greater than demand. In line with the trend across the country, ECFRS has experienced a 45% reduction in the number of incidents it responds to in the last decade²³.

This 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 (88% of Essex homes now have them²⁴). The fire and rescue service also has resilience responsibilities as defined in the National Framework²⁵ which means they have to provide minimum levels of community resilience and safety.

Nationally, there was a 22% increase in the number of non-fire (also known as Special Service) incidents attended by FRSs from 125,200 in 2014/15 to 152,500 in 2015/16. This trend was mirrored in Essex: 26% of incidents attended by ECFRS in 2014/15 were non-fire²⁶, the highest proportion since non-fire incidents were first recorded in 1999/2000.

The most common type of non-fire incident was attending a road traffic collision which has seen a 14% increase in Essex between 2010-11 and 2014-15.²⁷ There was also a marked increase in co-responder medical incidents (where, as part of a national pilot, the FRS has a formal agreement in place (until February 2017) with the ambulance service to respond to medical incidents), which increased nationally by 83% from 14,200 in 2014/15 to 25,900 in 2015/16.²⁸

As with the police, Fire and Rescue Services are targeting prevention resources at people, property and locations most at risk. There are a range of interventions which specifically target groups of people, such as Fire Cadet places for young people who are considered 'at risk' of gang recruitment, and diversionary places on the Firebreak programme for young offenders, together with the Home Fire Safety Visits. Both EP and ECFRS 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.

This operational context is necessary to underpin the LBC in order to ensure that any proposed governance model helps to ensure effective integrated service delivery and public safety outcomes across both agencies.

2.2.5 Financial drivers for change

There are financial pressures for change. On top of approximately £50 million of savings that EP has made since 2010-11, the Force still faces additional cost pressures of around £17.3 million in 2016-17. This means that it will still need to make significant efficiency savings while absorbing an increase of around £2.5 million of operational improvements in Public Protection, £2.5 million in essential capital and other provisions as well as £7.5 million in National Insurance payments and pay inflation.

Funding for fire and rescue authorities has also fallen significantly between 2010-11 and 2015-16. Funding for stand-alone authorities fell on average by 28%. Once council tax and other income are taken into account, stand-alone authorities received an average reduction in total income ('spending

²² http://www.essex-fire.gov.uk/_img/pics/pdf_1454325688.pdf

²³ Ibid

²⁴ http://www.essex-fire.gov.uk/_img/pics/pdf_1434377614.pdf

²⁵ www.gov.uk/government/uploads/system/uploads/attachment_data/file/5904/nationalframework.pdf

²⁶ http://www.essex-fire.gov.uk/_img/pics/pdf_1454325688.pdf

²⁷ http://www.essex-fire.gov.uk/_img/pics/pdf_1454325688.pdf

²⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/545927/fire-statistics-monitor-1516-hosb0916.pdf

power') of 17% in real terms²⁹. In Essex, central government funding is being reduced, with the annual government grant being cut by £8m by 2019/20, necessitating reductions in spend.

This is important for the LBC as there is a duty to ensure value for money in service provision. Collaboration, enabled through effective governance, is a key enabler of financial savings while protecting the quality of service delivery to the public.

2.3 There are reform programmes underway in Essex

Both organisations have major change programmes underway to address the challenges described above. These require significant leadership attention and programme and change management resource. Any additional initiatives have to demonstrate how they can add further value and are achievable. Any changes to governance also need to support and ideally accelerate the delivery of such programmes.

2.3.1 Essex Police and the “Transform” programme

EP is currently delivering an ambitious Transformation Programme to ensure that policing in the county is as effective as it can be within the resources available. The PCC chairs the Strategic Board. The Transform Programme was initiated by EP and the OPCC for Essex to deliver the force transformation required to meet the challenges of 2020 and beyond; addressing the challenges of changing demands and reducing resources.

EP has the following key drivers for change:

- Aligning the Force operating model better with demand in order to keep pace with emerging and increasing crime types.
- Making the EP estate fit for purpose – addressing poorly designed and maintained buildings in places that do not serve operational need.
- Improving public contact – making it easier for people to contact EP and report crime
- Improving efficiency and effectiveness, notably through embracing emerging technology to transform ways of working – in a context where 83% of the overall policing budget is spent on salaries of police officers, PCSOs and police staff.

Kent and Essex Police have a well-established partnership which was nationally recognised in 2011 as having proceeded “the furthest with collaboration”³⁰. This has resulted in greater operational resilience and savings of £31.5m between 2010-11 and 2016-17. The joint Essex and Kent Support Services Directorate has provided improved service quality while delivering cost-effective shared services, increased resilience and financial savings. The Forces also share a Serious Crime Directorate.

EP is also part of a seven-force initiative, led by DCC Julia Wortley, across the Eastern Region and Kent to explore and develop proposals for future collaborative working between the seven forces, helping to drive out inefficiencies and secure better collaborative working³¹.

2.3.2 Essex Fire Authority and ECFRS – the 2020 Programme

The 2020 programme is ECFRS's programme of change designed to deliver EFA's Strategy for the Service. It is designed to deal with the operational and financial trends faced in Essex, as well as respond to the recommendations of the Lucas review.

Following a two stage consultation process, EFA approved in June 2016 the programme to save £6.4m from ECFRS's operational response budget and invest an extra £3m in prevention and protection. The programme will include changes to the number and crewing system of fire engines (reducing some of the over-capacity), cultural change and additional prevention interventions.

²⁹ <https://www.nao.org.uk/wp-content/uploads/2015/11/Impact-of-funding-reductions-on-fire-and-rescue-services-A.pdf>

³⁰ <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmhaff/939/93909.htm>

³¹ <http://emergencyservicetimes.com/essex-police-lead-seven-forces-looking-to-maximise-joint-working/>

2.3.3 Existing Police and Fire collaboration

ECFRS and EP already work together successfully in a number of areas, focusing mainly around operational response such as: road traffic collisions; “collapsed behind closed doors”, with ECFRS supporting the Ambulance Service and/or police to gain access to a property in order to get to a vulnerable person; or supporting the police in searches for high-risk missing persons. Additional areas include:

- Joint Emergency Services Interoperability Programme (JESIP) – a national initiative that developed a framework for co-ordinating multi-agency response to major incidents, with joint training across agencies
- Community Safety Hubs providing co-location of several agencies to respond to local priority issues
- The ECFRS “Firebreak” programme which delivers courses for young people, which can be used to target those at risk of offending.

However, there has been limited progress to date in deeper levels of operational collaboration, sharing of resources and assets and support services.

An Emergency Services Collaboration Programme has been recently established to explore further opportunities for collaboration. A Strategic Governance Board (SGB) has been set up consisting of the PCC, EFA chair and chiefs of fire, police and ambulance. This is supported by an Emergency Services Collaboration Programme Board (ESCPB).

2.4 Critical Success Factors for further collaboration and governance changes

In light of these drivers for change, the SGB agreed four Critical Success Factors (CSFs) against which collaboration and the future governance options could be assessed. These are:

- Effectiveness
- Economy and efficiency
- Public safety
- Ease of delivery

The first three echo the provisions of the Policing and Crime Act. A fourth, 'ease of delivery' has been added as an important standalone local CSF given the specific challenges of the local environment and the importance of assessing the complexity of implementation of each option against the scale of possible benefits.

Most importantly, the changes will improve public safety through more effective co-working, and a more joined-up approach to responding effectively to the most vulnerable groups and individuals. The PCC and both organisations recognise that accelerated and deeper collaboration will deliver tangible public safety benefits, and are committed to a long-term programme of closer working and joined-up operational decision-making. The 'effectiveness' CSF is focused on organisational effectiveness, as well as criteria which make governance effective (such as transparency, accountability, visibility, and consistency of decision-making) and is therefore treated separately from economy and efficiency. The changes will realise a significant financial prize, which will allow for targeted reinvestment to ensure that services will continue to provide the best possible outcomes for the people of Essex. The fourth 'ease of delivery' CSF allows the option assessment stage (the Economic Case) to differentiate between the four governance options and the ability of each to deliver the prize of effective collaboration, as well as other potential benefits.

A comprehensive set of success measures for the delivery of the business case are included in Appendix E.

2.5 There are significant opportunities for further collaboration

There are short, medium and long-term opportunities for deeper collaboration between EP and ECFRS. These give an estimated Net Present Value of £30.8m over 10 years, as well as the potential to deliver performance benefits to the people of Essex. These options for collaboration have also been assessed against a further set of design factors which recognise the existing change programmes set out above and collaborative partnerships, as well as the potential for delivery and return on investment. These factors are included at Appendix A.

The benefits separate into five main categories. The first category includes a programme of operational collaboration which have been agreed and for which detailed planning is underway. The other categories are at early stages of development and will require significantly more work on their feasibility and potential to be fully confident of their achievability. Further work would also be required to assess the impact of these changes on the enabling services required to support them, to ensure they would not lead to a diminution of services provided to Kent Police through the shared services centre.

Notwithstanding this, they demonstrate the potential ambition and scale of benefits that could be achieved through deeper and more significant collaboration.

A summary table is included below, with more detailed descriptions in sections 2.5.1 – 2.5.5:

| Area of business benefit | Short-term | Medium-term | Long-term | Non-financial benefits | 10 year Net Present Value (NPV) |
|---|------------|-------------|-----------|--|---------------------------------|
| Better working together to improve public safety | ● | | | Public safety , such as through reducing offending, or helping the vulnerable to feel safer in their homes) Effectiveness through joined-up service delivery between police, fire and other partners, and improved public access online | £4.3m |
| Sharing of estates | | | | Greater effectiveness in collaborative working and an enabler of wider collaboration | £10.1m |
| ● OPCC move to Kelvedon Park | ● | | | | |
| ● HQ functions | | ● | | | |
| ● Operational emergency services centre | | ● | | | |
| ● Better use of stations / front desk | | ● | ● | | |

| | | | | | |
|---|---|---|---|--|----------------------------|
| • Facilities management | | ● | | | |
| Enabling shared business services providing key support functions (e.g. HR, Finance, IT) | | ● | | Joined up systems enable further collaboration and economies of scale . Taking the best from both organisations means that supporting services are more effective , benefiting operational activities | £5.9m |
| • Shared ERP platform | | ● | | | |
| • Fleet management | | ● | | | |
| Joint procurement initiatives | ● | ● | | Enables wider collaboration | £2.3m |
| Further operational collaboration | | ● | ● | Further public safety improvements Effectiveness , such as quicker responses to emergency calls that require multi-agency response | £9.0m |
| • Control Room | | ● | | | |
| Total NPV: | | | | | £30.8m³² |

Where existing enabling services are shared between Kent & Essex Police, full consultation with the Kent Police & Crime Commissioner and Chief Constable will be required and agreed with them prior to any business case relating to those shared services being initiated or progressed. This includes both operational and strategic functions.

The total potential costs and benefits of these opportunities is summarised in the table below.

| £m, 16/17 prices | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | Total | NPV |
|-----------------------------|--------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| Costs | (1.2) | (1.4) | (1.5) | (0.5) | - | (0.7) | (0.5) | - | - | - | (5.8) | (5.4) |
| Benefits | 0.1 | 8.6 | 1.3 | 4.8 | 4.2 | 4.3 | 4.7 | 4.9 | 4.9 | 4.9 | 42.7 | 36.2 |
| Net benefit / (cost) | (1.1) | 7.3 | (0.3) | 4.3 | 4.2 | 3.5 | 4.2 | 4.9 | 4.9 | 4.9 | 36.9 | 30.8 |

The content of transition costs is made up of consultation costs, legal costs and other delivery costs (such as HR advice, programme management and initial outlays for the OPCC).

2.5.1 Better working together to improve public safety

There is a first wave of operational initiatives which will enhance public safety and operational effectiveness. It should be made clear that this business case does not seek to make its principle application under the 'public safety' option of the legislation. However, there could be improvements to public safety through an increase in operational effectiveness delivered by governance changes. An initial programme of ten workstreams (a further ongoing programme is outlined at section 2.5.5 below) has been identified which can either be delivered, or a proof of concept and business case established, by April 2017, in order to deliver more integrated service delivery to the people of Essex. The operational initiatives will deliver:

³² The total NPV includes a cost of £0.9m for programme management

An expansion of Parish Safety Volunteers and integrated volunteer management

There will be a step change in Parish Safety Volunteer scheme to recruit more volunteers and expand their role to provide integrated Home Safety Visits and the provision of fire safety and crime prevention advice to the public. There will be increasingly integrated recruitment, management, coordination and training of Police Community Speed Watch volunteers.

An Integrated Multi-Agency Prevention Programme: Essex Risk Intervention Service (ERIS)

Development of a robust business case and benefit realisation schedule for a single multi-agency service providing holistic risk reduction advice regarding fire, falls, crime and general detriment in health. This will be a commissioned service for those identified as being most at risk in the community. The project will support the development and delivery of a business case, negotiation with Clinical Commissioning Groups (CCGs) and an early pilot delivery by April 2017 in one CCG. A full evaluation strategy will be developed working with Anglia Ruskin University.

Development of a Community Portal and Community Messaging facility

Work will progress to design and deliver a multi-agency Community portal to provide an effective public safety signposting service for citizens to access services online. This will allow for more effective demand reduction and management. Work will also take place to establish a web-based model to deliver multi-agency safety messages to communities within Essex.

An innovative intervention programme for perpetrators

The proposal will extend the established Firebreak programme as an intervention tool to deal with perpetrators. Two five day courses would be delivered inside Chelmsford Prison – the first time that a fire service has engaged on this level with police priorities in the UK. A scalable model will be evaluated and developed for roll-out of the Firebreak programme across a wider number of forces.

Other workstreams will deliver: an enhanced integrated Schools Education Team to increase coverage and develop crime prevention and public safety material; joint rural patrols with police / FRS to address rural concerns such as ASB and arson; established procedures for cross-emergency working where people are collapsed behind closed doors and ECFRS are the best placed first responder; joint trunk road patrols to explore use of ECFRS staff in response vehicles with a particular focus on clearing congestion effectively after accidents; and an accredited DofE programme for Police Cadets based on ECFRS' national model.

EP and ECFRS have recently committed to this programme of work. These workstreams are estimated to cost £1.24m over the next 12 months and, in addition to the significant operational benefits, will deliver savings of £6.6m over 10 years. Where successful, the proof of concept model and business case will be mainstreamed into police and fire budgets, and those of other participating agencies. Delivery is monitored by the ESCPB chaired by T/ACC Carl O'Malley.

This will help to improve public safety in Essex. Both organisations recognise the value that better working together and sharing resources will help to deliver for the public, and are committed, under the PCC's governance, to delivering an ongoing programme of operational collaboration which will continue to deliver enhanced public safety outcomes. A number of the operational initiatives have been trialled successfully elsewhere in the country where they have delivered significant public safety benefits; other proposed initiatives build on the already strong local links within Essex, maximising effective use of resources to make communities safer.

The remaining four areas offer benefits that would be achievable in the medium to longer-term. A notional benefit has been allocated to each, together with the rationale for the benefit.

2.5.2 Sharing of estates

There will be financial savings and operational synergies resulting from a more aligned estates strategy across both organisations, recognising existing partnerships such as the Kent and Essex Serious Crime

Directorate. There are opportunities to focus including on the increased use of the Kelvedon Park site (ECFRS Headquarters):

- It would be possible to co-locate the Office of the PCC to Kelvedon Park. This would incur one-off costs of £200,000 (and an ongoing agreement on reasonable rent) but would release an estate asset valued at £1.5m for disposal or repurposing, and save £70,000 annual maintenance on the OPCC site.
- Kelvedon Park would also, subject to an ongoing feasibility study, provide scope for co-location of the Police HQ functions currently located at Chelmsford. As EP already plans to move to a new site, this collaboration would not incur any additional costs and has the potential to reduce the costs of the new site by £6.6m.
- There is also an opportunity to make the planned operational emergency services centre, including fleet maintenance facilities, more joined up. A fully integrated solution could reduce the forecast costs in Essex of approximately £8.5m by 20%, equating to a one-off benefit of £1.7m. As well as helping to release assets that are currently not fit for purpose in ECFRS, this will facilitate further collaboration in fleet management (captured under enabling shared business functions).
- Areas of the operational estate within Essex may be shared. There may be sites where, rather than implementing current plans to refurbish existing police stations, it may be possible to use space in fire stations. This will reduce the total cost of refurbishment, as well as releasing the existing estate for sale. These benefits have not been included in the estimates to date.

Planning and delivery will be overseen by the Estates Strategy Board.

2.5.3 Enabling shared business service functions

In the medium-term it would be possible to achieve savings in the area of enabling services through closer working with an existing provider.

It is unlikely that benefits would be realised before Year 4 and there will be an investment cost (estimated at £1m over 2 years) to make this happen. Experience of implementing shared services organisations indicates that a benefit of between 10-15% is normally achieved through system efficiencies and enhanced business processes. ECFRS currently spend £8.8m on enabling services per annum and so we have attributed £1m of net benefit (c12%).

Once established, a shared ERP would provide an enabling platform for broader collaboration, which would enhance operational outcomes, and allow for more effective resource management and transparency of management information within ECFRS.

Some prior investment by ECFRS would be necessary, particularly around the standardisation of business processes and the move from rank to role. Both of these are necessary foundation stones to underpin effective use of an ERP. It is estimated that on-boarding preparations would take about 2 years, depending on the agreed scope of functions to be provided.

2.5.4 Joint procurement initiatives

Joint procurement will realise economies of scale and help to increase alignment between both organisations. The Minister for Policing and the Fire Service recently drew attention to the savings which could be made through collaborated procurement,³³ particularly highlighting the publication of police procurement data as a driver for further integration. In ECFRS, £3.9m is spent on procurement for IT systems alone and in EP the similar figure is £3.3m.

We have allocated a conservative figure of 10% from the ECFRS procurement spend, which would be realisable from year 4. The savings are predicated on realising economies of scale from partnership with a larger agency. This timing would allow existing contracts to run down, and aligned specification

³³ <https://www.gov.uk/government/speeches/policing-minister-speaks-at-2016-psaew-conference>

and open contracts to be drawn up for future procurements (which could also be in other areas such as facilities management). This gives a benefit of £2.8m over 10 years.

It may be possible to realise some savings earlier. Both IT Heads identified a short-term opportunity around network infrastructure which would be geographically based, and would not therefore disrupt the established shared business services partnership between Essex and Kent Police.

2.5.5 Further medium and long-term operational collaboration

Integrated control rooms are a further area of potential collaboration which could yield significant benefits in the medium term. There are various possible levels of collaboration which would achieve varying levels of benefit. Co-location would realise savings on estate, but would not reap the more substantial benefits that deeper collaboration around IT systems and managed service delivery might yield to ECFRS, given the comparatively low levels of call volumes.

Although the benefits are in the medium-term, Essex and Kent Police are currently considering future options for their contact management model, and are now considering strategic opportunities as a business case is developed. We assume a deeper level of collaboration including ECFRS and have allocated a notional saving of £1m per annum within Essex from Year 5.

The LBC has made provision for a second and third wave of collaboration projects which would deliver tangible service delivery in future waves of collaboration. These are primarily operationally driven and so financial benefits have not yet been considered in detail, but we have assumed similar levels of benefits may be possible to the first wave of operational collaboration (section 2.5.1). They include:

- A proposal by the Safer Essex Roads Partnership for a full relocation of all aspects of the partnership into one location using ECFRS premises to locate the operational policing arm.
- Placement of ECFRS Community Safety Officers into EP's 10 Community Safety Hubs within each of their districts. This would also allow for more effective collaboration with other statutory partners.
- To co-locate and potentially merge the Resilience Teams (including Contingency Planning) from both services.
- To collate data across both services on resourcing, availability, incidents and CS data to produce a 'heat map' of the county against which available resources could be deployed to cover the 'hot spots' of vulnerability.
- There are additional measures, such as ECFRS access to senior training for Women Leaders and a shared senior leaders' Academy which would also help to address a number of the recommendations in the Lucas review (see 2.3.2 above).
- There is scope for an increased level of information sharing between the organisations when they collaborate, for example across the spectrum of co-responding, shared intelligence on vulnerable people, control rooms, shared community safety roles, and joint volunteering programmes.

There will be an ongoing programme of further collaboration and cross-agency work to identify further opportunities to include ambulance service and other agencies which can provide a still more effective joined-up service to the people of Essex.

2.6 The case for change in governance

Collaboration could deliver significant benefits to the people of Essex whatever governance model is preferred. Collaboration has been possible under existing governance, but has not happened to date in Essex in a significant way. A change in governance which delivers deeper collaboration will keep the public of Essex safer.

Research into the effectiveness of fire and police across the country has identified a number of governance barriers to achieving sustainable collaboration on this scale. It is therefore important for this LBC to identify and evidence the governance model most capable of delivering as much as possible of the collaboration and service delivery prize for Essex. This will not be successful if centrally driven; the

work of the Emergency Services Working Group concluded that “local drivers and ownership are essential”³⁴. There are also potentially other benefits from a change in governance not directly linked to increased collaboration. These include increased visibility and a stronger single point of accountability.

The role both police and fire services play in public protection is important to the safety of their communities. The Fire Safety (Regulatory Reform) Order sets out the obligations of the fire service, and provides Essex with future opportunities for joined up thinking between police enforcement activity and fire service work.

In preparing this LBC, there was a positive initial endorsement by key stakeholders for changing the governance of ECFRS and bringing police and fire closer together. They recognised that this would help to embed operational collaboration and also realise financial benefits. It was also recognised that implementing the recommendations of the Lucas review would require strong sustained leadership and that there were significant attractions to fresh governance and supervision.

2.6.1 The importance of effective governance in successful collaboration

While it is challenging to demonstrate a clear link between changes in governance and improved public safety outcomes, there is a strong body of evidence that effective governance is a necessary enabler of service improvement.

The Home Office has underlined the importance that it attaches to good governance by PCCs in 'Applying and demonstrating strong governance'³⁵. This states that: “Good governance will support PCCs in providing quality policing by being open in their decision-making and making sure their chief constables answer for their decisions and actions. Good governance allows a PCC to pursue their vision effectively as well as provide ways of controlling and managing risk.”

The National Audit Office reviewed police accountability in 2014. In reviewing the PCC governance model they found that “A single person may be able to make decisions faster than a committee and could be more transparent about the reasons for those decisions”³⁶. In addition to speed and transparency of decision-making, they outlined further potential benefits around the “scope to innovate, to respond better to local priorities and achieve value for money”³⁷. They also noted the significant increase in public engagement which police and crime commissioners have delivered, compared with police authorities (over 7,000 pieces of correspondence are received by PCCs per month, and there are 85,000 website hits).

In Essex, the PCC has taken an active role in joining up service provision and tackling cross-organisational issues. This provides a useful indication of how clear accountable governance can be made more straightforward when vested in an individual rather than a committee. The PCC now chairs both the Reducing Reoffending Board and the Criminal Justice Board, drawing partners together to improve outcomes across the criminal justice system.

The PCC supports a Reducing Reoffending partnerships co-ordinator, a post funded by and based in the OPCC. This role supports the partnership in the development and delivery of the Essex wide Reducing Reoffending strategy, which brings a wide range of partners together to develop a strategy and delivery plan; and give strong oversight to the Integrated Offender Management programme.

The PCC also chairs the Essex Criminal Justice Board, and the OPCC chairs and co-ordinates the programmes of work around victims, domestic abuse and youth justice across partners. Work is being scoped with Eastern Region partners to develop a stronger regional approach to criminal justice improvements, including development of video enabled justice. Essex is one of the Ministry of Justice pilot sites for health and justice devolution.

³⁴ <http://publicservicetransformation.org/images/articles/news/EmergencyServicesCollabResearch.pdf>

³⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/511412/2016_Candidate_Guidance___Applying_strong_governance_v2.pdf

³⁶ <https://www.nao.org.uk/wp-content/uploads/2014/01/Police-accountability-Landscape-review.pdf>

³⁷ Ibid

As a result of proactive partnership working and leadership by the previous and current PCCs, an ambitious programme of work and commissioning strategy has been started around domestic abuse, supported by the wider partnership including health, local authorities, and social care.

There is an opportunity to extend the benefits of single governance and commissioning approach across police and fire. Work on emergency services collaboration opportunities has been underway for approximately 18 months, but the ideas generated have not progressed substantially. The SGB does not have complete control to make all the changes required for comprehensive collaboration reform, and the Board currently relies on shared prioritisation by each organisation.

A step-change in governance would be required to deliver the depth and pace of the potential collaboration identified in the strategic case.

2.6.2 National developments

There are examples elsewhere nationally where savings have been made as a result of collaboration where “robust governance architecture” has been a strong enabler of collaboration. This recognises that “Large-scale collaborations and the related investment and change programmes are usually complex and often challenging. It was seen as essential that time needed to be spent at the outset designing, testing and embedding a governance infrastructure in order to ensure this complexity and potential challenge could be managed as work progressed”³⁸.

The report acknowledged that another strong enabler of collaboration was the importance of retained brand identity: “All three blue light services have easily recognisable identities in the public, and media perception is that, although they may suffer ups and downs, the services are generally strong and respected. Retaining the best features of these identities, whilst working towards closer collaboration and shared resources, was seen as important.”³⁹

The evidence from research suggests that governance structures, be they local or national, can serve to facilitate or frustrate collaboration in equal measure. Almost universally, across all project areas, interviewees, time and time again, raised the issue of governance – reflecting on it being an enabler and/or a barrier. It is essential that collaboration is underpinned by a greater alignment of governance structures to ensure the success of any further and future joint working.

In a report in November 2014 on ‘Collaboration: The current picture’, the Emergency Services Collaboration Working Group identified the following characteristics which featured regularly in successful collaboration projects⁴⁰:

- ‘We can pick up the phone’: strong, open and honest relationships between the services’ chief officers.
- ‘Clarity together from the outset’: agreement of a strategic vision that aligns tightly with all the collaborating services’ strategic goals.
- ‘We’ve got our best person’: highly skilled and motivated programme managers from each service, with a balance of skills relevant to change management across the working group.
- ‘Tell them how it is’: open, consistent communication and consultation with staff from the very earliest opportunity.
- ‘Fail fast’: willingness to abandon opportunities if politics or operational interests do not align, to avoid losing momentum or jeopardising relationships.
- ‘Give not take’: an agreement that all parties will not seek to profit from one another; every service cannot benefit in every instance; if collaborative relationships are strong and improved public service remains the priority, savings will follow.

³⁸ <http://publicservicetransformation.org/images/articles/news/EmergencyServicesCollabResearch.pdf>

³⁹ Ibid

⁴⁰ http://publicservicetransformation.org/images/Emergency_Services_Collaboration_2014.pdf

While these do not explicitly reference effective governance (the report was also written before the proposed legislation), the characteristics of trusted, open relationships that focus on service delivery above all else and are prepared to take bold decisions are tests that need to apply to the different governance options in the Economic Case.

2.6.3 International good practice

There is international good practice and some evidence about the benefits of integrated governance between police and fire in achieving improvements in service delivery.

Gerald T. Gabris et al's 2014 book⁴¹ explored various models of service consolidation in local government and found that the speed of decision-making / transparency / visibility / accountability of an elected official have brought a dividend to the depth and breadth of collaboration, with improvements in public service and public confidence / visibility.

Wilson and Weiss also found in their 2009 study of consolidations in the US⁴² that the control through a single governance structure was highlighted by many of those involved as a key driver in achieving coherent consolidation.

In other cases, the evidence is less conclusive: a 2015 Wilson and Grammich study⁴³ reported that "in recent years, a growing number of communities have consolidated their police and fire agencies into a single "public-service" agency. Consolidation has appealed to communities seeking to achieve efficiency and cost-effectiveness". However they also found that "Some communities have even begun to abandon the model. Exploring the reasons for disbanding can help cities considering the public-safety model determine whether it is right for them".⁴⁴ One reason is preserving 'brand identity' – the ICFA noted that "the fire/EMS service typically enjoys a position of trust in the community that transcends fear of authority or reprisal. Law enforcement's mission to prevent crime from different threats creates varied public opinion and re-action, including being perceived as a threat."⁴⁵

The research clearly evidences the need for a Local Business Case to determine the most appropriate way forward, rather than a mandate which is centrally driven and will work in all circumstances. It also highlights the importance of ensuring a continuing separation of brand identity between core operational fire and law enforcement activities. It is also clear that there is distinction in the roles of a police officer and a fire fighter laid down in legislation, and is not a matter for local discretion.

2.7 Strategic risks

There are a number of strategic risks to major changes to collaboration or governance that options need to be assessed against. The most significant of these are:

- That, as the smaller organisation, ECFRS gets less focus and attention than police in an integrated governance model.
- That changes to governance divert leadership focus away from delivery of major transformational change in both organisations.
- That industrial relations issues in ECFRS are exacerbated by changes at this sensitive time.

⁴¹ Alternative Service Delivery: Readiness Check: Gerald T. Gabris, Heidi O. Koenig, Kurt Thurmaier, Craig S. Maher, Kimberly L. Nelson, Katherine A. Piker, Alicia Schatteman, Dawn S. Peters, Craig Rapp 2015

⁴² Public Safety Consolidation: What Is It? How Does It Work? Jeremy M. Wilson, Alexander Weiss et al: Be on the Lookout: A continuing publication highlighting COPS Office community policing development projects 2 August 2012

⁴³ Deconsolidation of Public-Safety Agencies Providing Police and Fire Services: J. Wilson & Clifford A. Grammich; International Criminal Justice Review 2015, Vol. 25(4) 361-378 2015

⁴⁴ Ibid

⁴⁵ International Association of Fire Chiefs Position: Consolidation of Fire/Emergency and Law Enforcement Departments and the Creation of Public Safety Officers ADOPTED BY: IAFC Board of Directors on January 23, 2009

- That changes to public perception of the independence of Fire and Rescue Service from law enforcement affects the willingness of the public to engage.

These are considered further in the options appraisal in the economic case.

2.8 Constraints and dependencies

There are also a number of constraints and dependencies that affect the options under review:

Constraints:

- Under any of the governance models, funding will remain separate between police and fire, with a requirement for separate financial reporting.
- The PCC has made a commitment to keep the identities and roles of Police Constable and Fire Fighter separate and distinct.

Dependencies:

- LBC requires approval from the Home Secretary.

2.9 Conclusion

This section has set out a range of powerful local and national drivers for change. They demonstrate that there will be continuing pressure to change and reform to meet shifts in operational demand, deal with vulnerability and public protection issues more effectively, and continue to make financial savings. Locally, there are tangible opportunities for collaboration to realise operational and financial benefits which will improve public safety and organisational effectiveness, as well as deliver solid financial benefits.

National and international best practice recognises that effective governance is a key enabler of collaboration and of greater organisational effectiveness. In particular, the experience of the move to PCCs to replace police authorities has demonstrated marked improvements in the quality and depth of scrutiny, visibility, transparency, speed of decision-making, and accountability. The capability of each of the different governance options to deliver these improvements in governance is considered in Section 3 below.

3 THE OPTIONS ASSESSMENT (ECONOMIC CASE)

The Policing and Crime Act sets out three potential options open to the PCC for Essex in relation to fire governance:

- Representation – the PCC could apply to Essex Fire Authority to take a place on the Fire Authority with full voting rights.
- Governance – the PCC could go out to consultation in order to take on the role of Essex Fire Authority.
- Single employer – the PCC could go out to consultation to take on the role of Essex Fire Authority and appoint a single chief to become the employer of police and fire personnel.

In addition to this LBC considers the do nothing option.

The preferred option is the governance model. The representation model offers very little benefit over and above do nothing. Both the governance and single employer options have the potential for substantial benefits. However, the single employer model requires a substantial change to make it happen, which means it will take longer to realise and carries substantial risks, in particular around potential for industrial action. The governance model offers the majority of the benefits of the single employer model, but at lower cost and risk to implement. It fulfils the commitment made by the PCC in his election manifesto.

This options assessment considers how each of the options meets the critical success factors for governance set out in the strategic case and will support delivery of the collaboration opportunities.

The following sections describe each option in turn and set out:

- A description of the option.
- The scale of benefits, including an assessment of the likely scale of collaboration benefits that will be achieved, and assessment against the benefits of public safety, effectiveness, economy and efficiency.
- The ease of delivery – covering the impact of the governance option on legal, HR, commercial, financial management, other programmes and collaboration, and other risks.

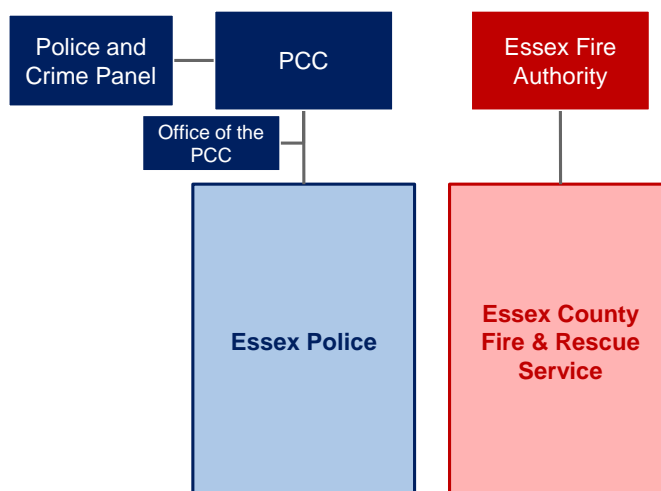
3.1 Do nothing option

3.1.1 Description

Doing nothing would retain the current governance arrangements, with the PCC providing strategic leadership of EP, and the EFA providing strategic leadership of ECFRS. The two organisations would still be under the statutory duty to collaborate as set out in the Policing and Crime Act, which would be exercised through the SGB and supporting ESCPB.

There would be no implementation implications, as it involves no change.

Figure 1 Do nothing option



Unlike the relationship between the PCC and the Chief Constable, the FRA and the ECFRS are one legal entity and one corporation sole. The FRS does not have a distinct legal identity; all functions have been conferred on to the FRA who in turn put in place arrangements for operational delivery. Additionally, there is no legal requirement for there to be a Chief Fire Officer, and in some areas there exists a Chief Executive who acts as the head of the paid service.

3.1.2 Scale of benefits

This governance model reflects the current governance arrangements, and so will deliver no direct additional benefits.

As shown in the strategic case, it is theoretically possible to deliver significant police and fire collaboration without statutory changes in governance, but evidence also shows the barriers and complexities that separate governance structures create. Research into emergency services collaboration⁴⁶ 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.

In Essex, work on collaboration opportunities has been underway for approximately 18 months, but the ideas generated have not progressed substantially to date. The new SGB has begun to push collaboration forward, with delivery being monitored by the ESCPB. However, the Board does not have complete control to make the changes and relies on shared prioritisation by each organisation. A step-change in governance would be required to deliver the depth and pace of the potential collaboration identified in the strategic case. Therefore, we expect the likelihood of achieving the full scale of potential collaboration benefits (set out in Section 2) to be low without any governance change, delivering less than 25% of the potential full benefit.

In addition, this option would deliver no benefits relating to improved visibility or a single point of accountability. Initial discussions with key stakeholders indicate little support for retaining the status quo.

Public safety

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

⁴⁶ <http://www.apccs.police.uk/wp-content/uploads/2013/11/Emergency-Services-Collaboration-2014.pdf>

Effectiveness

As described in the strategic case, 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. Without integrated governance, this would be more challenging. Only a small proportion of the effectiveness benefits set out in the potential collaboration programme are therefore likely to be achieved.

In addition, the Lucas Review identified organisational effectiveness challenges within ECFRS that the ECFRS leadership team and EFA are seeking to address. There may be some improvements if the recommendations from the Lucas Review are implemented. Work on this has started, but the issues that the Lucas Review identified have been in place for a number of years, and resolution has been a slow process. As described in the strategic case, a recent review on progress by Sir Ken Knight recommended that, whilst the EFA is to be commended for initiating the Review and accepting its recommendations, more action was needed to strengthen Fire Authority members' assurance and scrutiny roles and he concluded that there was still much to do to deliver a modern and flexible fire and rescue service in Essex. No change to the governance arrangements is unlikely to accelerate improvements.

Economy and efficiency

There would be no costs to implement this option as there is no change, and the direct governance costs continue at current levels, totalling £1.67m per annum (actual costs for 2015/16). This consists of:

- Police and Crime Panel: £70k (including members' expenses).
- Office of the Police and Crime Commissioner: £1,210k (which includes governance and commissioning functions).
- Essex Fire Authority: £400k (including members' expenses).

With a low likelihood of delivering the full scale of the collaboration programme, additional financial (economy and efficiency) benefits will be limited to less than £8m (NPV) over ten years.

This option therefore would make little or no change to current levels of economy and efficiency.

3.1.3 Ease of delivery

With no change to make, there will be no implementation impact. The following table sets out how this option will impact different areas of the business.

| Impact on... | |
|--|--|
| Legal | No direct impact; existing legal structures continue. |
| HR | No direct impact; there are no changes to roles or resources as a direct consequence of the governance arrangements. There remains a risk of strike action in ECFRS related to the existing dispute, but the likelihood of this does not change from the current position. |
| Commercial | No direct impact. |
| Financial management (s151) | No direct impact. |
| Other change programmes and collaboration initiatives | No impact on Transform Programme or 2020 Programme. No/low impact on Kent-Essex Police collaboration and Seven Forces collaboration. |
| Other risks | The perception of a reversal of direction risks a detrimental impact on existing police-fire collaboration, although there will still be a statutory duty to collaborate. The continuing issues in ECFRS and EFA highlighted by the Lucas Review may not be adequately addressed. |

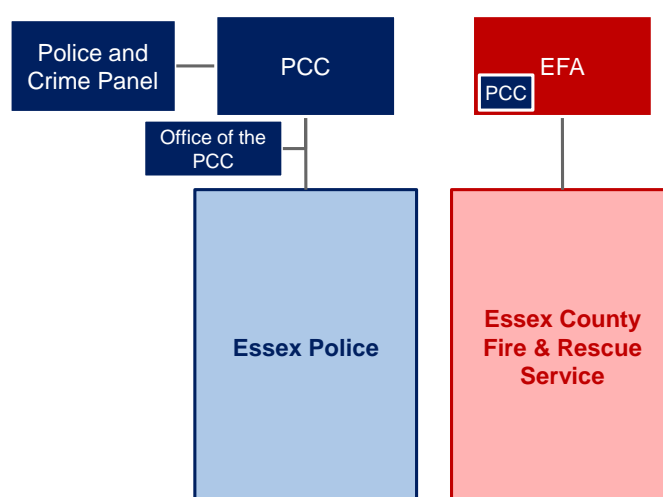
3.2 Representation option

This option uses the powers set out in the Act to allow the PCC to request that EFA allows him to sit on the Fire Authority or any of its committees with full voting rights. This could go to the extent of the PCC becoming chair of the Authority, if the other members of the Authority were to elect him to the post.

It will require agreement from EFA and a review of the existing members of the authority to ensure that the political balance remains. It will also require a change to the “Essex Fire Services (Combination Scheme) Order 1997”⁴⁷.

This option could be delivered relatively quickly following a decision to proceed and pending the standstill period before local elections in May 2017. This option does not need a business case.

Figure 2 Representation model



3.2.1 Scale of benefits

This option makes a limited change to the current governance arrangements, and so will deliver limited additional direct benefits.

While PCC representation on EFA will provide a formal mechanism for ensuring police and fire plans and strategies are considered together, the PCC's influence as one among a committee of 26 (dependent on the reviewed composition) will be limited. The option also imposes additional obligations and workload on the PCC without an opportunity to streamline or integrate governance options.

Our expectation is that the same drivers apply to the representation model as to the do nothing option, and the PCC's limited influence will only have a marginal impact on achieving additional collaboration benefits. The two distinct organisations and approvals processes continue. Therefore, this option also only has a low likelihood of realising the full scale of the potential collaboration benefits (around 25% of the potential benefit). There is little interest in Essex for this option amongst the PCC, many members of EFA and the constituent local authority membership of the Authority.

Public safety

The presence of the PCC on EFA and the formal opportunity this provides to approve the Integrated Risk Management Plan and other strategic and financial plans will increase the likelihood of alignment of strategic priorities and some additional public safety benefits. However, delivery of the full scale of potential collaboration benefits are likely to prove harder and slower to realise.

⁴⁷ <http://www.legislation.gov.uk/uksi/1997/2699/schedule/made>

Effectiveness

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. The presence of the PCC in determining fire priorities will assist, but without integrated governance, this will remain challenging. Only a small proportion of the effectiveness benefits set out in the potential collaboration programme are therefore likely to be achieved.

This option also introduces a risk of the PCC's role on EFA consuming more of the PCC's time without providing direct influence or control to be able to consolidate some of the activity.

Economy and efficiency

Implementation costs of this option are limited to the costs of making the necessary legislative changes, estimated to be up to £10k, incurred in 2016/17. Running costs for governance may increase slightly to cover the PCC's additional expenses, but this will be marginal. There will be no governance savings from this option.

The total spend on governance will remain at £1.67m per annum, composed of:

- Police and Crime Panel: £70k (including members' expenses).
- Office of the Police and Crime Commissioner: £1,210k.
- Essex Fire Authority: £400k (including members' expenses).
- Direct costs and benefits of the change are shown below. There would be a direct cost of £10k and we have also assumed that the current OPCC staffing could absorb the PCC's new commitments. If not, costs could increase if additional staff need to be recruited.

| £'000, 16/17 prices | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | Total | NPV |
|-----------------------------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------|-------------|
| Implementation costs | (10) | - | - | - | - | - | - | - | - | - | (10) | (10) |
| Change in direct governance costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Net benefit / (cost) | (10) | - | - | - | - | - | - | - | - | - | (10) | (10) |

We have assumed that these costs would be offset by the limited financial collaboration benefits of the order of £8m (NPV) over ten years.

3.2.2 Ease of delivery

This option requires very limited change and is unlikely to cause any disruption to day to day activity.

The following table sets out how this option will impact different business areas.

| Impact on... | |
|--------------|---|
| Legal | Following consultation and agreement of the EFA, this option will require a change to "Essex Fire Services (Combination Scheme) Order 1997". No other direct impact. |
| HR | No direct impact; there are no changes to roles or resources as a direct consequence of the governance arrangements, except for additional responsibilities for the PCC. There may be a need to recruit additional staff to the OPCC to help the PCC with his new commitments. There remains a risk of strike action in ECFRS related to the existing dispute, but the likelihood of this does not change from the current position. |

| | |
|--|--|
| Commercial | No direct impact |
| Financial management (s151) | No direct impact. Separate reporting continues for the PCC, Police Force (Chief Constable) and ECFRS. |
| Other change programmes and collaboration initiatives | No/low impact on Transform Programme and 2020 Programme. No/low impact on Kent-Essex Police collaboration and Seven Forces collaboration. |
| Other risks | There is a risk of a delay in implementing this option as new members of EFA get up to speed after the election in May 2017 before being able to approve this change |

3.3 Governance option

This option uses the powers set out in the Act to allow the PCC to take on the role of the EFA.

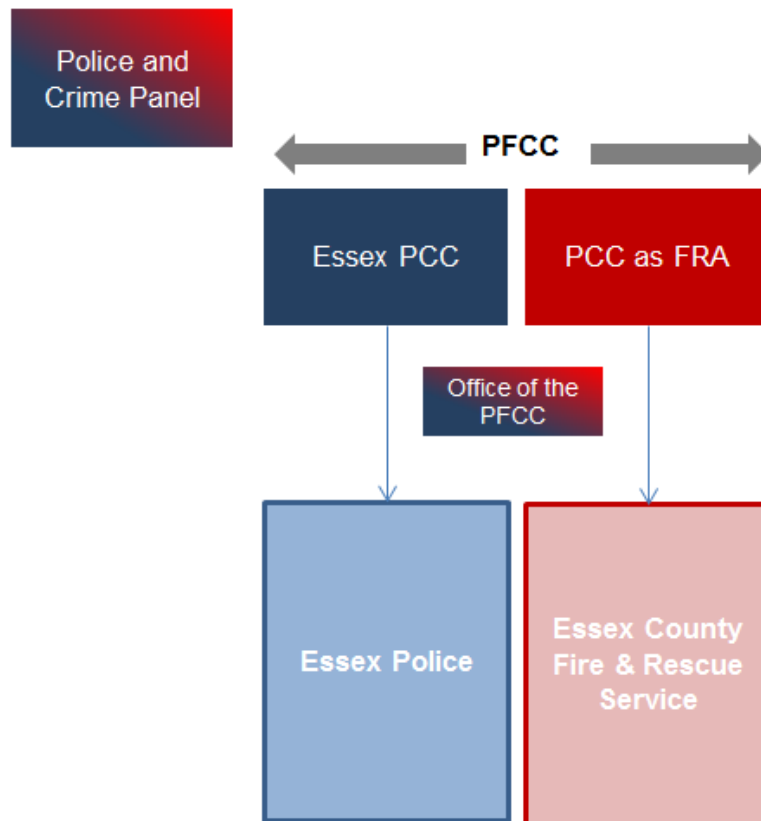
Under this option, EP and ECFRS will remain two distinct organisations. The option would create a separate corporation sole for the new Fire Authority, rather than transferring fire and rescue functions to the PCC. This also has the effect of ensuring that existing references in legislation to PCCs do not apply in relation to their fire functions. In his role as EFA, the PCC becomes the Police Fire and Crime Commissioner (PFCC). He becomes the employer of all fire and rescue staff, and holder of assets and contracts, but the Chief Fire Officer continues 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 EP continues to employ EP officers and staff.

The Office of the PFCC will need to be expanded and restructured to take on the role of scrutiny of ECFRS and enhanced collaboration. The PCP will continue to provide oversight of the PCC and will need to review its structure and 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.

This option requires consultation, then scrutiny of a business case (by the Home Office) before approval by the Home Secretary and secondary legislation to enact the change. The degree of scrutiny will depend upon the level of local support there is for change.

Following hand-over, the members of the EFA will step down from their role and support arrangements will transfer to the Office of the PFCC. There will need to be a transfer process of staff, commercial contracts, assets and liabilities from the old Fire Authority to the new entity.

We expect the timeframe for final approval of the LBC will be during June 2017. The actual date for official transfer of the role of EFA is yet to be determined, but is planned for the 1 October 2017 to align with the mid-point of the financial year. However, this creates some dependencies and risks (see below) which would need to be managed.



3.3.1 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”. Under this governance option, the PFCC will be setting that shared vision across both police and fire, with an integrated commissioning strategy. In his role as chair of the Local Criminal Justice Board and Reducing Re-Offending Board, there is also the opportunity to bring these strategies and FRS strategies closer together in the types of areas identified in the strategic case. He will also have direct control over the strategies and budgets for police and fire and so can be more strategic about investment where wider public benefit can be achieved (albeit within the constraint of ensuring continual separation of fire and police budgets).

Unlike other parts of England and Wales, Essex benefits from a relatively simple structure of Fire and Rescue services. Police and FRS boundaries are coterminous, and there is a stand-alone, legally separate Fire Authority. Our engagement with stakeholders from Essex Fire Authority, the Police and Crime Panel, EP and ECFRS has not raised any initial objection in principle to this option. The potential governance options set out in the Bill were raised at an Essex Fire Authority meeting on 17 February 2016 when the previous PCC (Nick Alston) attended. In response to the possibility of the PCC taking over the governance responsibilities for Fire and Rescue services, “...many (though not all) considered it to be a positive development”⁴⁸.

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

- It does not automatically align the operational delivery, so it will be down to the PFCC, with the support of the OPFCC, to work with the two chiefs to align operational priorities and closer working together, where appropriate. He has the levers to do this: through the setting of and monitoring against the strategy and budgets and he will be the holder of assets and contracts.

⁴⁸ Minutes – Essex Fire Authority: 17 February 2016

- The risk of loss of brand identity – a concern highlighted by stakeholders in ECFRS – the likelihood of this is limited by the fact that fire and police will remain as two distinct organisations.
- That staff are employed by different organisations can limit the flexibility to make changes that involve closer or integrated working, although there is scope to progress collaboration - for example by agreement where staff remain on different terms.

Overall, therefore, we estimate that this option could achieve between 50 and 75% of the potential collaboration benefits identified in the strategic case.

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 to the potential benefits of collaboration initiatives, the PFCC provides a single point of accountability to the public for both police and fire. As a direct and visible point of contact, he is well-placed to react to the needs of the people of Essex, provide transparency and be held to account.

A risk has been raised that the important links between fire and rescue and local authorities' responsibilities in relation to safer communities and resilience may be diminished by the change in governance and with less day-to-day involvement of members of local authorities. The Police and Crime Panel represent all councils and there is therefore no reduction in links to local authority partners, or risk to public safety from the winding-up of the Fire Authority. In addition, FRS officer leadership and engagement in local engagement will continue, and the PFCC can develop links through the OPFCC to ensure their needs are understood and fed into strategic planning.

It was flagged in the strategic case that there is a risk that changes to public perception of the independence of Fire and Rescue Service from law enforcement will affect the willingness of the public to engage. Whilst this model would see shared governance, fire and police operations would retain their distinct identity and so this is not considered to be a significant risk for this option.

Effectiveness

As described in the representation option, 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. A single governance structure for police and fire will play a major role in enabling this and contributing towards improving the effectiveness of the two organisations. A single governance model can accelerate delivery of operational collaboration opportunities, shared estate and fleet maintenance.

With a complete change in the structure of EFA, this option should also improve the effectiveness of decision-making because:

- The PCC model has demonstrated improved levels of public visibility as evidenced by the NAO report.
- A single decision maker can be more easily engaged than a committee, with additional dedicated support through the OPFCC. EFA currently meets five times a year (with additional meetings as required) and its four sub-committees each meet four or five times per year. The PCC would expect to increase the regularity of formal scrutiny; he currently carries out monthly performance reviews of the police and would extend this to ECFRS, with other regular reviews and groups as required.
- Leadership is more stable, with the PFCC in post for four years, and so able to commit to longer-term projects. 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 between elections. With a single democratically-elected person as PFCC, this instability is removed.
- Depending upon the timing of transfer, the PFCC will need to assume responsibility for delivering the outstanding recommendations of the Lucas Review. A more focussed accountability and assurance regime that the PCC model provides could more effectively deal with

recommendations made Sir Ken's Knight in his recent progress review relating to the role of governance, although there is also a risk that a change in governance during this period may disrupt progress.

- Sir Ken Knight's recent progress report highlighted disappointment that many employment practices considered the norm in UK Fire and Rescue Services still do not exist in Essex. The scope for any change has not been assessed as part of this business case and would need detailed discussion with the ECFRS leadership team given the difficult industrial relations position in Essex. It would also affect the complexity and risk of the staff transfer process.

Economy & efficiency

There would be direct and enabling benefits from adopting this option.

The most significant benefit would be to enable and accelerate the collaboration opportunities identified in the strategic case. Our estimate is that the collaboration programme would add around £15-23m NPV of financial benefit under this option.

The direct implementation costs to make this happen include: the costs of consultation (estimated at £60k); legal implementation costs (estimated at £75k) and other delivery costs, including project management and staff consultation (estimated at £150k).

There will be ongoing savings from the discontinuation of the current EFA committee arrangements and the creation of a single Monitoring Officer role. These will be partially offset by the uplift in costs for the OPFCC. The OPFCC plans to deliver increased scrutiny for half of the current cost of EFA. Once in place, the direct governance running costs for this option are expected to be £1.5m per annum, made up of:

- Office of the Police and Crime Commissioner: £1,410k – an increase of £200k to cover the additional responsibilities
- Essex Fire Authority – no other costs.
- Police and Crime Panel: £70k (including members' expenses) – feedback from the Chair of the Police and Crime Panel indicates that they do not forecast substantial changes in their workload. Their remit is oversight of the PCC, and they do not have a remit over operational matters. They are also constrained by time to fit in additional meetings.

This provides for £200k saving per annum in direct governance costs. There may also be scope for additional savings from consolidation of the s151 finance responsibilities, which are currently performed by three post holders.

| £'000, 16/17 prices | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | Total | NPV |
|-----------------------------------|--------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| Implementation costs | (173) | (113) | - | - | - | - | - | - | - | - | (285) | (281) |
| Change in direct governance costs | - | 100 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,700 | 1,425 |
| Risks | - | (15) | (15) | - | - | - | - | - | - | - | (30) | (28) |
| Net benefit / (cost) | (173) | (28) | 185 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,385 | 1,115 |

3.3.2 Ease of delivery

The 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 Fire Authority entity. The complexity and length of the staff transfer process will depend in part upon the extent to which any changes in terms and conditions are considered likely - we have assumed a relatively straightforward process. There will also need to be a review of existing contracts and assets prior to transfer, which may uncover some

complexities. At this stage, we have assumed a straightforward transfer process. The table below provides a summary of the business impacts of the change to this governance model.

| Impact on... | |
|--|---|
| Legal | <p>The PCC will need to carry out a detailed review of the contracts, assets, liabilities, etc. of Essex Fire Authority prior to transfer.</p> <p>Secondary legislation is required to allow the PCC to take on governance of ECFRS. There is an intention to move as quickly as possible with 1 October 2017 looking like the nearest feasible date.</p> |
| HR | <p>The only direct impact on roles and responsibilities from this change in governance is to the PCC, OPCC and administrative support for EFA. The EFA clerk & monitoring officer is purchased on a consumption basis from Essex County Council and so we have assumed that there will be no HR complexities in these roles being taken on by the OPCC. There may also be an impact on the s151 officers (see below).</p> <p>For ECFRS staff, there will need to be a staff consultation process relating to the transfer of their employment, which we assume will take place following Cabinet Office Statement of Practice (COSOP) procedures. This could be relatively quick if guarantees are given of no changes in terms and conditions but this may delay benefit realisation later on.</p> <p>There remains a risk of strike action in ECFRS related to the existing dispute. The likelihood of this risk may increase slightly: the Fire Brigades Union has publicised their opposition to the PCC taking over fire and rescue services, but this model does not in itself change any roles, responsibilities, or terms and conditions.</p> |
| Commercial | <p>There will need to be a transfer of contracts, assets and liabilities to the new Essex Fire Authority entity. Whilst this should be relatively straightforward, contracts will need to be examined for any novation or change control terms that could delay implementation or create complexity.</p> |
| Financial management (s151) | <p>Separate reporting is still required, although it could be delivered by one officer. Allocations of costs for shared resources will need to be agreed. There may be opportunities to consolidate s151 roles across OPCC, police and fire, which are currently performed by three post-holders.</p> <p>There is a risk that there is a perceived lack of separation and therefore lack of challenge between police and fire, particularly when it comes to allocation of cost. The PCC will need to put robust controls and independent scrutiny of the cost allocations in place.</p> |
| Other change programmes and collaboration initiatives | <p>There is a risk of distraction affecting the existing change programmes and collaboration activity. This risk is being reduced by:</p> <ul style="list-style-type: none"> • The PCC has recently joined the Fire Authority as an observer with a view to smoothing the transition in governance • The SGB and ESCPB are already in place, bringing the PCC / OPCC together with senior staff from police and fire. The programme board considers the potential impacts on Transform and 2020 as standing agenda items, and includes representation from both programmes • The PCC has committed that police-fire collaboration in Essex will not diminish the existing Essex-Kent Police shared services collaboration. |

3.4 Single employer option

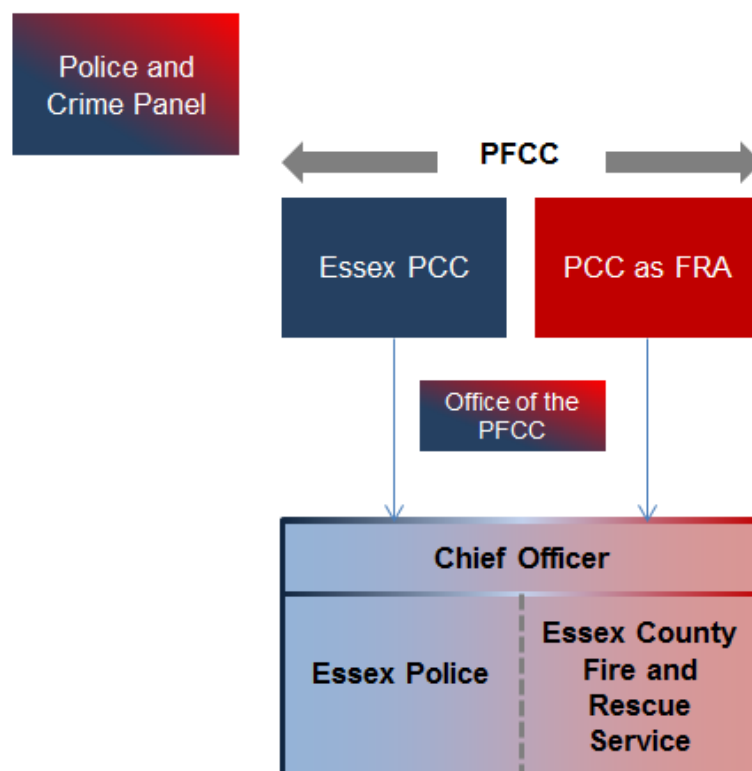
Under this option, the PCC takes on the role of the EFA and creates a single employer for both police and fire personnel under a single chief officer. He becomes the PFCC. The chief officer should appoint a senior fire officer to lead fire operations and a deputy chief constable to lead police operations,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

The OPFCC will be expanded and restructured to take on the role of scrutiny of ECFRS and the work to merge the organisations. The Police and Crime Panel will continue to provide oversight of the PFCC including with his additional remit, but without substantial change to its operation.

As with the governance option, this option requires consultation, before submission to, and approval of the LBC by the Home Secretary and secondary legislation to enact the change. The degree of scrutiny will depend upon the level of local support there is for change.

Following hand-over, the members of the EFA will step down from their role and support arrangements will transfer to the OPFCC. There will 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 Authority to the chief officer or to the new Fire Authority entity. We have assumed the latter for this business case to match the current position between EP and the PFCC.

Once approval for this option is given, the PFCC could take on the role of the fire authority and establish a single employer as one step, or two separate steps (to be determined following further planning work). We estimate that delivery of this option will take at least six months and potentially twelve months longer than the governance option due to the potential impact on staff making consultation more complex, appointment of the single chief and deputies and any other required organisational restructuring to enable the single employer model to take effect. If the PCC 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.



3.4.1 Scale of benefits

In addition to the benefits for the governance model, the introduction of a single chief would drive organisational integration further into the day-to-day operations of police and fire, while still retaining separate front-line operational identities. This would further support the enabler for collaboration of “a clear and shared vision of the objectives of the collaboration”, and increase the likelihood of delivering greater collaboration, especially relating to operational and business support services. The need for

contracts between fire and police for shared services would be reduced, simplifying the speed with which some changes could be made.

We assume that this option could realise at least 75% of the potential collaboration benefits, but that there would be a delay to realising them due to the complexity and risks around implementing this option.

Public safety

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

In addition to the potential benefits of collaboration initiatives, the PFCC and chief will between them provide single elected and operational points of accountability to the public for both police and fire. This could raise confidence and organisational outcomes although risk has also been expressed that too close association with the law enforcement responsibilities of police could affect the public's willingness to engage with Fire and Rescue Services. The evidence for this is inconclusive and so would remain a greater risk under this model than the governance model.

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, and the capability of a single chief officer to drive performance.
- Opportunities to restructure shared capabilities – this could relate particularly to business and operational support services and strategic / performance functions to ensure alignment of priorities, more effective resource tasking, and use of data held by both organisations to understand common drivers of demand.
- 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 governance model), and so able to commit to and see through longer-term projects.

However, the single employer model would also create risks that could affect organisational effectiveness:

- The breadth of operational responsibilities for a single police and fire chief would be significant and new in this country.
- The scope for delivering greater benefits from deeper operational integration (but not merger) would depend in part upon making changes to terms and conditions. While shared services have been delivered without such changes in the past, there would be equal pay and other industrial relations issues if this persisted for a long time within the same employer. This would be a significant undertaking.
- Further consideration would be needed on how separate professional standards functions would operate. It is assumed that a single approach to managing complaints and professional standards would need to be adopted as fire and police would come under the remit of the new Office for Police Conduct. While this could streamline the two functions, significant re-design work would be needed to develop a single approach as this has not been undertaken before. This would need further consideration.

Economy & efficiency

As with the governance model, there would be direct costs and benefits in delivering this option as well as enabling benefits.

We estimate that the additional benefits of the collaboration enabled under this option would amount to of the order of £23m NPV of financial benefit. This could be greater if savings can be realised from changes to terms and conditions and a restructured approach to managing complaints and professional standards, but these have not been assessed at this stage.

In addition, the direct implementation costs to make this happen include the costs of consultation (estimated at £60k), legal implementation costs (£100k), other delivery costs, including project management and HR specialist advice (£250k) and recruitment costs for the new chief officer (estimated at £20k).

In addition to the moderate saving that can be realised under the governance model, the change in structure of the chief officer group should provide a further direct saving. We estimate that this saving will be approximately £100k per annum, equating to half of the annual salary (with on-costs) of a chief officer. The direct cost of governance is estimated as £1.5m per annum, made up of:

- Office of the Police Fire and Crime Commissioner: £1,410k – an increase of £200k to cover the additional responsibilities.
- Essex Fire Authority – no other costs.
- Police and Crime Panel: £70k (including members' expenses) – based on the feedback from the Chair of the Police and Crime Panel indicating that they do not forecast substantial changes in their workload.

With the saving in salary for one chief officer, this would give an annual saving of £300k per annum. This is shown below.

| £'000, 16/17 prices | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | Total | NPV |
|-----------------------------------|--------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| Implementation costs | (183) | (123) | (123) | - | - | - | - | - | - | - | (430) | (418) |
| Change in direct governance costs | - | - | 150 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 2,250 | 1,852 |
| Risks | - | (75) | (150) | (137) | - | - | - | - | - | - | (362) | (336) |
| Net benefit / (cost) | (113) | (198) | (123) | 163 | 300 | 300 | 300 | 300 | 300 | 300 | 1,458 | 1,099 |

3.4.2 Ease of delivery

This is the most challenging of the options to deliver as it involves substantial changes to staffing arrangements and will require significant union engagement. The fire unions, in particular 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.

The following table considers the business impacts of the single employer option.

| Impact on... | |
|--------------|---|
| Legal | <p>There would be a statutory staff transfer scheme to a single employer which will intend to mirror the requirements of the Cabinet Office Statement of Practice and follow the best practice for TUPE. Terms and conditions nationally negotiated and/or incorporated in collective agreements can be expected to be preserved after the transfer to the new employer.</p> <p>However, it will require staff consultation and there may be a need to harmonise terms and conditions (note 'other risk' below). For the purpose of this analysis, we assume that terms and conditions will remain as they are at transfer; this will need to be investigated further as part of the planning for this option.</p> <p>Transfer of staff to the single chief and assets and other liabilities to the new fire authority is considered to be legally complex.</p> |

| | |
|--|---|
| HR | <p>The Fire Brigades Union has indicated that it does not agree with the single employer model. Under this model, the PCC will need to decide if they intend to make changes to terms and conditions, which are likely to be required in order to gain the full benefits of the single employer model and also mitigate against risks of equal pay claims. Any complexity will lead to a longer and more risky staff transfer process than under the governance model, which could delay delivery of benefits. The risk of industrial action is high. This would lead to wider disruption, including a risk to public safety, delays to other changes and increases in costs.</p> <p>Further work would also be needed on how complaints and professional standards would be managed under a single employer. Current arrangements differ significantly between police and fire. There is likely to be high interest from staff and unions on how this will operate.</p> |
| Commercial | <p>There are no immediate additional commercial changes required by the transfer to a single employer model unless the PCC decides to transfer assets to the single chief. Otherwise, the same transfer process as for the governance model would apply.</p> <p>As enabling services are merged, a full commercial review will be required to ensure, for example, that software licences cover all users appropriately. Some of these changes will take longer to implement and will be part of a wider collaboration programme rather than being delivered as part of the governance changes.</p> |
| Financial management (s151) | <p>Separate reporting is still required. Allocations between police and fire will need to be agreed for each area that shares resources, which will be more complex under a single employer model and increasing number of shared functions. As with the governance model, there are opportunities for consolidating the s151 responsibilities.</p> |
| Other change programmes and collaboration initiatives | <p>There is a risk of distraction affecting the existing change programmes and collaboration activity. This risk is being reduced by:</p> <ul style="list-style-type: none"> • The PCC is aiming to join EFA as an observer as soon as possible, smoothing the transition in governance. • As stated under the Governance option, the SGB and ESCPB are already in place, bringing the PCC / OPCC together with senior staff from police and fire. The programme board considers the potential impacts on Transform and 2020 as standing agenda items, and includes representation from both programmes. However, as the Single Employer option creates one employer (but separate budgets) the programmes are likely to need to be drawn together, so there is likely to be an impact as they are re-planned. • The PCC has committed that police-fire collaboration in Essex will not diminish the existing Essex-Kent Police shared services collaboration. |
| Other risks | <p>There is a risk of challenge from enabling services staff if not moved onto the same terms and conditions. Equal pay claim issues could also occur in the longer term if standardisation of terms and conditions is not achieved. This would be a significant undertaking.</p> <p>There is a risk of dispute with fire service unions raising challenge associated with the change to employment of members.</p> |

3.5 Options appraisal

3.5.1 Appraisal methodology

Based on the analysis above, the options have been assessed against the CSFs described in the Strategic Case using the summary scoring regime shown in Table 1.

Table 1: Scoring regime

| CSF | 1 | 2 | 3 | 4 |
|---------------------------------|---|---|---|--|
| Public safety | The option has a detrimental impact on public safety | The option will have little or no impact on public safety | The option will make the public safer | The option will make the public safer and save lives |
| Effectiveness | The option has a detrimental impact on the effectiveness of police and/or fire, such as increasing response times | The option does not change the effectiveness of the two organisations | The option will improve the effectiveness of one organisation, or in one area | The option will improve the effectiveness of both police and fire in a number of areas |
| Economy & efficiency | The option increases costs | The option has marginal impact on costs | This option delivers some savings | The option delivers significant savings |
| Ease of delivery | The option will be difficult to deliver and cause significant disruption to business as usual | The option is challenging to deliver, but achievable. It will cause some disruption to business as usual. | The option is straight forward to deliver and disruption can be managed. | The option is straight forward to deliver and will cause no disruption |

The following sections outline the findings against each CSF for each option.

3.6 Preferred option

Based on the assessment in sections 3.1 to 3.4, the summary impact of the options is shown in the table below.

Table 2: Summary of options appraisal

| | Option 1: Do nothing | Option 2: Representation | Option 3: Governance | Option 4: Single employer |
|-------------------------------|-------------------------|-----------------------------|-------------------------|------------------------------|
| Public safety | 2 | 2 | 3 | 3 |
| Effectiveness | 1 | 1 | 3 | 4 |
| Economy and efficiency | 1 | 1 | 4 | 4 |
| Ease of delivery | 4 | 4 | 4 | 1 |

The do nothing and representation options are straightforward to implement in that they represent very minor changes. Both these options would, however, do very little to capture the significant operational and financial benefits that have been identified. Both the governance and single employer options have the potential for substantial enabling benefits and improving public safety and are therefore marked highly for economy, efficiency and effectiveness as well as public safety.

The key differentiator between the governance and single employer options is in the relative ease of delivery of either option. The single employer model requires substantial change to make it happen which means it will take longer to realise and carries substantial risks, in particular around potential for industrial action. The governance model offers the majority of the enabling benefits of the single employer model and higher direct benefits and at lower cost and risk to implement.

In addition, a summary of the direct and estimated enabling NPVs over ten years of each option is shown below.

| | Option 1: Do nothing | Option 2: Representation | Option 3: Governance | Option 4: Single employer |
|---------------------|-------------------------|-----------------------------|-------------------------|------------------------------|
| Enabling NPV | <£8m | ~£8m | £15-23m | ~£23m |
| Direct NPV | £0 | £(0.01)m | £1.1m | £1.1m |

The preferred option is the **governance model**. The representation model offers very little benefit over and above do nothing, although it would be straight forward to implement.

In the following sections, we consider the commercial, financial and management cases for the preferred option of the governance model.

4 COMMERCIAL CASE

The main commercial implications from adopting the Governance model for Essex Fire Authority are relatively straightforward and focus on the transfer of contracts, assets and liabilities from the old FRA to the new FRA, led by the PCC. This transfer will take place through a statutory transfer scheme.

In addition, the disbanding of the committee structure of the EFA will result in the termination of the current annual contractual arrangements with Essex County Council. The OPCC will take on these responsibilities, using in-house staff with external support as required.

The Governance model requires ECFRS staff to transfer from the existing FRA as their employer, to the new FRA, led by the PCC, under Cabinet Office Statement of Practice (COSoP).

4.1 Commercial implications

Contracts that support delivery of policing in Essex are held by the PCC, and contracts associated with delivery of ECFRS are held by EFA.

There will be no change to policing contracts. Existing EFA contracts will need to be transferred to the new PCC-style FRA.

To give effect to the Governance model the Policing and Crime Act gives the Secretary of State the power to make an order which makes the PCC the FRA for the area covered by the order. The order will also provide for the creation of a corporation sole as the FRA. This arrangement is intended to "preserve the distinct legal identity 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"⁴⁹.

If the Secretary of State makes an order which makes the PCC the FRA for the area covered by the order, they may also make schemes transferring property, rights and liabilities from an existing FRA to the new PCC-style FRA (section 4C(2) of the Fire and Rescue Services Act 2004, as proposed to be inserted by paragraph 5 of Schedule 1 to the Bill).

Things that can be transferred under a transfer scheme include:

- Property and rights and liabilities which could not otherwise be transferred.
- Property acquired, and rights and liabilities arising, after the making of the scheme.
- Criminal liabilities.
- References to "property" above include the grant of a lease.

There will be a need for further examination of all existing assets, liabilities and contracts held by EFA to understand if there are complexities created by the transfer to the new PCC-style FRA, such as restrictions on novation or change control. This may increase the timescales and costs of transfer. A list of assets and liabilities of EFA will be included in the Final LBC submitted to the Home Office.

⁴⁹ Paragraph 307 of the Explanatory Notes to the Policing and Crime Bill

As the PFCC takes on the role of the EFA, this will mean disbanding the current committee and sub-committees. The additional scrutiny responsibilities of the PCC will be supported by the OPFCC. EFA currently purchases support services from Essex County Council. This includes the role of Monitoring Officer, which is discharged by the County Solicitor and Director for Essex Legal Services under an annual contractual arrangement. This contract will need to be ended.

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, with external support (such as legal services) purchased as and when required. Detail of the proposed structure of the OPFCC will be worked up during the spring and included in the Final LBC submitted to the Home Office.

In the longer term, as enabling services are brought together through collaboration arrangements, some of the supporting contracts will also change. For EP, much of their enabling services are already closely interlinked with Kent Police as shared services. As this arrangement is already nationally recognised as operating successfully and has already delivered significant economies of scale, there is no intention to change these. There may be opportunities to on-board ECFRS enabling services into an existing successful provider.

4.2 Human resources implications

Under the Governance model, all fire and rescue staff will transfer from the current EFA to the new FRA, led by the PFCC. The transfer would take place via the same transfer scheme described in section 4.1 above (because references to 'rights and liabilities' includes rights and liabilities under an employment contract). The transfer would be governed by the Cabinet Office Statement of Practice (COSoP), protecting the terms and conditions of staff.

It will be for the PFCC and the SGB to consider, as part of the Collaboration Programme, whether any specific collaboration projects may require changes to standardise terms and conditions - to improve public safety, effectiveness or efficiency - or whether the same result can be achieved by a collaboration agreement between the new FRA and Police with staff working together on different terms and conditions. Any additional changes would be subject to appropriate consultation.

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.

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

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 confirmed that at the point of transfer there will be no changes to the terms and conditions of the fire staff.

4.3 S151 officer implications

If 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 role also provide inherent safeguards for the professionalism and probity with which the role will be undertaken.

5 FINANCIAL CASE

We estimate that the direct costs of implementing the governance model will be approximately £340k. These costs will be funded through the PCC's earmarked reserve. We forecast a small saving in operational costs as a direct result of a change to the governance model of c. £200k per annum, shared across the EFA and Essex PFCC.

In addition, the governance model will enable further potentially significant benefits through increased collaboration of more than £20m, including ongoing cashable benefits of £3m pa. The change in governance arrangements will require transfers of assets and liabilities and agreement on how shared costs and benefits will be apportioned.

This financial case considers the financial implications in two sections:

- Direct impact of the governance changes.
- Potential impact from collaboration opportunities.

5.1 Direct impact of the governance changes

This section outlines:

- The direct costs and cashable benefits as a direct result of the change to the governance model.
- The accounting implications of the change in governance.

5.1.1 Direct costs and cashable benefits

The direct costs of implementing the governance model will be funded by the PCC from earmarked reserves. The funding requirement totals £285k over 2016/17 and 2017/18 as shown in Table 3 below.

Table 3 Implementation costs (funded by PCC from earmarked reserves)

| £'000, including inflation | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 |
|-----------------------------------|--------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Consultation | 60.0 | - | - | - | - | - | - | - | - | - |
| Legal costs | 37.5 | 37.5 | - | - | - | - | - | - | - | - |
| Other delivery costs | 75.0 | 75.0 | - | - | - | - | - | - | - | - |
| Total implementation costs | 172.5 | 112.5 | - | - | - | - | - | - | - | - |

Following the switch to the new governance model, there will be an ongoing reduction in running costs for governance (a cashable saving). This benefit of £200k per annum will be shared across Essex PFCC and EFA⁵⁰. The savings and impact on the two organisations is shown in Table 4.

Table 4 Reduction in running costs (and impact on the bottom line)

| £'000, including inflation | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total cost saving | - | 101.8 | 207.9 | 211.8 | 216.1 | 220.4 | 224.8 | 229.3 | 233.9 | 238.5 |
| Saving to EFA | - | 61.1 | 124.7 | 127.1 | 129.6 | 132.2 | 134.9 | 137.6 | 140.3 | 143.1 |
| Saving to Essex PFCC | - | 40.7 | 83.2 | 84.7 | 86.4 | 88.2 | 89.9 | 91.7 | 93.5 | 95.4 |

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 the latter would have limited tangible impact.

5.1.2 Accounting implications

The same four 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.
- EFA – This covers all of the costs, assets and liabilities for ECFRS.

All of these accounts are currently prepared in line with the CIPFA Code of Practice on Local Authority Accounting.

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. This will be determined on a case by case basis in accordance with HM Treasury guidance, Managing Public Money, and scrutinised through the regular audit of accounts.

We do not expect any changes to treatment of VAT due to the change in governance.

The PFCC will be taking over the role of EFA 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 EFAs assets and liabilities. A list of assets and liabilities of EFA will be included in the Final LBC submitted to the Home Office.

As at 31 March 2016, the EFA holds long term assets worth £109m, the majority of which are property assets (£95m), or vehicles (£13m). The Authority also has long term borrowing of £28m⁵¹.

In his current role, the PCC already controls £91m of long term assets (as at 31 March 2016) and £4m of long term liabilities. With control of fire assets and liabilities as well, the PFCC will control a total of £200m long term assets and £32m 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.

ECFRS staff pensions are provided through three schemes:

⁵⁰ For this business case, we have assumed a split of OPCC costs of 80% to Police and 20% to Fire, reflecting the balance of budgets (78/22) and FTEs (83/17). Actual allocations will need to be agreed, taking into account balance of workload.

⁵¹ Essex Fire Authority 2015/16 Accounts

- The Local Government Pension Scheme which is administered by Essex County Council and is a funded defined benefits scheme.
- Firefighters' pension schemes – unfunded, defined benefit schemes, with Government grant payable for any shortfall on the pension fund account
- Retained firefighters' pension scheme – a defined contribution scheme that is externally managed, with no financial implications for EFA.

EP staff pensions are provided through two schemes:

- The Local Government Pension Scheme which is administered by Essex County Council and is a funded defined benefits scheme.
- Police officers' pension schemes – unfunded, defined benefit schemes, with Government funding any shortfall on the pension fund account.

EFA also has a contingent asset associated with a potential change to pension contributions that may be retrospectively applied. The impact of this is yet to be determined.

5.2 Potential impact from collaboration opportunities

Our high level assessment gives estimated cashable savings from collaboration enabled under the governance model of the order of £20m, including ongoing cashable savings of £3m per annum. To achieve this level of savings, EP and ECFRS will need to build on existing initiatives (such as work underway under Transform and 2020), and provide additional up-front investment of the order of £3m over four years from 2016/17.

There may be significant benefits to both the revenue budgets and to the balance sheet from collaboration opportunities enabled by the governance option. With assets under control of the PFCC, more innovative use of the combined estates and other assets held by police and fire are more likely. 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.

Savings could be reinvested in frontline services or passed onto the public through a reduction in the requirement for precept increases. Table 5 and Table 6 give the estimated revenue and capital impacts of the change enabled by the governance option. This is based on the mid-point of the 50-75% of the potential opportunities for collaboration that the economic case estimated would be achievable under the governance model. The underlying costs and benefits are based on the assumptions set out in appendix B2, with inflation applied. These figures are indicative only; they do not make any provision for redundancy and, where we cannot assess costs with confidence at this stage, we have assumed a net benefit figure.

Further work will be commissioned to scope these opportunities in more detail and they will then be subject to separate business cases. Where services are shared between Kent & Essex Police, full consultation with the Kent Police & Crime Commissioner and Chief Constable will be required and agreed with them prior to any business case relating to those shared services progressing. This includes both operational and strategic functions.

Table 5 Indicative revenue costs and savings for potential collaboration programme

| £'000, including inflation | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue costs | (650) | (830) | (1,000) | (330) | - | (510) | (350) | - | - | - |
| Revenue savings | - | 180 | 440 | 1,610 | 2,310 | 2,430 | 2,580 | 2,630 | 2,690 | 2,740 |
| Net revenue (cost)/saving | (650) | (650) | (560) | 1,280 | 2,310 | 1,920 | 2,230 | 2,630 | 2,690 | 2,740 |

Table 6 Indicative capital costs and savings for potential collaboration programme

| £'000, including inflation | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 |
|----------------------------------|-------------|--------------|------------|--------------|----------|----------|----------|----------|----------|----------|
| Capital costs | (90) | (30) | - | - | - | - | - | - | - | - |
| Capital savings | - | 5,150 | 220 | 1,240 | - | - | - | - | - | - |
| Net revenue (cost)/saving | (90) | 5,120 | 220 | 1,240 | - | - | - | - | - | - |

The capital savings in Table 6 are related to the potential move of Police HQ functions to Kelvedon along with the sale of the building where the OPCC is currently located.

As highlighted in section 5.1.2 above, all costs and benefits of collaboration must 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. Where assets are shared, it may be that one party owns the relevant asset and the other party pays for its use.

These issues will need to be considered in detail as part of the business case for each initiative, as it may affect savings projections.

5.3 Consolidated future budgets for police and fire services

As highlighted in Sections 5.1 and 5.2, there are direct and potential impacts as a result of collaboration between police and fire. This section shows a consolidated picture of the future budgets for fire and police, taking into account the savings from this business case and the planned budgets for EP and ECFRS after their own transformation programmes. There will continue to be separate accounts for both organisations; this shows the total budgets for which the PCC will have responsibility.

The table below shows the consolidated view of the police and fire five year budget baseline (with each services' own transformation programmes having been incorporated), after indirect savings from collaboration activity and direct savings from a new governance model. The consolidated savings from the chosen governance model have been separated into a different line item:

| £'000 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 |
|--|----------------|----------------|----------------|----------------|----------------|
| Fire baseline spend | 71,827 | 73,264 | 69,414 | 69,942 | 70,090 |
| Police baseline spend | 262,511 | 266,279 | 265,300 | 265,400 | 265,500 |
| Total budget | 334,338 | 339,543 | 334,714 | 335,342 | 335,590 |
| Plus cost of implementing governance option | - | 173 | 113 | - | - |
| Less direct savings from governance change | - | - | (102) | (208) | (212) |
| Less indirect costs/(savings) from governance change | 0 | 650 | 650 | 560 | (1,280) |
| Net consolidated budgets position | 334,338 | 340,366 | 335,375 | 335,694 | 334,098 |

In addition to the indirect revenue savings of collaboration activity, there will be £6,450k worth of indirect capital savings in the five years to 2019/2020.

6 MANAGEMENT CASE

The Management Case describes the arrangements and plans which have been and will be put in place for managing the implementation of the proposed Governance model successfully.

We expect that the necessary activity to implement the governance changes can be completed in time to make the new arrangements effective on 1 October 2017.

6.1 Governance and programme management arrangements

The implementation of the governance changes will be led by the PCC, with support from the OPCC. Where required the OPCC has commissioned specialist professional advice and support in areas such as programme management, HR and legal.

The OPCC has utilised PA Consulting to support them in the development of the LBC, and Sharpe Prichard as specialist legal advisors to support the consideration of these changes.

The governance changes form part of the Emergency Services Collaboration Programme, which is designed to maximise the effectiveness and efficiency of police and fire services. The programme is overseen by the SGB, which sets the strategic direction for collaboration. Stage 1 of the programme is focusing specifically on Police and Fire collaboration with wider emergency service collaboration to be considered in stage 2.

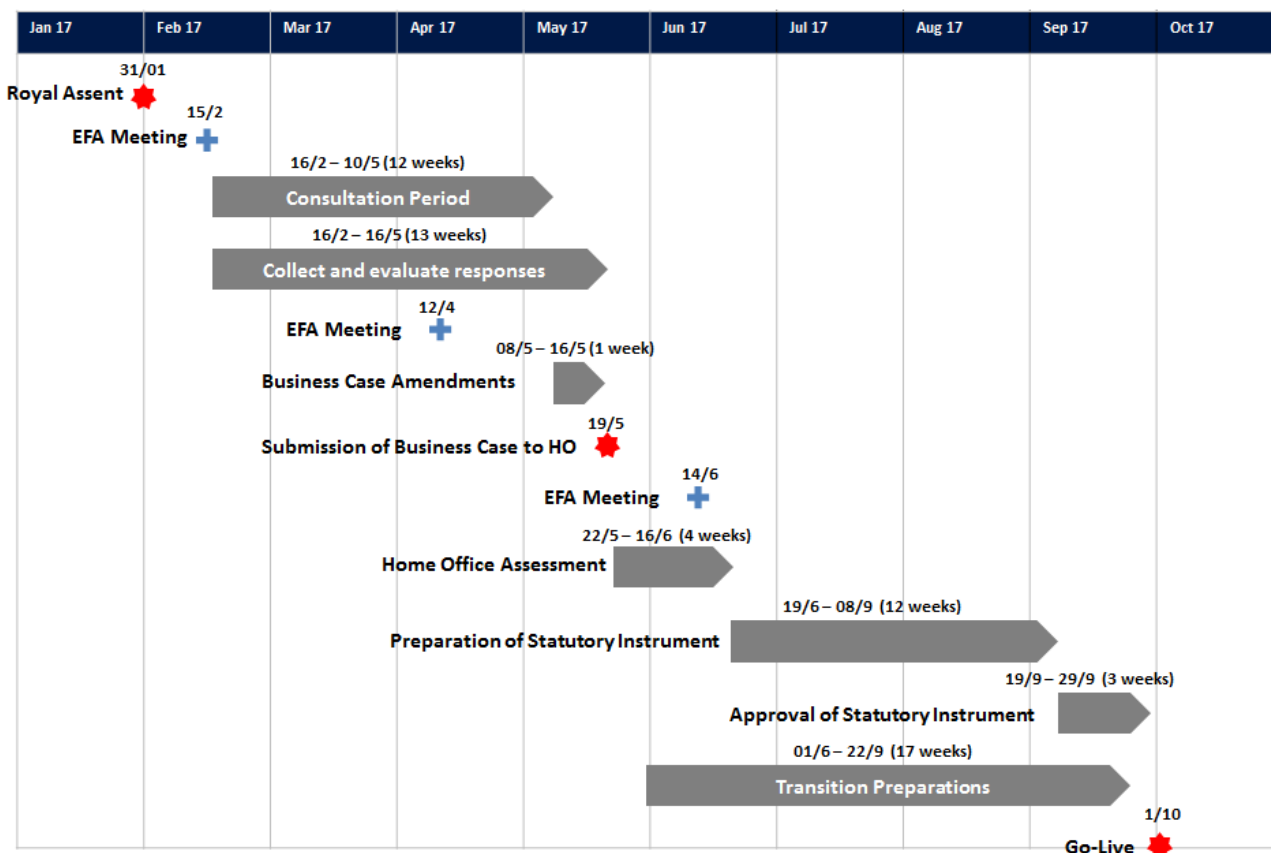
The SGB has the following membership:

- PCC, Roger Hirst (Chair)
- OPCC Chief Executive, Susannah Hancock
- Chief Constable, Stephen Kavanagh
- Chief Fire Officer, Adam Eckley
- EFA Chairman, Cllr Tony Hedley
- Temporary Assistant Chief Constable, Carl O'Malley

The SGB is supported by the Emergency Services Collaboration Programme Board (the "Programme Board"), jointly chaired by Temporary Assistant Chief Constable, Carl O'Malley and Assistant Chief Fire Officer, Dave Bill. The role of the Programme Board is to ensure the delivery of the programme plan, including alignment with other transformation activity. Membership of the Programme Board includes representation from the Transform Programme and 2020 Programme to ensure clarity of scope, impact and benefits.

6.2 Implementation plan

A high level implementation plan for the governance changes is shown below.



The ambition is to deliver the preferred option of governance by the 1st October 2017, and the project plan has been developed with this timetable in mind. A more detailed transition plan will be included in the final version of the LBC.

This plan is based on the following assumptions and dependencies:

- The PCC engaged with the EFA through the last quarter of 2016 on the emerging proposals alongside the further development of proposals and plan, including consultation documents, in order to be ready for formal consultation.
- The PCC will go out to consultation, with the local authorities, officers, staff, unions and representative bodies and members of the public across Essex. The consultation period will be twelve weeks and will commence on the 16th February 2017.
- Consultation will commence prior to the 'purdah' period and will then continue until after the local election for Essex County Council which is scheduled for 4 May 2017. Consultation will close on the 10th May 2017.
- Following the completion of the consultation period and appropriate consideration of the feedback received, a revised business case will be submitted to the Home Office for Home Secretary approval. The proposed date for submission to the Home Office is 19th May 2017.
- We have assumed that the approval of the business case, and the preparation and approval of the statutory instrument can be achieved in 19 week period. We have assumed for this plan that there will be local agreement to the proposed governance arrangements; if there is not, a further 2-3 months may be required for the Home Office to gain the necessary independent scrutiny.
- Implementation of the Governance model will require the creation of a new FRA by statutory instrument. The Policing and Crime Act gives the Secretary of State the power to make an order which makes the PCC the FRA for the area covered by the order. The order will also provide "for

the creation of a corporation sole" as the FRA for the area specified in the order. Finalisation of the Order is included in the 19 week period.

- A statutory transfer scheme will be required to move staff, contracts and assets to the new FRA. We have assumed a staff consultation process of four months is available, but it could be done more quickly if uncontentious.
- Based on current assumptions the realistic target implementation date for the new governance arrangements is therefore 1 October 2017. A slippage in these assumptions could mean that the implementation date would need to be pushed back to the next appropriate implementation date.
- Further analysis is required of the arrangements that will be required to secure a smooth transition of financial management arrangements at the half-year point.

6.3 Stakeholder engagement

The development of proposals for governance and collaboration has already benefitted from constructive initial engagement with key stakeholders including:

- The three upper tier local authorities
- The chair of the Police and Crime Panel
- The chair of the Essex Fire Authority.

A comprehensive Consultation Plan has been developed which sets out the three key groups of stakeholders that will be consulted. These are local authorities, officers, staff, unions and representative bodies and members of the public across Essex. Details of the results of the consultation will be included in the final version of the LBC that will be submitted to the Home Office.

6.4 Risk management

Proactive risk management will form part of the transition to the Governance model, building on existing risk management arrangements adopted by the OPCC for current transformation activity in EP.

This means:

- Establishing and maintaining a risk log.
- Ensuring that each risk is owned by a named individual.
- Carrying out regular risk reviews and setting target dates for mitigations.
- Providing strategic oversight of risks and mitigations by appropriate governance bodies based on clear thresholds for escalation.
- Appendix C summarises an initial view of the risks associated with the implementation of the Governance model and proposals for mitigation. These are actively managed by the SGB throughout the period prior to submission to the Home Office.

6.5 Benefits management

Implementation of the changes will also be underpinned by proactive benefits management arrangements to ensure that the identified benefits are realised. These arrangements will be overseen by the SGB which will have regard to the two types of benefit, detailed in the Economic Case above, i.e.:

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

The approach to benefits realisation includes:

- Establishing a benefits register.

- Identifying clear owners with responsibility for benefits realisation.
- Developing common benefits realisation plans.
- Regular review processes.

6.6 Impact assessment

6.6.1 Equality

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.

Our initial 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 Service through the new governance arrangements including the revised operation of the PCP and the forms of public accountability that are associated with the OPCC.

However, we will test this point through the public consultation and use this feedback as evidence to input to an EIA as part of the updated LBC that will be submitted to the Home Office for final approval.

It will be for the PCC and SGB to consider whether this EIA should be carried out at the level of the wider collaboration programme, to assess the impact of the full set of collaboration initiatives on staff and members of the public.

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APPENDIX A - DESIGN PRINCIPLES

The following 12 design principles were agreed by the ESCPB in July 2016 to underpin the approach to select the priority areas for collaboration between ECFRS and EP. They are grouped as those that assess benefit and those that assess the ease of implementation.

Benefit:

- Has a positive impact on public safety.
- Delivers measurable benefits to the public of Essex.
- Makes a significant contribution to improved economy, efficiency or effectiveness in both organisations.
- Provides a strong return on investment.

Ease of implementation:

- Can be funded from operating budgets, reserves or other available funding.
- Can be delivered by capable and existing resources.
- Is consistent with the design and implementation roadmap of the 2020 Programme in EFRS.
- Is consistent with the design and implementation roadmap of the Transform Programme in EP.
- Does not duplicate collaboration objectives or initiatives with other FRS services or police forces or national initiatives.
- Does not diminish the effectiveness or efficiency of the Essex/Kent police support service collaboration.
- Is capable of being delivered within the next two years.
- Commands support from both organisations, partner organisations, staff organisations and the public.

APPENDIX B - ASSUMPTIONS LOG

The assumptions are grouped into three sections:

- Cost assumptions for the direct costs and benefits of governance changes
- Cost and benefits assumptions for potential collaboration opportunities
- Planning assumptions

These are set out below.

B1 - Cost assumptions for the direct costs of governance changes

| Ref | Area | Value | Description |
|------|--|-----------|---|
| G-01 | Current cost of Police & Crime Panel | 70,000 | The cost of the PCP is £70k per annum, based on £53k support and administration costs and £1k in expenses per member for 18 members). |
| G-02 | Current cost of Essex OPCC | 1,200,000 | The cost of Essex OPCC is £1.2m per annum, based on reported actuals for 2014/15 and 2015/16. It includes governance and commissioning functions. |
| G-03 | Current cost of EFA | 400,000 | Estimated costs of EFA are £400k per annum, based on £148k costs including expenses (2015/16 spend) and £252k on Essex County Legal Services. |
| G-04 | Governance & Single Employer; uplift in OPCC costs | 200,000 | For the Governance and Single Employer models, the OPCC will spend an additional £200k per annum, replacing all of the current costs of EFA. |
| G-05 | Single Employer - saving in Chief Officer pay | 100,000 | For the Single Employer model, we assume that there will be a saving equivalent to half of the salary cost of one chief officer, based on reported salaries and on-costs for Chief Constable in 2015/16 and Chief Fire Officer in 2015/16. |
| G-06 | Implementation costs for Representation model | 10,000 | The costs of implementing the representation model are expected to be low; we have allowed for £10k in legal fees. Costs will be incurred in 2016/17. |
| G-07 | Implementation costs for Governance model | 285,000 | The estimated costs of implementing the governance model are: Consultation: £60k, based on 6 month salary for communications specialist of £12-15k, plus on-costs (this assumes that no media advertising is required) Legal advice: £75k, based on low end of estimate from legal advisors. Specialist HR advice & delivery support for staff transfer - £50k. Other delivery costs, including management of consultation: £100k - high level estimate assumes project management-type support for six months. Consultation costs will all be incurred in 2016/17; other costs will be spread equally across 2016/17 and 2017/18. |
| G-08 | Implementation costs for Single Employer model | 430,000 | The estimated costs of implementing the single employer model are: Consultation: £60k, based on 6 month salary for communications specialist of £12-15k, plus on-costs Recruitment costs of chief officer - £20k (this assumes that no media advertising is required). Legal advice: £100k, based on high end of estimate from legal |

| Ref | Area | Value | Description |
|------|---|-----------|--|
| | | | advisors. Specialist HR advice & delivery support for staff transfer - £150k. Other delivery costs, including management of consultation: £100k - high level estimate assumes project management-type support for six months. The total implementation costs will be spread equally across three years: 2016/17, 2017/18 and 2018/19. |
| G-09 | Financial assumption - VAT | 20% | We assume that VAT will be incurred on implementation costs at the current rate of 20%. |
| G-10 | Financial assumption - inflation | NA | We assume inflation in line with the July 2016 GDP deflator forecast from National Statistics. 2017/18: 1.8%; 2018/19: 2.1%; 2019/20: 1.9%; 2020/21: 2.0% |
| G-11 | Governance model - risk of equalising terms and conditions | (30,000) | Under the governance model, there is a low risk of a challenge to equalise existing terms and conditions. If this risk occurs, there will be additional costs for specialist HR advice and delivery support in 2017/18 and 2018/19. |
| G-12 | Single employer model - risk of equalising terms and conditions | (150,000) | Under the single employer model, there is a medium risk of a challenge to equalise terms and conditions. If this risk occurs, there will be additional costs for specialist HR advice and delivery support in 2017/18 and 2018/19. |
| G-13 | Single employer model - risk of industrial action | (212,000) | Under the single employer model, there is a medium risk of industrial action. If this risk occurs, it will delay realisation of direct benefits by a year and incur another year's worth of implementation costs. |
| G-14 | Financial assumption – discount rate | 3.5% | The standard HM Treasury discount rate as set out in the Green Book. |

B2 - Cost and benefits assumptions for potential collaboration opportunities

The following table provides a summary of the net benefits of each area of collaboration opportunities. The detailed assumptions that sit behind these numbers are in the following table.

| £m, 16/17 prices | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | NPV |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------|
| Better working together to improve public safety | (0.6) | - | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 4.3 |
| Sharing of estates | (0.2) | 8.1 | 0.4 | 1.9 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 10.1 |
| Enabling shared business service functions | (0.5) | (0.5) | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 5.9 |
| Joint procurement initiatives | - | - | - | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 2.3 |
| Further medium and long-term operational collaboration | - | - | (0.6) | - | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 9.0 |

| | | | | | | | | | | | |
|-----------------------------|--------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Programme management | (0.3) | (0.3) | (0.3) | - | - | - | - | - | - | - | (0.9) |
| Net benefit / (cost) | (1.1) | 7.3 | (0.3) | 4.3 | 4.2 | 3.5 | 4.2 | 4.9 | 4.9 | 4.9 | 30.8 |

| Ref | Area | Value | Description |
|-------|---|-------------|--|
| CP-01 | Management of the collaboration programme | (900,000) | We have estimated costs of £300k in 2016/17, 2017/18 and 2018/19 across EP and ECFRS to manage this potential programme. |
| CP-02 | First wave of operational initiatives - implementation costs | (1,240,000) | In line with the estimates included in the Police Transformation Fund bid, the ten initiatives that form the first wave of operational initiatives will cost £740k to implement in 2016/17 and £500k in 2017/18. |
| CP-03 | First wave of operational initiatives - cashable benefits | 500,000 | The initiatives will realise £500k cashable benefits to EP and ECFRS per year when fully mobilised, starting with £250k in 2017/18 and then £500k per annum thereafter. |
| CP-04 | First wave of operational initiatives - non-cashable benefits | 250,000 | The initiatives will realise £100k of financial, non-cashable benefits in 2016/17 to EP and ECFRS, then £250k per annum thereafter. |
| CP-05 | Estates - move of OPCC to Kelvedon Park - costs | (200,000) | The costs of fitting out the space in Kelvedon Park for the OPCC to occupy are estimated as £200k; £150k in 2016/17 and £50k in 2017/18. We assume that this will be capitalised. We assume this figure covers the cost of moving. |
| CP-06 | Estates - move of OPCC to Kelvedon Park - one off cashable benefit | 1,500,000 | The asset value of the OPCC's current site (Hoffman's Way) is £1.5m. We assume that the property could be sold for this in 2017/18. |
| CP-07 | Estates - move of OPCC to Kelvedon Park - ongoing cashable benefit | 70,000 | Current running costs of the OPCC office are £70k per annum and we assume that these would be saved from mid-2017/18 onwards. There will be some change in running costs for Kelvedon Park due to the increased occupation, but we assume that these are marginal. Some of the total running costs will be recharged to the OPCC. |
| CP-08 | Estates - new police HQ built at Kelvedon Park - costs / savings | 6,600,000 | EP already has plans in place to build a new headquarters site. The main HQ functions and control room could be built at Kelvedon Park (Fire HQ site). This will reduce the capital expenditure (e.g. by reducing the amount of land needed to be purchased). The saving is estimated as 20% of the forecast cost of £33,000,000. We estimate that this saving would be realised in 2017/18. |
| CP-09 | Estates - one off savings of building a joint operational emergency services centre | 1,700,000 | ECFRS and EP are considering options for a new operational emergency services centre site that will include fleet management workshops and operational training. Making this fully integrated could reduce the space requirement by 20% and so reduce the estimated cost for ECFRS and EP of c£8.5m by the same amount (based on mid-point estimate for both workshops). We estimate that this saving would be realised in 2019/20. |
| CP-10 | Estates - better use of other estate - one off saving from reduction | 500,000 | There are some opportunities for combining operational sites for ECFRS and EP. Three of the police sites currently planned for refurbishment could be transferred to local fire |

| Ref | Area | Value | Description |
|-------|---|--------------------------|---|
| | in cost of refurbishment | | stations. This would require fit out of the fire stations, but this is expected to be £0.5m cheaper than the avoided costs of refurbishing the existing sites (currently estimated as £1-2m). We assume that the saving would be realised as the sites are released, estimated as two in 2018/19 and one in 2019/20. |
| CP-11 | Enabling services - potential annual saving in ECFRS staff costs | 1,000,000 | Sharing enabling services should realise savings in the range of 10-15% of ECFRS's current spend of £8.8m on staff (2016/17 budget). We have attributed £1m per annum from this budget as the potential benefit. We expect this could be achieved from 2019/20 onwards. |
| CP-12 | Enabling services - investment costs | (1,000,000) | We assume that ECFRS would be on-boarded to an existing provider. We assume the changes would be made over two years 2017/18 and 2018/19 at a total cost to ECFRS and EP of approximately £1m (a year's worth of benefit), with benefit then realised from 2019/20 onwards. |
| CP-13 | Joint procurement initiatives - potential annual saving in IT systems spend | 399,700 | In ECFRS, £3.9m is spent on IT systems procurement and in EP the figure is £3.3m. We have allocated a conservative figure of 10% from the ECFRS procurement spend, which would be realisable in Years 4 and 5. The savings are predicated on realising economies of scale from partnership with a larger agency, although they will be offset by more stringent security requirements if ECFRS needs to align its IT standards with EP. This timing would allow existing contracts to run down, and aligned specification and open contracts to be drawn up for future procurements (which could be in other areas such as facilities management). |
| CP-14 | Other collaboration - potential annual saving in control rooms spend | 1,000,000 | Control room collaboration between ECFRS and EP (and regionally) could deliver an estimated saving within Essex of £1m from 2020/21. This relies on planning for this being incorporated within the work EP is already carrying out to consider future options for their contact management model. |
| CP-15 | Other collaboration - wave 2 operational collaboration | [cf CP-02, CP-03, CP-04] | The potential costs and savings for wave 2 of operational collaboration assume at least the same costs and benefits of wave 1 collaboration and begin two years later, in 2018/19. We assume that the greater benefits (£500k p.a.) will be non-cashable, with a lower level of cashable benefits (£250k p.a.) |
| CP-16 | Other collaboration - wave 3 operational collaboration | [cf CP-15] | We assume that a further wave (3) of operational collaboration will be achievable at the same level as wave 2. This will start three years later in 2021/22 (after the general election in 2020/21). |
| CP-17 | Treatment of collaboration costs and benefits for the financial case. | NA | Savings in building costs or income from sale of buildings in Essex is counted as capital savings. We assume the costs of fit out (for OPCC move to Kelvedon Park) can be capitalised. We assume all other costs and benefits will be revenue. |

B3 - Planning assumptions

Description

The PCC will engage with the EFA on the emerging proposals alongside the further development of proposals and plan, including consultation documents, in order to be ready for formal consultation at the earliest opportunity.

PCC did go out to consultation, with the local authorities, other stakeholders and members of the public across Essex. The consultation period will be twelve weeks.

Following the completion of the consultation period and appropriate consideration of the feedback received, a revised business case will be submitted to the Home Office for Home Secretary approval. Advice from the Home Office suggests that we should allow approximately eight weeks for this although early engagement by sharing the draft business case will potentially accelerate this. We have assumed for this plan that there will be local agreement to the proposed governance arrangements; if there is not, a further 2-3 months may be required for the Home Office to gain the necessary independent scrutiny.

Implementation of the Governance model will require the creation of a new FRA by statutory instrument. The Policing and Crime Act gives the Secretary of State the power to make an order which makes the PCC the FRA for the area covered by the order. The order will also provide "for the creation of a corporation sole" as the FRA for the area specified in the order.

A statutory transfer scheme will be required to move staff, contracts and assets to the new FRA.

Based on current assumptions the realistic target implementation date for the new governance arrangements is 1 October 2017.

Further analysis is required of the arrangements that will be required to secure a smooth transition of financial management arrangements at the half-year point.

APPENDIX C - LOCAL BUSINESS CASE RISK REGISTER

This table summarises an initial view of the risks associated with the implementation of the Governance model and proposals for mitigation. These are actively managed by the SGB throughout the period prior to submission to the Home Office.

| Risk | Cause | Consequence | Inherent Risk | | | Control Measures Attributable to the Risk | Residual Risk | | |
|--|---|--|---------------|-----------------|----|---|---------------|-----------------|----|
| There is a risk that the PCC fails to get local political support from the top tier authorities for the business case. | There is insufficient engagement on the benefits of the change. | It would be more difficult to obtain approval of the business case from the Home Office. | 2 - Possible | 10 - Major | 20 | The Reform was part of the PCC's election manifesto which he was elected upon. Early engagement was positive with top tiers, and engagement will continue. | 1 - Unlikely | 10 - Major | 10 |
| There is a risk that the public do not understand the options within the business case. | The approach to the consultation is not sufficiently focused on the public and their understanding. | There is a poor response which makes it difficult to demonstrate that the PCC has consulted with the people of Essex. | 2 - Possible | 5 - Significant | 10 | There is a consultation leaflet and video being produced to ensure that the public are able to understand the options and respond. The process will quality assured by an independent organisation. | 1 - Unlikely | 5 - Significant | 5 |
| There is a risk that the public do not support the proposed option in the business case. | There are robust counter arguments put forward by other parties. | It would be more difficult to obtain approval of the business case from the Home Office, or the PCC would need to reconsider his preferred option. | 2 - Possible | 10 - Major | 20 | Extensive engagement prior to consultation should reduce the risk from happening, given that there is broad support to date, which is underpinned by a strong business case. | 2 - Possible | 10 - Major | 20 |
| There is a risk that the Trade Unions, Staff Associations and staff may oppose the business case. | They disagree with the preferred option. | It would be more difficult to obtain approval of the business case from the Home Office. | 2 - Possible | 10 - Major | 20 | Early and ongoing engagement with staff and Trade Unions. Clear messaging that Trade Union views will be heard and listened to. | 2 - Possible | 10 - Major | 20 |
| There is a risk of Judicial Review of the Local Business Case. | There is a view that due process has not been followed in the development of the business case, the consultation or subsequent Home Office decisions. | The introduction of a Judicial Review would have a significant delay on the implementation. | 2 - Possible | 10 - Major | 20 | Ensure business case is strong and undergoing regular review. Evidence based assertions used to make options assessments. Undertake a robust consultation process which is quality assured by and independent assessor. | 1 - Unlikely | 10 - Major | 10 |

| | | | | | | | | | |
|---|---|---|---------------------|-------------------|-----------|--|---------------------|-------------------|-----------|
| There is a risk that the tight timescales will prevent the planned October 'Go-Live' date from being achieved | The 12 week consultation period and the time required for the Home Office to assess the business case and prepare the statutory instrument. | The role out of the new governance model, would have to be delayed until a later date | 3 - Probable | 10 - Major | 30 | Work closely with the Home Office to develop an achievable timetable | 2 - Possible | 10 - Major | 20 |
|---|---|---|---------------------|-------------------|-----------|--|---------------------|-------------------|-----------|

APPENDIX D – FINANCIAL DETAILS

The financial detail that underpins the information in the Local Business Case which are broken down into the following sections:

Direct Governance Costs and Benefits

D1 - Discount multiplier and direct governance operating costs

D2 - Financial detail – Representation option

D3 - Financial detail – Governance option

D4 - Financial detail – Single employer option

Potential Collaboration Benefits

D5 - Financial detail – Potential collaboration programme

These are set out below.

D1 – Discount multiplier and direct governance operating costs

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-----|
| Discount multiplier | 1.000 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | | |
| Inflation multiplier | 1.000 | 1.018 | 1.039 | 1.059 | 1.080 | 1.102 | 1.124 | 1.146 | 1.169 | 1.193 | | |

| Assumptions | | | | | | | | | | | | |
|---|---------------|--|--|---------|------------|--|--|---------|--|--|--|--|
| Change in direct governance operating costs | | | | | | | | | | | | |
| | Current costs | | | | Governance | | | | | | | |
| Police & Crime Panel | 70,000 | | | Council | 70,000 | | | Council | | | | |
| OPCC | 1,200,000 | | | Police | 1,400,000 | | | Shared | | | | |
| Essex Fire Authority | 400,000 | | | Fire | - | | | NA | | | | |
| Direct governance costs | 1,670,000 | | | | 1,470,000 | | | | | | | |
| Police pay | 1,200,000 | | | | 1,120,000 | | | | | | | |
| Fire pay | 400,000 | | | | 280,000 | | | | | | | |

D2 – Financial detail - Representation option

Representation Model

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-------|
| Implementation costs | | | | | | | | | | | | |
| Legal | (10,000) | 1.0 | - | - | - | - | - | - | - | - | | |
| Implementation costs | (10,000) | | - | - | - | - | - | - | - | - | | |
| Change in governance costs | | | | | | | | | | | | |
| All | - | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | |
| Change in governance costs | - | - | - | - | - | - | - | - | - | - | | |
| SUMMARY FOR ECONOMIC CASE (£'000) | | | | | | | | | | | | |
| Implementation costs | (10) | - | - | - | - | - | - | - | - | - | (10) | (10) |
| Change in direct governance costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total cost / (saving) | (10) | - | - | - | - | - | - | - | - | - | (10) | (10) |

D3 – Financial detail - Governance option

Governance Model

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|--|------------|------------|------------|------------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Implementation costs | | | | | | | | | | | | |
| Consultation | (60,000) | 1.0 | - | - | - | - | - | - | - | - | - | - |
| Legal | (75,000) | 0.5 | 0.5 | - | - | - | - | - | - | - | - | - |
| Other delivery costs | (150,000) | 0.5 | 0.5 | - | - | - | - | - | - | - | - | - |
| Implementation costs | (172,500) | (112,500) | - | - | - | - | - | - | - | - | - | - |
| Change in governance costs | | | | | | | | | | | | |
| Police & Crime Panel | - | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| OPCC | (200,000) | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Essex Fire Authority | 400,000 | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Change to chief salaries | - | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Change in direct governance costs | - | 100,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Risks | | | | | | | | | | | | |
| Standardise Ts & Cs | 10% | - | (150,000) | (150,000) | - | - | - | - | - | - | - | - |
| Total | - | (15,000) | (15,000) | - | - | - | - | - | - | - | (30,000) | (28,495) |
| SUMMARY FOR ECONOMIC CASE (£'000) | | | | | | | | | | | | |
| Implementation costs | (173) | (113) | - | - | - | - | - | - | - | - | (285) | (281) |
| Change in direct governance costs | - | 100 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,700 | 1,425 |
| Risks | - | (15) | (15) | - | - | - | - | - | - | - | (30) | (28) |
| Total cost / (saving) | (173) | (28) | 185 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 1,385 | 1,115 |
| SUMMARY FOR FINANCIAL CASE (£'000, nominal terms) | | | | | | | | | | | | |
| Implementation costs | | | | | | | | | | | | |
| Consultation | (60.0) | - | - | - | - | - | - | - | - | - | - | - |
| Legal | (37.5) | (38.2) | - | - | - | - | - | - | - | - | - | - |
| Other delivery costs | (75.0) | (76.4) | - | - | - | - | - | - | - | - | - | - |
| Total, nominal terms | (172.5) | (114.5) | - | - | - | - | - | - | - | - | - | - |
| Risks | - | (15.3) | (15.6) | - | - | - | - | - | - | - | - | - |
| Running costs | | | | | | | | | | | | |
| Change in governance costs | - | 101.8 | 207.9 | 211.8 | 216.1 | 220.4 | 224.8 | 229.3 | 233.9 | 238.5 | | |
| Change in EFA costs | 120,000 | 61.1 | 124.7 | 127.1 | 129.6 | 132.2 | 134.9 | 137.6 | 140.3 | 143.1 | | |
| Change in Essex PCC | 80,000 | 40.7 | 83.2 | 84.7 | 86.4 | 88.2 | 89.9 | 91.7 | 93.5 | 95.4 | | |

D4 – Financial detail – Single employer option

Single Employer Model

| | | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|--|------------|------------|------------|------------|------------|---------|---------|---------|---------|---------|---------|------------|------------|
| Implementation costs | | | | | | | | | | | | | |
| Consultation | (60,000) | 1.0 | - | - | - | - | - | - | - | - | - | - | - |
| Legal | (100,000) | 0.3 | 0.3 | 0.3 | - | - | - | - | - | - | - | - | - |
| Other delivery costs | (250,000) | 0.3 | 0.3 | 0.3 | - | - | - | - | - | - | - | - | - |
| Recruitment | (20,000) | 0.3 | 0.3 | 0.3 | - | - | - | - | - | - | - | - | - |
| Implementation costs | | (183,333) | (123,333) | (123,333) | - | - | - | - | - | - | - | - | - |
| Change in governance costs | | | | | | | | | | | | | |
| Police & Crime Panel | - | - | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| OPCC | (200,000) | - | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Essex Fire Authority | 400,000 | - | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Change to chief salaries | 100,000 | - | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Change in direct governance costs | | - | - | 150,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Risks | | | | | | | | | | | | | |
| Risk of industrial action | 50% | | | | | | | | | | | | |
| Delay to benefits | 50% | - | - | (150,000) | (150,000) | - | - | - | - | - | - | - | - |
| Additional costs | 50% | - | - | - | (123,333) | - | - | - | - | - | - | - | - |
| Risk of challenge to Ts & Cs | | | | | | | | | | | | | |
| Additional costs | 50% | | (150,000) | (150,000) | | | | | | | | | |
| Total | | - | (75,000) | (150,000) | (136,667) | - | - | - | - | - | - | (361,667) | (335,756) |
| SUMMARY FOR ECONOMIC CASE (£'000) | | | | | | | | | | | | | |
| Implementation costs | | (183) | (123) | (123) | - | - | - | - | - | - | - | (430) | (418) |
| Change in direct governance costs | | - | - | 150 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 2,250 | 1,852 |
| Risks | | - | (75) | (150) | (137) | - | - | - | - | - | - | (362) | (336) |
| Total cost / (saving) | | (183) | (198) | (123) | 163 | 300 | 300 | 300 | 300 | 300 | 300 | 1,458 | 1,099 |

D5 – Financial detail – Potential collaboration programme

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|--|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| Discount multiplier | 1.000 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | | |
| Inflation multiplier | 1.000 | 1.018 | 1.039 | 1.059 | 1.080 | 1.102 | 1.124 | 1.146 | 1.169 | 1.193 | | |
| PROGRAMME MANAGEMENT | | | | | | | | | | | | |
| Collaboration programme management costs | (300,000) | (300,000) | (300,000) | - | - | - | - | - | - | - | (900,000) | (869,908) |
| BETTER WORKING TOGETHER TO IMPROVE PUBLIC SAFETY | | | | | | | | | | | | |
| Costs | (740,000) | (500,000) | - | - | - | - | - | - | - | - | (1,240,000) | (1,223,092) |
| Cashable benefits | - | 250,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 4,250,000 | 3,562,297 |
| Non-cashable benefits | 100,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 2,350,000 | 2,001,922 |
| Net benefit | (640,000) | - | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 5,360,000 | 4,341,127 |
| SHARING OF ESTATES | | | | | | | | | | | | |
| Move OPCC to Kelvedon Park | | | | | | | | | | | | |
| Investment cost | (200,000) | 0.8 | 0.3 | - | - | - | - | - | - | - | - | - |
| Sale of current site | 1,500,000 | - | 1.0 | - | - | - | - | - | - | - | - | - |
| Current run-costs | 70,000 | - | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Investment cost | (150,000) | (50,000) | - | - | - | - | - | - | - | - | - | - |
| Sale of current site | - | 1,500,000 | - | - | - | - | - | - | - | - | - | - |
| Current run-costs | - | 35,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 |
| Potential costs & savings | (150,000) | 1,485,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 | 1,895,000 | 1,749,688 |
| Police HQ functions built on Kelvedon Park site (including control room & training college) | | | | | | | | | | | | |
| Net saving | 6,600,000 | - | 1.0 | - | - | - | - | - | - | - | - | - |
| Potential costs & savings | - | 6,600,000 | - | - | - | - | - | - | - | - | 6,600,000 | 6,376,812 |
| Operational emergency services centre, (including Integrated fleet management workshops and operational training) | | | | | | | | | | | | |
| Net saving | 1,700,000 | - | - | 1.0 | - | - | - | - | - | - | - | - |
| Potential costs & savings | - | - | - | 1,700,000 | - | - | - | - | - | - | 1,700,000 | 1,533,303 |
| Better use of other estate | | | | | | | | | | | | |
| Reduction in cost of refurbishment | 500,000 | - | - | 0.7 | 0.3 | - | - | - | - | - | - | - |
| Disposal of sites | - | - | - | 0.7 | 0.3 | - | - | - | - | - | - | - |
| Saving in running costs of disposed site | - | - | - | 0.7 | 0.3 | - | - | - | - | - | - | - |
| Investment cost | - | - | 333,333 | 166,667 | - | - | - | - | - | - | - | - |
| Sale of current site | - | - | - | - | - | - | - | - | - | - | - | - |
| Potential costs & savings | - | - | 333,333 | 166,667 | - | - | - | - | - | - | 500,000 | 461,494 |
| Facilities management | | | | | | | | | | | | |
| Net saving | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - |
| Potential costs & savings | - | - | - | - | - | - | - | - | - | - | - | - |
| Total sharing of estates | (0.2) | 8.1 | 0.4 | 1.9 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 10.7 | 10.1 |

SHARED BUSINESS SERVICE FUNCTIONS

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Shared teams | | | | | | | | | | | | |
| Costs | (1,000,000) | - | 0.5 | 0.5 | - | - | - | - | - | - | | |
| Savings | 1,000,000 | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | | |
| Cost of change - enabling services | - | (500,000) | (500,000) | - | - | - | - | - | - | - | | (949,847) |
| Timing - enabling services | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | | 5,707,992 |
| Potential costs & savings | - | (500,000) | (500,000) | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 6,000,000 | 4,758,145 |
| Fleet management | | | | | | | | | | | | |
| Net saving | 206,800 | - | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | |
| Potential costs & savings | - | - | - | - | 206,800 | 206,800 | 206,800 | 206,800 | 206,800 | 206,800 | 1,447,600 | 1,180,413 |
| Total shared business service functions | - | (0.5) | (0.5) | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 7.4 | 5.9 |

JOINT PROCUREMENT INITIATIVES

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Potential saving in IT contract running costs | | | | | | | | | | | | |
| IT savings | 399,700 | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | | |
| Potential costs & savings | - | - | - | - | 399,700 | 399,700 | 399,700 | 399,700 | 399,700 | 399,700 | 2,797,900 | 2,281,484 |
| Other procurement savings | | | | | | | | | | | | |
| Other procurement 5% | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | | |
| Potential costs & savings | - | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total joint procurement initiatives | - | - | - | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 2.8 | 2.3 |

FURTHER MEDIUM AND LONG-TERM OPERATIONAL COLLABORATION

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|---|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-------------|
| Wave 2 operational collaboration | | | | | | | | | | | | |
| % of wave 1 | 100% | | | | | | | | | | | |
| Total cost | | | (740,000) | (500,000) | - | - | - | - | - | - | | (1,141,769) |
| Non-cashable benefits | | | - | 250,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | | 2,628,510 |
| Cashable benefits | | | 100,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | | 1,520,349 |
| Potential costs & savings | - | - | (640,000) | - | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 3,860,000 | 3,007,090 |
| Wave 3 operational collaboration | | | | | | | | | | | | |
| % of wave 2 | 100% | | | | | | | | | | | |
| Total cost | | | | | | (740,000) | (500,000) | - | - | - | | (1,029,810) |
| Non-cashable benefits | | | | | | - | 250,000 | 500,000 | 500,000 | 500,000 | | 1,342,942 |
| Cashable benefits | | | | | | 100,000 | 250,000 | 250,000 | 250,000 | 250,000 | | 857,356 |
| Potential costs & savings | - | - | - | - | - | (640,000) | - | 750,000 | 750,000 | 750,000 | 1,610,000 | 1,170,487 |
| Potential saving in control room | | | | | | | | | | | | |
| Saving | 1,000,000 | - | - | - | - | 1 | 1 | 1 | 1 | 1 | | |
| Potential costs & savings | - | - | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 6,000,000 | 4,806,050 |
| SUMMARY | | | | | | | | | | | | |
| Costs | - | - | (740,000) | (500,000) | - | (740,000) | (500,000) | - | - | - | | (2,171,580) |
| Cashable benefits | - | - | 100,000 | 250,000 | 1,250,000 | 1,350,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | | 7,183,755 |
| Non-cashable benefits | - | - | - | 250,000 | 500,000 | 500,000 | 750,000 | 1,000,000 | 1,000,000 | 1,000,000 | | 3,971,452 |
| Total further medium and long-term operational collaboration | - | - | (640,000) | - | 1,750,000 | 1,110,000 | 1,750,000 | 2,500,000 | 2,500,000 | 2,500,000 | 11,470,000 | 8,983,627 |

SUMMARY TOTAL

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | TOTAL | NPV |
|--|--------------|--------------|--------------|------------|-----------|------------|------------|-----------|-----------|-----------|--------------|--------------|
| Total potential costs and benefits (real terms) | | | | | | | | | | | | |
| Cost | (1,190,000) | (1,350,000) | (1,540,000) | (500,000) | - | (740,000) | (500,000) | - | - | - | (5,820,000) | (5,412,736) |
| Benefit | 100,000 | 8,635,000 | 1,253,333 | 4,793,167 | 4,176,500 | 4,276,500 | 4,676,500 | 4,926,500 | 4,926,500 | 4,926,500 | 42,690,500 | 36,208,921 |
| Net impact | (1,090,000) | 7,285,000 | (286,667) | 4,293,167 | 4,176,500 | 3,536,500 | 4,176,500 | 4,926,500 | 4,926,500 | 4,926,500 | 36,870,500 | 30,796,185 |

What will be achieved..

| |
|-----|
| 25% |
| 50% |
| 75% |

7,699,046
15,398,092
23,097,139

Summary by funding type (real terms)

| | | | | | | | | | | | | |
|--------------------|--------------|--------------|--------------|------------|-----------|------------|------------|-----------|-----------|-----------|--|--|
| Revenue cost | (1,040,000) | (1,300,000) | (1,540,000) | (500,000) | - | (740,000) | (500,000) | - | - | - | | |
| Revenue saving | - | 285,000 | 670,000 | 2,426,500 | 3,426,500 | 3,526,500 | 3,676,500 | 3,676,500 | 3,676,500 | 3,676,500 | | |
| Net revenue impact | (1,040,000) | (1,015,000) | (870,000) | 1,926,500 | 3,426,500 | 2,786,500 | 3,176,500 | 3,676,500 | 3,676,500 | 3,676,500 | | |
| Capital cost | (150,000) | (50,000) | - | - | - | - | - | - | - | - | | |
| Capital saving | - | 8,100,000 | 333,333 | 1,866,667 | - | - | - | - | - | - | | |
| Net capital impact | (150,000) | 8,050,000 | 333,333 | 1,866,667 | - | - | - | - | - | - | | |
| CHECK | NA | - | - | - | - | - | - | - | - | - | | |

Potential financial saving for Governance option (including inflation)

| | | | | | | | | | | | | |
|--------------------|------------|------------|--------------|------------|-----------|------------|------------|-----------|-----------|-----------|--------------|--|
| Mid point % | 63% | | | | | | | | | | | |
| Revenue cost | (650,000) | (827,125) | (1,000,401) | (330,977) | - | (509,636) | (351,235) | - | - | - | (3,669,374) | |
| Revenue saving | - | 181,331 | 435,240 | 1,606,231 | 2,313,549 | 2,428,689 | 2,582,634 | 2,634,286 | 2,686,972 | 2,740,712 | 17,609,644 | |
| Net revenue impact | (650,000) | (645,794) | (565,162) | 1,275,254 | 2,313,549 | 1,919,054 | 2,231,398 | 2,634,286 | 2,686,972 | 2,740,712 | 13,940,269 | |
| Capital cost | (93,750) | (31,813) | - | - | - | - | - | - | - | - | (125,563) | |
| Capital saving | - | 5,153,625 | 216,537 | 1,235,647 | - | - | - | - | - | - | 6,605,809 | |
| Net capital impact | (93,750) | 5,121,813 | 216,537 | 1,235,647 | - | - | - | - | - | - | 6,480,247 | |

APPENDIX E – SUCCESS MEASURES

In addition to the legislative CSFs set out above in Section 2.4 - as defined by the measures of success set out in the Policing and Crime Act, there are a range of other measures that we will use to assess the success of the proposals. They are as follows:

| CSF | Success Measures |
|---|--|
| Effectiveness | <ul style="list-style-type: none"> Improved public access to police and fire services through shared online information Enhanced communication and understanding of other services Enhanced performance by improved inter-operability and operational deployments Shared estates and assets facilitate Reduced overlap in service provision through improved daily interactions on tactical analysis and response options Better focussing of resources to more effectively target the most vulnerable |
| Efficiency | <ul style="list-style-type: none"> Collaborative co-ordinated responses and improved capability of agencies to deal with incidents A co-ordinated emergency service response will improve the capability of agencies to deal with incidents Flexible emergency response and operational arrangements Improved deployment of appropriate resources will improve the demand management on available resources Improved delivery of community engagement in the rural community Improved delivery of integrated emergency services in the rural community Delivery of joint community prevention and protection models Shared responsibility in terms of protecting the vulnerable and those a highest risk |
| Economy | <ul style="list-style-type: none"> Deliver financial benefits of joint governance totalling £15m-£23m over 10 years Reduced overheads and better space utilisation ratios through joined up provision of facilities management Savings generated through the removal of duplication of property costs, sharing utilities Reduction in administrative burden and improved economies of scale through the sharing of enabling services such as HR, Finance, Fleet management and IT |
| Public Safety | <ul style="list-style-type: none"> Vulnerable people feel safer as a result of collaborative programmes Improved joint response to domestic, safeguarding or troubled families related issues Improved response to operational incidents Improved community engagement to increase public confidence in the emergency services Reduced severity of incidents by improving community resilience and visibility of emergency service staff Improved times for the conclusion of joint investigations (fire and crime) |
| Transition to new governance model | <ul style="list-style-type: none"> Service levels will be maintained at current levels, or improved during the period of change Governance changes established within planned timescales as set out in transition plan Establishment of a new scrutiny arrangements within revised governance model Effective restructure of OPCC team to cover new responsibilities Successful transfer of staff and commercial contracts with minimum disruption Effective Staff & Union engagement Effective Public engagement |