

ameo:



Consulting Ltd.

Assessment of West Mercia PCC Final Business Case

Version – Final 1.0

4th December 2017

Authors:

Mike Dearing, mike.dearing@ameogroup.com

John Bonney, john.bonney@alendiconsulting.com

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

1. Background

On 12th June 2017, the West Mercia Police and Crime Commissioner (WMPCC) submitted, for public consultation, an initial business case (IBC) for merging the governance, strategic and operational management of Hereford and Worcester and Shropshire Fire and Rescue Services into his jurisdiction. In response, the Hereford and Worcester and Shropshire and Wrekin Fire and Rescue Authorities (FRA's) commissioned Ameo and Alendi Consulting to undertake an independent analysis of the IBC. This assessment was reported to both the FRAs and their constituent authorities in order that they could formulate their respective submissions to the consultation. All of these authorities objected to the WMPCC's proposal for the adoption of the governance model. The consultation period ended on 11th September 2017, and on 12th October 2017, the WMPCC released a full business case (FBC), announcing his intention to submit this to the Secretary of State for approval.

This full business case continues to recommend the adoption of a joint governance model for the Fire and Rescue Services and Police in the West Mercia area. As such, the constituent authorities are eager that the FBC be re-examined independently so that they are best informed to submit their own views directly to the Home Office independent assessors and / or the Secretary of State.

In accordance with the Policing and Crime Act 2017, the Secretary of State is now required to assess the FBC independently because there were objections from the constituent authorities. Accordingly, she has commissioned the consultancy arm of CIPFA to do this work. CIPFA is required to examine the case on the basis of economy, efficiency, effectiveness and public safety, and to report its findings to the Secretary of State so that she may make a final decision. In order to do that, there is a general expectation that the assessor will engage with consultees, particularly the two FRA's and the four upper-tier authorities for the area. As well as the statutory tests of economy, efficiency, effectiveness and public safety, the Home Office is keen that particular attention be paid to the proposed savings and the transition costs in the FBC. Hence, the expectation is that the constituent authorities now have a further opportunity to comment on the proposal. As such, Alendi and Ameo have produced this report to examine the newly presented financial details in the report, the viability of the proposed savings, an assessment of the transition costs and any new evidence in the FBC so as to help the authorities inform their position on the proposal and any further submission.

The Home Office commissioned CIPFA on 20th November, and there is strong encouragement on them to complete their work expeditiously in order that the Secretary of State can give a prompt final decision. A minimum timescale of three weeks from acceptance of the commission is stated, although this maybe extended in certain circumstances. As such, this report has been produced to allow sufficient time for the authorities to consider its contents and engage with CIPFA in a full and informed manner.

Where appropriate, quotes have been included directly from the FBC and associated annexes to aid the reader in following the key points.

2. Introduction

The intention of this analysis is to focus on newly presented information and on assumptions made in the FBC. It is, however, clear that the main issues and arguments to support the adoption of the WMPCC governance model in the IBC have remained unaltered in the final business case.

And whereas the PCC states,

“I am confident that I have addressed the Local Authorities' principal concerns within this full business case...”

it appears that many of the issues of concern and risk raised in the consultation continue to be present and remain largely unaddressed. With this in mind, and without rehearsing the detail of our original report, it is worth listing the key ideas and assumptions first raised in the IBC and repeated in the FBC which we believe are challengeable.

These are:

- The lack of any specific examples to demonstrate that operational improvements will be made through better data sharing and shared governance.
- The failure to reference the collaboration requirements of the Civil Contingencies Act 2017 and Joint Emergency Services Interoperability Programme (JESIP) which already operates effectively in the West Mercia area and which involves police, ambulance, FRS and other category 1 responders.
- The lack of specific examples to illustrate where the current governance arrangements have hindered collaboration between police and fire.
- The narrow definition of public safety partnership and the limited appreciation of the key partnerships that health and social care agencies have with FRSs.
- The contention that greater democratic accountability, visibility and accessibility across all three services can be achieved by the PCC working with a limited increase in support and for “little extra work”.
- The belief that the identities of the two FRSs will be maintained whilst never reconciling this with the intention to create a single senior fire team overseen by unified governance.
- The assumption that the Police and Crime Panel can provide the necessary oversight of the WMPCC in his governance of all three bodies without any expansion of its remit.
- The misconception that, within fire and rescue services, 'support' roles have no frontline operational responsibility and their reduction will have no effect on service levels.
- The considerable premises-sharing programme which is already in train but which is counted as a financial benefit to be achieved under the new governance arrangements.

3. Overview of the FBC and Structure of this Report

The IBC sought to follow the structure of the Treasury's Five Case Model in the examination of future governance options, and there had been an expectation that this would have continued in the FBC. However, the FBC provides no assessment of the financial and public value dimensions of the alternative governance arrangements. As such, there are no comparators of the potential for economy, efficiency, effectiveness and public safety that might be derived from these alternative models. As we show below, in many areas, the potential for equal or greater financial benefit by a fire-fire only collaboration has not been fully explored as an alternative to the governance case.

In response to the consultation submissions from the FRA's, the PCC states,

"A full business case will address concerns regarding economy and efficiency, and is the place to address in detail transition costs and provide a more detailed estimate of the potential savings together with a clear rationale of how they will be delivered."

As such, the following sections of this report focus on the key elements of the full business case, including financial analysis, estimated savings and transition costs, as well as the viability of shared services across the West Mercia region and Warwickshire Police, and the practicalities of the governance arrangements. As the FBC now includes a risk register, we have commented on this and briefly reviewed the assumptions included in the report around the aftermath of the Grenfell Tower incident.

4. The Final Business Case

The use of the Five Case Model is good practice in public sector business cases, particularly where there is a significant change or investment. The different dimensions should provide evidence that each 'case' is made, typically through the robust comparison of four or more options. This enables different models, and their associated costs and risks, to be objectively considered; neither the OPCC's IBC or FBC do this. While the commentary and consultation response suggest the FBC will provide greater detail on the financial aspects (savings and investments), the reality is that there is limited additional detail. We find all the Economic, Financial and Management cases lacking in terms of evidence and detail. We summarise below our observations and considerations.

a. Economic Case

While reference is made to three different delivery options, these are not explored in any detail, to the extent that the other two referenced are essentially disregarded; there are no financials provided for anything other than the "recommended" option. This means the key purpose of the economic case - assessing public value - cannot be fulfilled. There are no comparator options: financial benefits that arguably apply to the other options are proposed as benefits only for the joint governance model (e.g. premises sharing, which is being delivered within the status quo). As such, the reviewer cannot make an

informed judgment that this is really any better than another option to realise benefits.

For ease of reference, our review of the economic case follows the six key savings areas proposed in the FBC. While the savings within the FBC have been broken down slightly from those found in the IBC, there is limited additional clarity as to their deliverability. Importantly, it is unclear whether these savings are really new and / or dependent on the proposed governance model. The charts below summarise the source of savings and allow the IBC and FBC to be readily cross referenced. It is worth noting that at least one third of the savings are being, or can be, delivered through the current arrangements; the other two thirds have limited evidence to assure their delivery. Hence, this potentially overstates the true benefits of a change in governance.

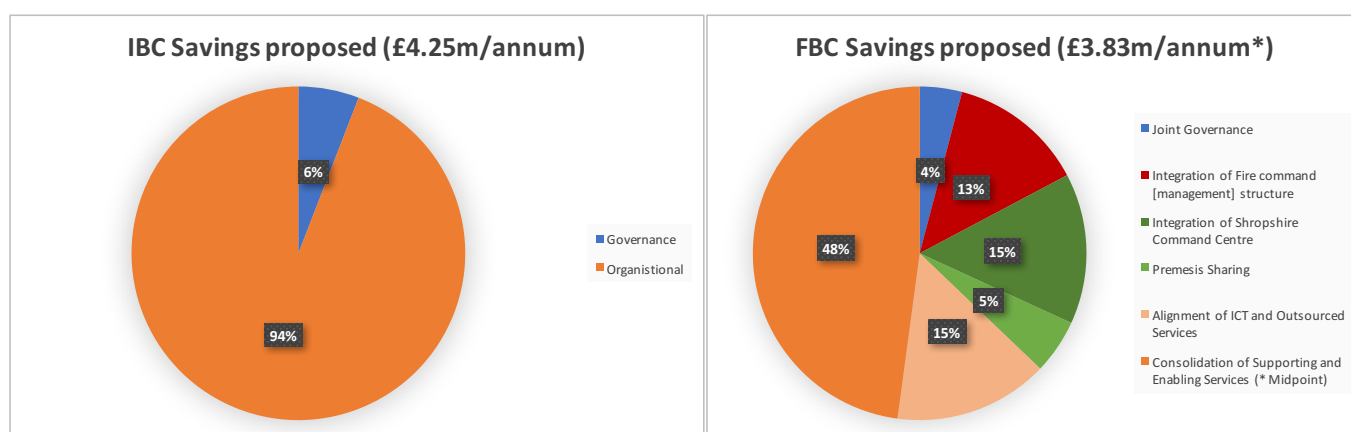


Figure 1 – Comparative analysis of savings proposed

1. Joint governance directly delivering both democratic accountability and lower cost

The savings associated with the concept of changing the governance model proposed in the IBC have been significantly reduced in the FBC. We consider this a prudent adjustment. However, we are still unable to reconcile the stated cost of current governance which is reiterated in the FBC (£577k). The proposed savings of £157k appear only to reflect the removal of the FRA members and their directly-associated costs. Given this, we are unable to understand the make-up of the remaining £420k.

We are puzzled by the stated assumption that the OPCC can deliver all the functions of the FRAs with no additional resource or additional payments. This suggests that no additional oversight or consultation capacity is required (we assume there must be additional underutilised capacity currently within the OPCC's team). This point also seems to contradict entry 7 in the risk register, which we refer to in section 5 below. Moreover, within the consultation responses (Appendix A, p53) there is an acknowledgement of the requirement for greater local engagement capacity.

"the Commissioner is proposing a system whereby each top-tier local authority would be asked to nominate fire representatives. These Councillors would help inform and support the PCC in his work."

From this, we assume a minimum of eight councillors would be required for the West Mercia footprint. Whilst the remit is unclear, we would assume they would be paid for this additional responsibility.

Given the OPCC is currently funded solely by the Police precept, we would anticipate that a recharge will need to be made to the respective fire funding streams. The OPCC costs or additional councillors' time are not included in the financial analysis. Were they to be, this would erode the minimal savings delivered from this change.

2. Integration of fire command structures while maintaining command resilience

Whilst the use of the term "command" is widespread in the FBC, it is our understanding that these command structure savings relate to a reduction in senior management posts. The specific posts to be removed have not been identified, but upon reviewing the structure charts for 2018 and 2021, it would appear that all heads of service in the two FRs are to be removed, with responsibilities transferred to pre-existing police heads of service within the Alliance.

As previously mentioned, stripping out support staff is likely to remove some operational capacity, and this does not appear to be reflected in the modelling. The proposed structure also appears to go against the premise that the two fire service identities will be maintained: there will be a single governance structure, single Chief Fire Officer and single management structure.

Given the lack of detail about the posts to be removed, and the savings being presented in a net form, it is unclear whether an allowance has been made for any salary increases for the enlarged management roles in the Alliance. It is likely that some roles would have responsibility for managing resources and requirements in four organisations, as opposed to the current arrangements where it may only be one. We believe it is important to ascertain whether the cost increases associated with pay uplifts have been factored into the savings profile.

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

HWFRS is in the process of preparing to move to the Police Operations Communications Centre at Hindlip. As previously reported, there is no evidence that this project has been hampered by the lack of shared governance between the two organisations. We also note that there will be no further financial savings being delivered as a result of this pre-existing transfer if governance arrangements were to change.

The FBC proposes the integration of the HWFRS Command Centre into the new facility. While this maybe viable, there are significant resilience implications for this that the FBC does not address. At present resilience arrangements operate between HWFRS , SFRS and Cleveland FRS in the event that there is service disruption at one of the control centres. Combining the two services' facilities therefore requires a re-examination of contingency arrangements, which we understand has not taken place. Clearly, this is an operational / technical

decision for the CFO's rather than the FRA, be that local members or the PCC.

With regard to the projected savings, it seems unlikely that these have accounted for any cost of establishing new fall-back arrangements, as currently the savings identified are comparable with the present cost of the SFRS command centre.

The report is unclear on how the savings would be distributed in relation to the proposed rationalisation. As HFRS and SFRS has historically provided command resilience for each other, and the service is not integrated with WMP, we assume the savings would be shared by the two fire services only.

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

The FBC now provides more explanation of the envisaged shared service arrangements. The case refers to the Cheshire Police multforce shared service facility (MFSS) which operates with Nottinghamshire and Northamptonshire police and although it has ambitions to incorporate some services for Cheshire Fire this not yet occurred. From the FBC it is not clear whether this arrangement is seen as a model to replicate, or an opportunity from which to purchase services. The MFSS is a shared-service arrangement, with Cheshire police as the lead force and with Nottinghamshire and Northamptonshire as partners and Cap Gemini as the commercial systems integrator. It concentrates mainly transactional services, which means partners retain specialist and decisional resources in house. This tends to be a simpler solution, so cost savings are more limited. However, it secures less resilience for individual services in terms of access to specialist resources, as these remain in house. Nonetheless, it is more straightforward to deliver, particularly where transactions can be standardised.

It is not stated how many users operate on the MFSS, but the combined establishment of the three forces is 10,300, which is comparatively small and thus has an impact on transaction costs. A similar facility operating across West Mercia and Warwickshire would involve a maximum of 5,800 users, and therefore an enterprise with fewer economies of scale. While the MFSS may be a useful illustration, it does not represent a realistic comparator, as the MFSS is an all-police shared-service project that has aligned transactional work flows and process across the three forces. All services are expected to retain specialist business partners in house to deal with advice and non-standard issues. This would be substantially different from a combined police / fire operation, which would necessarily incorporate different industry requirements and provide more specialist and decisional services. It would also have to accommodate the added complexity of a high proportion of RDS staff. The on-call nature of these employees creates a number of challenges to shared-service facilities, which necessarily rely on self-service elements to reduce costs.

Certainly, this is the experience of Hampshire and Oxfordshire in the H3 project (which is much more akin to the proposed West Mercia model), where additional capacity has been added to meet the requirements of on-call staff with limited access and time to engage with the enterprise resource planning system (ERP). Experience here has shown that retaining posts to act as interface with RDS has proved important, both for quality of service and for operational requirements. The H3 model is a much larger enterprise, with closer to 40,000 users. However, it

services police, fire and local authority requirements, and as such, has dealt with the challenges which would face any system installed across West Mercia. The investment made in the system's design, testing, implementation, workflow rationalisation and on-boarding of partners was in excess of £10 million. The complexity and cost of a multi-industry, rather than force, shared service facility that services a high proportion of on-call staff is, therefore, considerable and will require substantial investment. We see no evidence of this being acknowledged in the FBC.

One of the weaknesses in the IBC was the true source of the savings. While the FBC does provide a little more detail, often this has not provided greater clarity. The exception to this is the outsourced shared services proposal. The investment / savings table in section 7 breaks down the outsourced services by police and fire. Interestingly, this highlights that there is significantly smaller benefit from outsourcing these services for fire partners, whereas for the comparable police services the saving is three times larger on a comparable investment. If this financial split is available for this savings / investment line, then we would assume it exists for others. We would consider this is a significant omission as it would enable variant options to be considered more effectively.

Whilst limited, the financial information provided validates how much leaner the FRS's back-office services currently are. We are uncertain as to whether any additional business partner resource has been assumed, as these posts do not exist in the current fire delivery model and are sourced externally. Given the small number of established posts, significant savings beyond management sharing (which is already accounted for) leaves both FRs at risk of damaging service delivery.

Notwithstanding the points above, the current cost / budget for these services to SFRS and HWFRS is actually less than the proposed saving (£225k current budget vs £269k saving). This presents a risk of increased budget pressure. Given this discrepancy, we would expect the analysis to likewise consider the respective savings in the wider supporting and enabling areas in order to manage risk.

5. Increased inter-service collaboration, particularly through premises sharing

As referenced earlier, the services are already collaborating extensively on a range of initiatives, including premises sharing. There are a number of significant premises-sharing programmes in progress, such as those in Hereford and Redditch, as well as Hindlip and the Shropshire One Public Estate project which involves Telford, Whitchurch and Bridgnorth. The FBC does not identify any new sites where the potential for further sharing exists. This is important due to the different assets required for operational response between police and fire. As such, it is not clear where there are pressing operational requirements to share more facilities which would allow more savings than those already being pursued.

The PCCs consultation response states:

"The full business case will also address transition and capital costs."

However, the way capital assets and costs are treated has not been covered in the FBC, and this is relevant to the case of disposals. Given the different

requirements, fire are less likely to be able to dispose of property assets as part of any collaboration, and thus premises sharing would seem to be predominantly an opportunity for police rather than fire to benefit from savings. When considering the different operating models, this saving is applicable to any status quo and representation options that would be considered. As such, it should be removed from the benefits case for a change to the governance model unless a comparison is made with alternative options.

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

The IBC lacked any detail in relation to the savings being proposed beyond the aspirational figure of £4m. This sum was quoted with no evidence base other than a broad 25% redesign saving assumption. This was picked up by many within the consultation. The PCC's feedback was:

"a full business case will address concerns regarding economy and efficiency...and provide a more detailed estimate of the potential savings".

A lack of financial transparency persists in the FBC, in particular around this consolidation and integration project. The £4m saving quoted in the IBC was produced by assuming the total enabling and supporting budget to be c. £16m (a 25% saving). Given the FBC identifies some other savings, the respective budget is quite rightly reduced to c.£10m (note we have not been able to validate this value). To this revised assumed budget, a broad 25% redesign factor is again applied, which provides a new saving of £2.6m. This conveniently brings the total saving back to the aspirational of £4m. Given that no additional working papers have been provided, it has not been possible to validate the savings assumptions, so our previous comments apply as to their deliverability. Of particular concern here is the dual nature of some fire officers' roles, whose responsibilities include supervisory and command functions of operational staff even though their primary role is deemed to be "support". Furthermore, such a major consolidation and integration project will require substantial development and investment in ICT systems - a point which is inadequately covered in the financial assumptions or risk register.

From the indicative timescale, it would appear that this would run concurrently with the other major transformation projects around internal process re-engineering, workflow redesign and the strategic alliance. The foundation of all these projects would be the installation of a "public safety platform", from which many of the efficiency gains would be derived. By any measure, this is a highly ambitious approach with considerable complexity. However, there is little acknowledgement in the risk register of the scale and potential impact of these interrelated projects. Where there is reference to the risks, the suggested control measures are based purely around programme and project management. We would suggest this is insufficient, as the risk has substantial resource and capability implications that have not been fully reflected in the FBC.

In addition to understating the risk, there also appears to be a significant underplaying of the likely investments. There appears to be minimal investment in the ICT aspects of the transformation programme. Again, the net table makes it difficult to understand the costs, but it would appear that as little as £171k has

been set aside. From our experience, this is unlikely to cover much more than programme governance and management, let alone any new software implementation, development and change management.

b. Financial Case

In table 1 page 45, the net costings for each of the major savings areas are presented. However, the investment required in each area is not clearly set out. All that is provided is a net position, which means affordability cannot be assessed with confidence - in particular how and where investment may be needed. Given the low level of spend on some services by the FRS's (especially where operational responsibilities are combined), there may be a risk of costs increasing due to the standardisation of enabling services. The investment in systems, processes and management support required for the larger police organisation may create additional financial and operational burdens for the smaller and more agile fire services.

There is no doubt that the different operational requirements would provide increased complexity to any common ICT platforms; we have seen examples where the outcome of this is an increased cost of service for some partners. Were this to apply in West Mercia, it would present a risk of cost increases on operational Fire Service budgets - a risk that is not recognised.

The IBC suggested that the transition would progress over three years. The investment lines and timeline within the FBC illustrate that the bulk of the change is now expected to occur over 17 months. Given the compressed delivery timeline, the expectation that natural wastage will be used to minimise redundancy / retirement costs appears optimistic. Further, the assumption that redundant posts will leave without incurring costs "higher than the average of Police Alliance creation" is questionable (noting no figures have been provided as a benchmark). Firstly, the staff losses appear to fall largely on fire in some areas (such as the command centre and management). Secondly, the wider reductions are due to the creation of a new Fire and Police Alliance where existing staff capabilities are less applicable, and as such, the opportunities for redeployment are likely to be significantly lower.

Limited detail has been provided around staff reductions, but our estimates would suggest that around 190 posts will be removed from the structure, many of which will be redundant posts as the functions will no longer exist. We have based this on 150 transactional / enabling / supporting roles, 18 SFRS Command Centre roles and 10 Heads of Service. Assuming an average salary of £25k across this profile, it is reasonable to assume an average of 50% of that is due for redundancy / pension strain (some could be significantly more). Following this through exit costs alone are likely to be in the order of £2.4m - from the data provided we are not able to validate whether this has been incorporated in the investments or from which budget it would be funded. If this were the case, it would leave only £1m for investment in systems and change. In our experience such a significant organisational change will require a higher level of investment in order to gain worthwhile returns; indeed the case references the MFSS model for which the public figures show this to be the case.

Beyond the potential to increases in exit costs, we see a risk of the on-going payroll costs also rising if the assumption that existing post holders will take on new responsibilities at no additional pay proves not to be the case.

Many of the savings identified, both within the shared service and organisational redesign projects, will come from a reduction of staff within the enabling services. As this process of staff reduction would play out across the two fire services and police forces, employment processes relating to redundancy, selection and assimilation of post holders, as well as TUPE, would apply equally to all services - even to Warwickshire police, who by dint of the alliance and shared posts would find their own staff affected by TUPE requirements. Beyond this, the impact of assimilation, settlement agreements, attrition of key staff and redundancy payments would require a substantial investment of management attention and funds. Moreover, while FBC paragraph 5.2.3 contends that equal pay claims could be resisted, this would not be a sustainable position, and a movement to equalise pay and conditions would be necessary over a stated period of time.

With such complexity, we consider the organisational, financial and legal risks of these transition activities should be comprehensively detailed in the risk register. This is not the case.

c. Management Case

The information provided is at a very high-level and does not allow the reader to assess the achievability of this major change. There are no clear timelines set out in relation to delivery, and reference to risk management is minimal. We are aware that there has been very limited engagement with the services in the creation of the FBC. In particular, and counter to the statement in the introduction, the finance leads have not had the opportunity to review or validate the savings assumptions either for accuracy or for double counting with current plans.

The stated intent is to undertake a 'lift and shift' change in management in April 2018 and then rapidly move to a consolidated management structure by April 2021. In reality, based on the savings profile / implementation timeline, we interpret that, bar two posts, this structure will actually be in place by March 2019.

When reviewing Table 1 (the financial case), it is apparent that 94% of the savings must be realised by the end of March 2020 in order to deliver a full-year effect in 2021. This very aggressive delivery timeline means that staff reductions will have to be frontloaded into the programme. This approach seems impractical given the concept of developing a Fire / Police shared service would require significant investment in change capacity, systems and training, as WMP does not presently support Fire.

Indeed for a major programme like this, we would expect to see some additional and dedicated capacity to lead different change work streams. The retention of a single Chief Fire Officer is unlikely to be sufficient to manage the anticipated technology, people and property work streams. The HR aspects alone will require significant capacity to manage the appointment and exit processes associated with the changes for some 600+ affected personnel on different terms and conditions. The magnitude of such a change appears to be woefully

underestimated, and this presents a significant risk to service delivery that is not reflected on the risk register.

We have reviewed the timeline and created an 'assumed' programme plan based on the limited information available - this is indicative but is intended to enable the scale of the programme to be visualised. Even from a broad review this appears very optimistic, particularly given the aspiration that no additional resources will be engaged to support. We would flag the need for appropriate and meaningful consultation with impacted employees and would suggest that this is likely to lead to slippage in the programme, as the impact is not currently known.

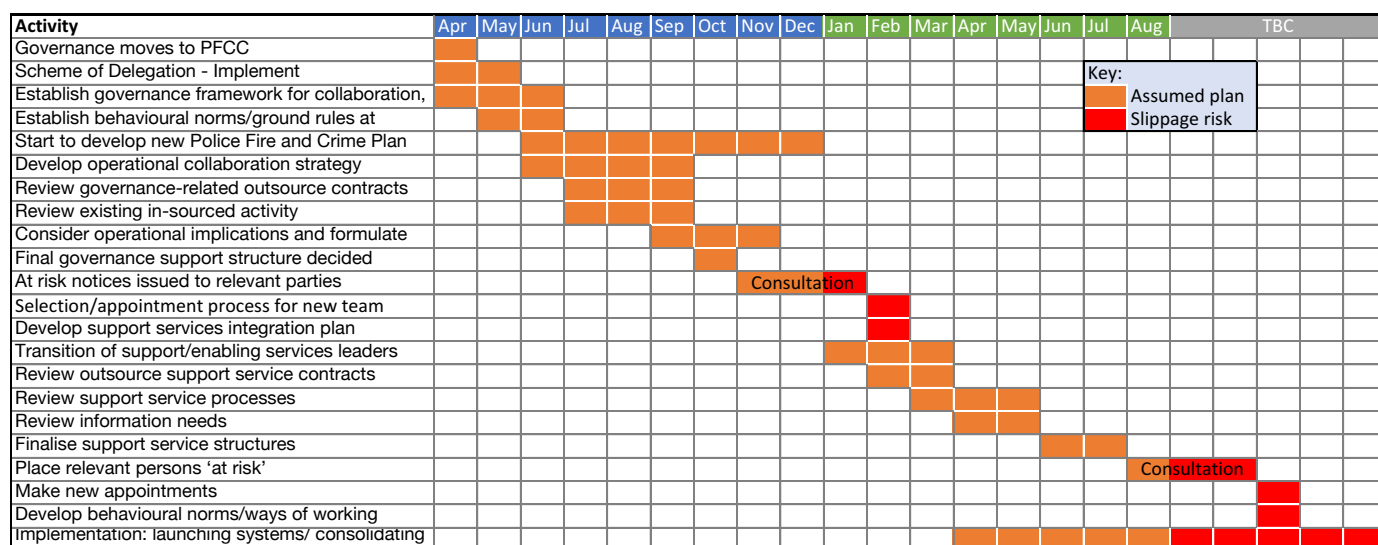


Figure 2 - Indicative programme plan

The overall case for change is heavily led by the argument of savings - specifically the promise of new savings. This seems to be at odds with the PCC's stated critical success factors for the change in governance as set out in 7.8.3. These factors make no reference to the delivery of financial benefits. This could be taken either as an omission or a contradiction.

5. Risk Definition and Assessment

Annex 2 of the FBC provides the risk register for the proposal. Although not entitled as such, we presume this represents the strategic and programme management risks identified for the transition, as referenced in 7.7.2.

In broad terms, the level of detail across all risks, particularly in relation to control measures, is light. In most cases, even for the most complex and multifaceted risk, there is a single, fairly simple control measure. The level of risk mitigation achieved by these single control measures is sometimes highly optimistic, often in the region of 50% and once achieving a 66% reduction.

Risks 1, 3 and 4 focus primarily on cultural causes and reflect the importance placed on staff engagement in the FBC. This was an issue of considerable

discussion during the consultation for the IBC and the need for building and maintaining trust was emphasised. However, the control measures, which tend to focus on either the programming of the project or indeed the positive approach of the Chief Officer, seem to underestimate the investment of time and resources needed to manage the risk and mitigate its effects. Surprisingly, there is no accounting of the resources that would necessarily be invested in this work.

Our original report identified that expansion of the current collaborative activities was constrained less by cultural barriers than by organisational capacity. This view has been reinforced in our subsequent enquiries, where it is clear that, for WM Police, the management of major ICT projects and their strategic alliance with Warwickshire is consuming considerable internal resource. Risk 5 acknowledges this by recognising that existing major transformational projects may be stalled by the resource requirements of a change in governance. However, the risk control for this capacity issue is a focus on planning. This action alone is calculated to reduce the risk by 50%. We consider this to be an incomplete assessment and one which fails to acknowledge that the risk may not be confined purely to the projects but also impair other aspects of the organisations' functions, including service delivery. Put simply, management capacity, unless expanded, will increasingly be consumed by the transformation and change in governance, leaving little available for current organisational priorities. Given the extremely tight timescale for implementation, we consider this amplifies this risk.

Likewise, Risk 10 refers to a lack of resources to run collaborative initiatives. Again, there is a presumption that this will be controlled by the programme board arrangements and through use of internal resources. This seems to reinforce the belief that achievement of these additional transformation projects needs no further investment. Given the lack of detail around transition costs, we consider both the initial and residual risk values to be unrealistically low.

Risk 8 refers to the potential for existing partnerships with other key agencies to be negatively impacted by this transition. Given this is acknowledged as a strategic risk, it is somewhat surprising that these key partnerships involved in community safety are not considered in the full business case. A single risk control measure of good engagement and communication is lacking any detail, and is unrealistic in assuming an ability to reduce a high risk by 50%.

Risk 7 states,

"There is a risk that oversight of police performance is reduced due to the new focus on the transition and fire performance"

Rightly, this recognises the new burdens that will fall upon the PCC and his office. However, both the IBC and FBC persist in contending that sustaining the three organisations will cause a minimal increase in work for the PCC and his office. Given this currently has an initial rating of 15, and a residual rating of 10 (amongst the highest on the register), there appears to be inconsistency between the anticipated OPCC resources and the assumed risk. We are unclear as to what transitional costs have been allocated for the future support of the PCC.

Risk 12 represents a fundamental and far-reaching risk on the veracity of the business case.

"There is a risk that the benefits included in the Final Business Case may be overstated and prove not possible to deliver after the governance model changes."

It assumes the cause of this risk to be assumptions that are not robust (we interpret this to mean incomplete or incorrect). To mitigate this possibility, it calls for robust scrutiny. By whom, when and by what are not stated. As our analysis shows, there are already concerns as to the financial projections, possible savings and transition costs. Once again, this has the prospect of creating a further risk of internal resources having to be transferred to address project shortfalls to the detriment of current service levels. As such, we consider this risk both understated and insufficiently addressed.

The FBC places considerable financial and operational benefit to be derived from a "common public safety platform". This new and extensive ICT infrastructure is key to delivering the efficiencies of the multiforce shared-service project and the enhancement in internal processes, including data sharing. This is appreciated as being a major project, both technically and organisationally, yet fails to be considered a strategic risk. Ambitious and complex projects such as this one, particularly with a large ICT component, require considerable dedicated resource and investment, as well as highly competent programme management. Within the project are a multitude of operational and strategic risks, none of which appears to be referenced on the risk register.

6. The Impact of Grenfell Tower Fire

Understandably, given the scale of the incident, the FBC now makes reference to the Grenfell fire incident that occurred in London in June 2017. The scale and reach of the tragedy has prompted the commissioning of a public inquiry and two further internal DCLG investigations. The scale of loss of life by fire and the subsequent governmental response has not been experienced for over 30 years, and it is highly likely that new legislation with a revised regulatory and enforcement regime will emerge. Whether this will be purely confined to high-rise buildings is unknown but unlikely, given the structure of current legislation. As such, the contention in the FBC that the incident and its aftermath has no direct bearing on the governance proposals is unsupportable and perhaps betrays a lack of appreciation around the fire regulatory environment.

7. Conclusions

The transition of the governance of HWFRS and SFRS to the WMPCC as proposed in the FBC is a major undertaking with important implications for the public of the West Mercia area. As there are substantial risks from such a transition, and objections have been raised by the affected local authorities, a full business case has been produced. The expectation was that this case would provide more detail as to the financial viability of the project, and would address, more comprehensively, the concerns raised as to the practical operation of the governance model. Our analysis shows that this business case continues to pursue the same arguments for adoption of the governance model that were raised in the IBC, with little further development. And while the public consultation led to extensive concerns being aired - which the PCC gave assurance would be addressed - this does not seem to have been the case.

Particularly in relation to the economic case for the transition, this report highlights the continued lack of detailed information on the actual savings, the transition costs and the resource requirements. Our analysis shows that, in order to deliver the savings proposed, a number of significant and highly complex projects will need to be successfully realised. Our review of the risk register reveals that the extent and complexity of the risks associated with these projects has not been recorded, nor is the commitment of time and resource that will be required to manage the risks appreciated.

Whereas the IBC acknowledged a three-year timescale of assimilation for the three services, this is dispensed with in the FBC. In order to deliver the projected savings quickly, the transition has been considerably foreshortened. This, in turn, jeopardises the prospect of avoiding cultural resistance and increases the likelihood of greater redundancy costs as well as project slippage.

As we detailed in the introduction, a number of key assumptions made around fire and rescue governance, operations and risk reduction betray misunderstanding and hence weaken the FBC. This issue is compounded by the lack of proper analysis of the alternative options, which should be a necessary feature of a robust business case. In many instances, the same savings and efficiencies could be achieved irrespective of the governance arrangements, and we quote a number of examples where collaboration is already underway proving the efficacy of the present structures.

The development of the FBC has taken considerable time and effort, and there is always a danger that such investment fixes views rather prompts objective analysis. Our hope is that the issues we raise will help to inform the debate for the best collaborative approach going forward. This will serve not just the organisations themselves but most importantly the public who rely on their effectiveness.

Glossary

APACE	Association of Policing and Crime Chief Executives
CA	Constituent Authority
FBC	Full Business Case
FRA	Fire and Rescue Authority
FRS	Fire and Rescue Service
HWFRS	Hereford and Worcester Fire and Rescue Service
IBC	Initial Business Case
MFSS	Multiforce Shared Services
WMPCC	West Mercia Police and Crime Commissioner
SFRS	Shropshire Fire and Rescue Service
WMP	West Mercia Police