



OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

ORIGINATOR: CHIEF EXECUTIVE

DECISION NO. 2018/17

REASON FOR SUBMISSION: FOR DECISION

SUBMITTED TO: POLICE AND CRIME COMMISSIONER

SUBJECT: FIRE GOVERNANCE BUSINESS CASE PROPOSAL

SUMMARY:

The Policing and Crime Act 2017 includes provisions that enable Police and Crime Commissioners to take on responsibility for the governance of local fire and rescue services, where a local case is made.

The PCC commissioned the Office of the Police and Crime Commissioner for Norfolk (OPCCN) to explore the options as set out in the legislation, and evaluate the potential benefits of a change in the governance of Norfolk Fire and Rescue Service (NFRS).

This Decision Notice provides a comprehensive report on the public consultation process, setting out the background, context, delivery and full results, including detailed chronologies and all stakeholder and public responses.

The PCC has been presented with options on which to base his final decision.

DECISION:

1. To 'Pause' the project

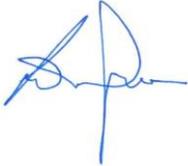
- a. To monitor progress of the Emergency Services Collaboration Board.
- b. To understand the impact of the HMICFRS inspection.
- c. To continue to monitor the national picture regarding PCC Fire Governance models and legal status.
- d. Continue to review progress in light of a-c above.
- e. To request membership of the Norfolk Fire and Rescue Authority (NFRA).

OUTCOME/APPROVAL BY: ~~PCC/CHIEF EXECUTIVE/CHIEF FINANCE OFFICER~~
(Delete as appropriate)

The decision as outlined above is approved.

Signature:

Date: 21/11/2018

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DETAIL OF THE SUBMISSION

1. BACKGROUND:

The Policing and Crime Act 2017, which became law on 3rd April 2017, placed a new statutory duty on emergency service organisations to collaborate with one another where it is in the interests of efficiency or effectiveness.

The Act also includes provisions that enable Police and Crime Commissioners to take on responsibility for the governance of local fire and rescue services, where a local case is made. The case needs to appear to the Secretary of State to be in the interest of economy, efficiency and effectiveness, or public safety – these are statutory tests set out in the legislation.

The Policing and Crime Act 2017 enables the following options:

- Option 1 (Enhanced Voluntary Collaboration) – continue with the Norfolk Fire and Rescue Authority (NFRA) as part of the County Council and continue to try to drive additional benefits from voluntary collaboration.
- Option 2 (PCC Representation Model) – continue with NFRA as Norfolk County Council, but with the PCC becoming a member of the Fire and Rescue Authority as embodied by the Council’s Communities Committee. The Act permits voting rights where the NFRA agrees.
- Option 3 (PCC Governance Model) – disaggregate the NFRA and Norfolk Fire and Rescue Service (NFRS) from Norfolk County Council and set it up as an independent entity under the Police, Fire and Crime Commissioner, alongside the OPCC. Norfolk Constabulary would remain in its current form under the Chief Constable.
- Option 4 (Single Employer Model) – disaggregate NFRA from Norfolk County Council and set it up as a separable operational unit within Norfolk Constabulary under the Chief Constable. Governance and strategic direction of the new organisation will be undertaken by the Police, Fire and Crime Commissioner at arms-length.

The PCC expressed the importance of exploring every possibility in delivering public services in the most cost effective, most efficient and most economical way. He therefore commissioned the OPCCN to undertake an initial Options Appraisal to understand whether a change in how the NFRS is governed could deliver genuine benefits for the people of Norfolk and our emergency services.

The Options Appraisal identified Option 3 (PCC Governance Model) as the preferred option. The PCC therefore made the decision to explore the viability of a proposed business case for Option 3, the ‘Governance Model’. The outcome of that work has resulted in the development and publication of a draft business case for public consultation.

2. CONTEXT:

2.1 Draft Business Case – Status

The draft business case sets out the details of the proposal to adopt the new Governance Model for the Fire and Rescue Service. The proposal is based on the Government’s statutory test of being in the interest of improving economy, efficiency and effectiveness, while maintaining and where possible improving public safety.

The case was prepared for the PCC in the first instance, to enable him to make a decision on whether to proceed to public consultation, to gather the views of local public sector partners and Norfolk people.

Following the completion of the public consultation exercise, the business case has been reviewed and updated to reflect any queries or amendments that arose from the local consultation.

2.2 Public Consultation

The OPCCN developed a strategy to set out how it would support the PCC in consulting on the draft business case. The strategy sought to cover the requirements of the consultation, outlined the approach and took account of both legal requirements and best practice examples.

The PCC public consultation entitled ‘A Case for Change’ ran for an eight week period from 11th July to 5th September 2018. The final consultation report is attached, including all supporting appendices from key stakeholders. There were nearly 8,000 responses, in summary:

Respondent	For	Against
General Public	61%	39%
Norfolk Constabulary	62%	38%
Fire and rescue service	46%	54%
Norfolk County Council		Opposed
Fire Brigade Union		Opposed
Members of Parliament	7	2
Fire & Rescue Services Association	Would not oppose	
UNISON		Opposed
Local Authorities		3

A one page summary of the public consultation is attached at Appendix A.

The OPCCN took delivery of a petition from the Fire Brigades' Union opposing "the hostile takeover" of "our service" by the Police and Crime Commissioner. The OPCCN is aware a similarly worded petition was run online. The Police and Crime Commissioner was made aware of both petitions.

2.3 National Landscape

The first Police, Fire and Crime Commissioner became operational in Essex in October 2017. Following this change, a further five PCCs have had proposals approved by the Secretary of State.

- Staffordshire Police and Crime Commissioner will become the Police, Fire and Crime Commissioner and governance was transferred on the 1st August 2018.
- North Yorkshire Police and Crime Commissioner will become the Police, Fire and Crime Commissioner and governance was transferred on the 15th November 2018.
- Northamptonshire Police and Crime Commissioner will become the Police, Fire and Crime Commissioner and governance is set to transfer on the 1st January 2019.
- Cambridgeshire Police and Crime Commissioner was given approval in March 2018 by the Home Secretary to become the Police, Fire and Crime Commissioner. However; the transfer has been delayed due to a Judicial Review being brought forward by Cambridgeshire and Peterborough Fire and Rescue Authority to challenge the Home Office's decision.
- West Mercia Police and Crime Commissioner was also given approval in March 2018 by the Home Secretary to become the Police, Fire and Crime Commissioner. This transfer has also been delayed due to a Judicial Review being brought forward by Shropshire Fire and Rescue Authority to challenge the Home Office's decision.

Gloucestershire PCC is currently live in a public consultation on his draft business case. The proposal sets out the case for change to a new Governance model.

3 OTHER OPTIONS CONSIDERED:

The draft business case sets out the options:

1. Enhanced Voluntary Collaboration
2. PCC Representation Model
3. PCC Governance Model
4. Single Employer Model

4 IMPLICATIONS AND RISKS

4.1 Financial

If a proposal was to be submitted to the Home Office, there are other factors to be taken into consideration:

- There is no local agreement to the financial disaggregation methodology.
- Norfolk County Council has not provided further financial information at this stage, for example, on the financing of the capital programme for NFRS.
- Norfolk County Council has raised concerns over the potential loss of precept (over and above the loss relating to Fire and Rescue) if the government agrees additional precept raising powers for social care authorities in 2019/20.

4.2 Legal

- There is a risk of delay should a legal challenge be pursued by Norfolk Fire and Rescue Authority. Any such delay would then put at risk the achievability of the financial savings identified within the PCCs proposal and delay the identified benefits that could be delivered for our communities by emergency services.
- Another factor in relation to any potential legal challenge to Norfolk's proposal is that it would result in further significant and unnecessary use of taxpayers' money and contradicts the Police and Crime Plan theme of 'Good Stewardship of Taxpayers' money'.

5 THE CASE FOR CHANGE – POST CONSULTATION REVIEW:

5.1 Economic Case

The County Council's Consultation response, which incorporates the response of the Senior Fire Officers of Norfolk FRS employed by the County Council, indicates a high degree of opposition to the draft business case.

Other than the general public of Norfolk, the County Council is the most influential key stakeholder in regard to the decision to change the governance of NFRS. The success of the business case and in particular the realisation of the projected financial and non-financial benefits is predicated, to a significant degree, on the close co-operation and unity of purpose of the key stakeholders.

Therefore, the County Council's formal opposition to the change has a significant impact on the level of risk associated with the change in governance.

The business case sets out 4 Critical Success Factors (CSFs) that are used to evaluate the preferred option to transfer NFRS governance from the County Council to the Police Fire and Crime Commissioner (Option 3).

The evaluation compares the preferred option to the current Model (Option 1) and other possible configurations (Options 2 and 4). The evaluation is set out in Section

3 of the business case entitled 'Why a Change in Governance is the best Option (Economic Case).

The Critical Success Factors are:

- Economy and Efficiency (The financial benefits that will be generated).
- Effectiveness (The non-financial benefits that will improve public safety).
- Public Safety (The extent to which public safety is protected).
- Deliverability (The likelihood that the changes can be successfully delivered).

In the light of the strength of the opposition from the County Council, the Preferred Option 3 has been re-evaluated. To do so, each CSF has been considered below:

5.2 Economy and Efficiency

The draft business case set out detailed plans to generate financial benefits under Option 3. Importantly, these benefits would not be 'savings' to be taken out of the NFRS budget, but were opportunities to free up financial resources currently locked into historic modes of working in order to balance the budget or re-invest in current priorities - whether that be community safety and prevention, additional full time firefighters or police officers or other services such as water rescue.

Opportunities to free up resources were identified from expanding the co-location of police and fire at joint stations, looking at opportunities to use smaller more agile vehicles with an emphasis on co-responding and driving efficiency from the planned co-location of control rooms.

In the business case Option 3 was not found to offer the higher level of benefit that would come from full integration of police and fire (Option 4), but did offer a significant advantage over the current governance arrangements (Option 1) or a variant of this where the PCC becomes a member of the Fore and Rescue Authority (Option 2).

The financial benefit from Option 3 would arise from a more streamlined decision making process and a joint strategy for police and fire, enabling change to be delivered earlier and with more ambition than has been the case under the current governance arrangements represented by Option 1.

The total benefit generated by Option 3 at current prices was calculated to be £10m (£8.6m when discounted to Net Present Value). The margin of financial benefit that Option 3 offered over above that offered by Option 1 was calculated to be £3.9m over 10 years (in Net Present Value terms). This assumed that there would be a smooth transfer of assets from the County Council to the PCC and that the County Council would support and facilitate the proposed changes in the interests of the community.

In the current position, post consultation, with Norfolk County Council in opposition, the deliverability of the business 'case for change' carries a higher risk, and therefore it is not possible to mitigate the risk to an acceptable level. For example, the financial benefits of delivering change faster and further could be undermined.

Officers have estimated the potential impact of this on the business case, by applying a higher level of risk in our assumptions. This indicates that the £3.9m marginal benefit that was originally calculated for Option 3 is likely to be reduced.

Under this scenario, Option 3 would continue to offer a greater potential financial benefit than Option 1 and would therefore continue to score higher in the options appraisal, but the marginal financial benefit is likely to be significantly less than had originally been envisaged.

5.3 Effectiveness

In the business case Option 3 was found to offer the optimum level of non-financial benefit, offering a significant advantage over the current governance arrangements (Option 1) and the other variants (Options 2 and 4).

The business case states that the main benefit to be derived from the change in governance under Option 3 would be the opportunity to drive operational benefits to the community, beyond what is likely to be achieved under voluntary collaboration arrangements. This would mean moving beyond basic collaboration, towards greater interoperability between selected services that deliver common objectives.

Options 1 and 2 could offer additional operational benefits beyond what has been achieved under current arrangements, should a more focussed and more proactive approach to collaboration be achieved.

Under Option 3 the ability to drive further collaboration benefits at a faster pace would come from implementing a joint strategy and joint operational planning and leadership for specific areas of activity. The ability of the PFCC to set the agenda for collaboration through the Police Fire and Crime Plan and the ability to hold both the Chief Fire Officer and the Chief Constable to account for delivery would be a key driver for optimising the benefits of a more ambitious collaboration agenda.

Opposition from the County Council is likely to have an impact on the speed with which the programme of joint stations and co-responding could be achieved under Option 3 and could limit the scope of what could be achieved with the full co-operation of all stakeholders.

The evaluation continues to recognise Option 3 as offering Optimum benefit in comparison to the other options. The detailed benefits originally envisaged for Option 3 are described in Section 4 of the business case entitled 'How public safety will be improved (Public Safety Case)'.

5.4 Maintaining Public Safety

The business case acknowledged that changing the governance structure may carry some additional risk to service continuity in the short to medium term that would have to be mitigated. This is, however, balanced against the longer term risk to the service if NFRS fails to develop and drive further efficiencies through transforming its services, which may be more challenging under current arrangements.

Options 1, 2 and 3 emerged as the joint best options for public safety with an equal score. None of these options would impact significantly on the ability to deliver an effective operational response to emergencies in the short, medium or long term.

All proposals in the business case that impact on operational activity would be subject to detailed design and, a thorough risk assessment and review on the part of the Chief Fire Officer and their teams prior to implementation. The expectation is that this would mitigate the risk of operational changes affecting the service.

However, it was acknowledged that Option 3 could adversely affect the operational response in the short term, if implementation was attempted without a local consensus for change. The potential for industrial action should not be underestimated, due to the strength of opposition from the FBU.

On balance, we continue to assess Option 3 on the same level as Options 1 and 2 in regard to maintaining public safety. In the final analysis, no action would be taken by the PFCC that would compromise public safety. It is the Chief Fire Officer who is operationally responsible for the service, in accordance with the Integrated Risk Management Plan.

5.5 Deliverability

Deliverability assesses the practicality of implementing the preferred Option and the ease with which it could be delivered. The original business case acknowledged that in comparison to Options 1 and 2, Option 3 carries slightly higher risks to successful implementation due to the significant level of change that would need to be delivered, but could be mitigated through robust planning and the deployment of adequate resources. Option 4 was found to be significantly more complex and would not be deliverable in the short term.

The business case acknowledged that additional risk to delivery could arise from adverse consultation feedback from NFRS and County Council management, which could impact on being able to achieve local consensus.

Following the formal consultation process, the County Council has made clear that it opposes the proposed change of governance, and therefore it has not been possible to achieve local consensus. Given the nature of the change, to disaggregate NFRS from the County Council and set it up as a stand-alone entity under the Governance of the PFCC, the County Council's co-operation and support has a significant impact on the likelihood that the change could be delivered successfully and in line with the business case.

There are three key areas of concern resulting from the County Council's response:

1. The PCC has considered the experience of other police and fire organisations making governance changes of this kind in other parts of the country as part of the assessment of deliverability following consultation. This indicates that in order for the proposals to gain approval by the Home Office it is likely they would need to have confidence that a funding settlement could be agreed

between the stakeholders, either voluntarily or through independent arbitration.

2. The Home Office would also need to have confidence that projected benefits in Economy, Efficiency and Effectiveness were deliverable given the need for local stakeholders to collaborate effectively in delivering them. It is not clear that these requirements could be met under the current circumstances, without prolonged delay and/or additional costs being incurred.
3. The benefits set out in the business case are predicated on being able to deliver change faster than the current model and with a more ambitious scope. Should a funding settlement be agreed and Home Office approval be achieved, the PCC would also need to have confidence that the business case could be implemented as intended, without having to overcome active opposition to the programme of development or legal challenge that could lead to further delay or a reduction in the ambition and scope of the change that would reduce the benefit to the community. Again, it is not clear that this risk could be sufficiently mitigated under the current circumstances.

As a result of these concerns, the deliverability of the project to implement a new governance model for Option 3 is subject to a higher risk. As a result, until the current impasse with the Council can be overcome, the deliverability of Option 3 has had to be downgraded, notwithstanding the potential benefits to the community.

6. BUSINESS CASE REVIEWED

Following consultation, the strengths and weaknesses of each option have been re-assessed against each of the critical success factors. As a result, the preferred option of transferring NFRS from the County Council to sit directly under the PFCC (Option 3 - Governance Model) does not offer the best balance of benefits and risks at the current time, primarily due to the high risk of failure to deliver the project due to a lack of local stakeholder consensus.

CSF	Option 1 Enhanced Voluntary Collaboration	Option 2 Representatio n model	Option 3 Governance Model	Option 4 Single employer model
Economy & Efficiency	Moderate additional financial benefit	Moderate additional financial benefit	Significant additional financial benefit	Optimum financial benefit
Effectiveness (Improving Public Safety)	Moderate improvement in effectiveness	Moderate improvement in effectiveness	Optimum improvement in effectiveness	Significant improvement in effectiveness
Maintaining Public Safety	No threat to public safety	No threat to public safety	No threat to public safety	Some risk to public safety from disruption
Deliverability	Minimal change proposed	Minimal change proposed	High risk of failure to deliver	High risk of failure to deliver
Overall assessment	Moderate additional benefit over current model	Moderate additional benefit over current model, but with more complex governance	Optimum level of benefit but high risk of delivery failure without local consensus	Significant financial benefit but effectiveness and public safety affected by difficulty of delivery
Ranking	1st	2nd	3rd	4th

It is the PCCs understanding that the Emergency Services Collaboration Board met on Monday, 19th November 2018. The PCC Business Case was discussed and agreed as a 'blueprint' for change to drive forward the Collaboration programme, with new Terms of Reference and Governance Board arrangements.

As identified in Section 2.1, following the public consultation exercise the following areas of the business case have been updated:

The map on page 66 (referenced as Figure 19) has been removed from the business case as the map had missing information.

The risk register on page 115 has been reviewed following the Norfolk County Council consultation response and Risk no. OPCC10 (to deliver the benefits stated in the business case) has been amended with residual risk (likelihood and impact) increasing from 1 (Highly improbable) 2 (Minor) to a score of 3 (Probable), 3 (Significant).

7. OPTIONS

7.1 To submit the proposal to the Secretary of State:

- a. Before submission, the PCC must publish the Consultation response in such a manner as the PCC thinks appropriate.
- b. Understanding that local consensus has not been achieved.
- c. The Home Office would require and Independent Assessment.

7.2 To close the project.

7.3 To 'Pause' the project

- a. To monitor progress of the newly formed Emergency Services Collaboration Board.
- b. To understand the impact of the impending HMICFRS inspection.
- c. To continue to monitor the national picture regarding PCC Fire Governance models and legal status.
- d. Continue to review progress in light of a-c above.
- e. To request membership of the Norfolk Fire and Rescue Authority.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	YES
Has the PCC's Chief Finance Officer been consulted?	YES
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	YES Equality Impact Assessment has been published
Have human resource implications been considered?	YES
Is the recommendation consistent with the objectives in the Police and Crime Plan?	YES
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	YES This is a statutory requirement under the PCA 2017
Has communications advice been sought on areas of likely media interest and how they might be managed?	YES
In relation to the above, have all relevant issues been highlighted in the 'other implications and risks' section of the submission?	YES

APPROVAL TO SUBMIT TO THE DECISION-MAKER (this approval is required only for submissions to the PCC).

Chief Executive

I am satisfied that relevant advice has been taken into account in the preparation of the report, that the recommendations have been reviewed and that this is an appropriate request to be submitted to the PCC.

Signature:

Date: 21/11/2018



Chief Finance Officer (Section 151 Officer)

I certify that:

- a) there are no financial consequences as a result of this decision,
OR
- b) the costs identified in this report can be met from existing revenue or capital budgets,
OR
- c) the costs identified in this report can be financed from reserves
AND
- d) the decision can be taken on the basis of my assurance that Financial Regulations have been complied with.

Signature:

Date: 21/11/2018





Norfolk Fire & Rescue Governance Review:

4,538

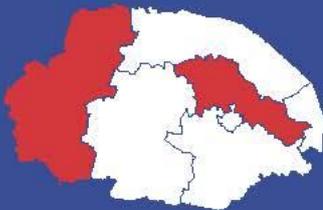
3,189

58.7%

agree with the proposal that the PCC becomes the PFCC and has overall responsibility for the governance of both Norfolk Fire & Rescue Service and Norfolk Constabulary.

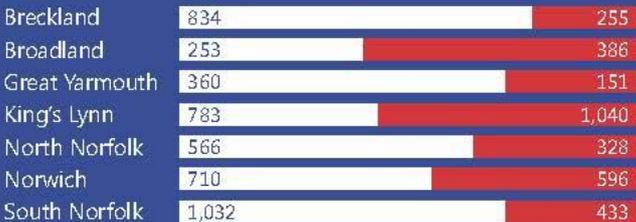


Workplace
The proposal has overwhelming support from the police and public.



District

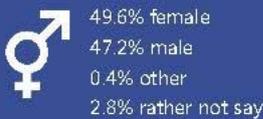
Five out of the seven districts voted in support of the proposal.



How you voted

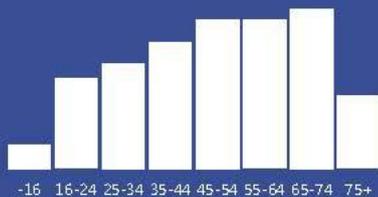


Who voted?

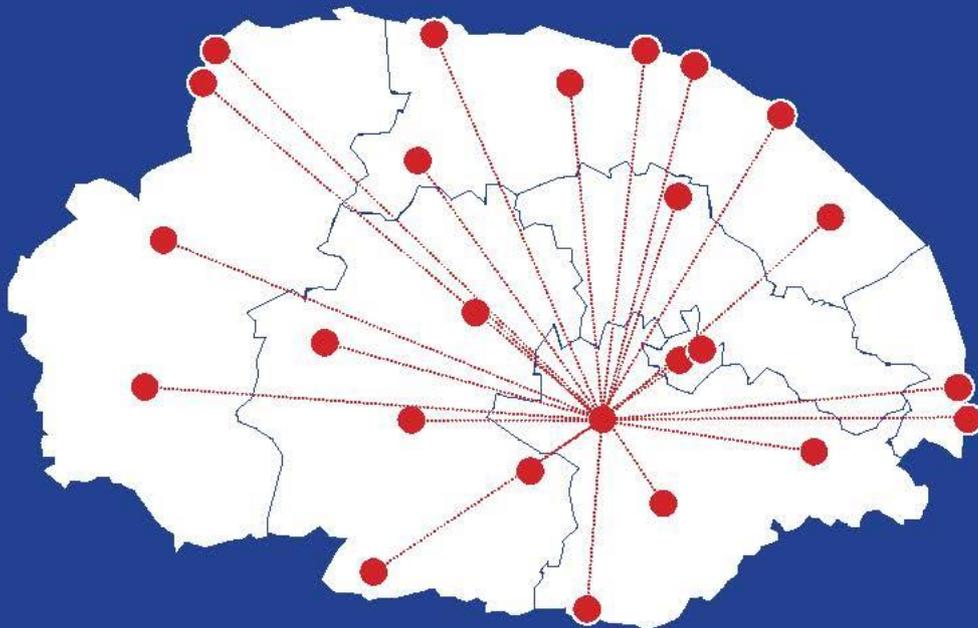


Age

Voting responses typically went up with age with 18.29% of responses aged 65-74.



Norfolk Fire & Rescue Governance Review:



Where did Lorne go?

12.07.18 Norwich	02.08.18 Great Yarmouth	18.08.18 Swaffham
13.07.18 Hunstanton	03.08.18 King's Lynn	20.08.18 Wymondham
17.07.18 Hunstanton & Heacham	04.08.18 Stalham	21.08.18 Sheringham & Cromer
18.07.18 King's Lynn	06.08.18 Watton	22.08.18 Loddon
25.07.18 Wymondham	07.08.18 Fakenham	23.08.18 Norwich
26.07.18 Downham Market	08.08.18 Dereham	24.08.18 Long Stratton
27.07.18 Thetford & Attleborough	13.08.18 Holt & Wells	28.08.18 Diss
28.07.18 Norwich Pride	14.08.18 Diss	30.08.18 Gorleston & Gt Yarmouth
29.07.18 West Norfolk	15.08.18 Wymondham	31.08.18 Thetford
30.07.18 Wymondham & Gt Yarmouth	16.08.18 King's Lynn	03.09.18 Norwich
01.08.18 Thorpe St Andrews	17.08.18 Aylsham & Mundesley	04.09.18 Downham Market
		05.09.18 Wymondham

PUBLIC ACCESS TO INFORMATION: *Information contained within this submission is subject to the Freedom of Information Act 2000 and wherever possible will be made available on the OPCC website. Submissions should be labelled as 'Not Protectively Marked' unless any of the material is 'restricted' or 'confidential'. Where information contained within the submission is 'restricted' or 'confidential' it should be highlighted, along with the reason why.*