

# Independent review of the options for the future of police and fire governance in Lancashire

**A. Allen Consulting Ltd**

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## 1. Executive Summary

- 1.1. In response to the Policing and Crime Act 2017 (the Act), the Police and Crime Commissioner for Lancashire commissioned A. Allen Consulting Ltd to undertake an independent review of the options for police and fire governance.
- 1.2. Consultation was undertaken with key stakeholders and representatives from interested organisations through a series of contacts and meetings.
- 1.3. The review work considered whether there was a case for change of the governance in the context of the options available under the Act which are;
  - Representational model
  - Governance model
  - Single employer model
- 1.4. Overall it was concluded that there is a case for change of governance in Lancashire.
- 1.5. Through the appraisal it is plain to see that the governance model and the single employer model would both drive the greatest changes as measured by the key success factors.
- 1.6. The key success factors are;
  1. Greater scrutiny, accountability and visibility of the governance of the service
  2. Provision of a strategic vision for the delivery of the service
  3. Provision of effective decision making
  4. Acceleration of pace and effect collaboration
  5. Delivery of savings from shared estate and support functions
- 1.7. The police and fire services have had to find significant savings since 2010 and have continuously adapted to the challenges posed to them by the changing demands placed on them. There is an opportunity, through a change in governance to maximise the efficiency and effectiveness of both services and re-invest any resources into frontline services to protect the people of Lancashire, at a time when funding is more likely to be reduced rather than increased. Medium to long term, it would be hoped that a strengthening of resilience between the police and fire services could also be achieved. Further it is estimated that there could be efficiency savings around £4.26m over ten years in the short term, with more efficiencies being created in the medium to long term.
- 1.8. To achieve these outcomes at first instance collaboration would include:
  - Progression to a shared HQ
  - Joint finance function (Office of the Police and Crime Commissioner for Lancashire - OPCC and Lancashire Fire and Rescue Service - LFRS)
  - New governance arrangements - disestablishment of the Combined Fire and Rescue Authority (CFRA)

1.9. It is important to note that no criticism is offered on the performance of the existing governance arrangements. Instead, the argument presented is one of opportunity, where more can be achieved working together under joint governance than by working separately.

## **2. Background**

2.1. The Act places a statutory obligation on emergency services to collaborate and enables Police and Crime Commissioners to take on responsibility for fire and rescue services in their area, where there is a local business case made out on grounds of effectiveness, economy, efficiency and public safety.

2.2. As a result of this new legislation the Police and Crime Commissioner for Lancashire appointed A. Allen Consulting Ltd to explore whether at a high level, there is a case for a governance change in Lancashire under the options described in the Act.

2.3. The three different governance models that could be adopted are:

- The Representation Model
- The Governance Model
- The Single Employer Model

2.4. This report has been prepared whilst working with the PCC, the Office of the Police and Crime Commissioner for Lancashire (OPCC) and is based on information provided by Lancashire Constabulary ("Police") and the Lancashire Fire and Rescue ("LFRS") and information in the public domain including all other local business cases submitted to Government.

2.5. As part of this process a series of contacts, interviews and meetings with key stakeholders and representatives have taken place, specifically:

- Chair of the Lancashire Combined Fire and Rescue Authority (FRA)
- Fire Brigade Union (FBU)
- Leader of Blackburn with Darwen Council
- Leader of Blackpool Council
- Lancashire Constabulary (Police)
- Lancashire Fire and Rescue Service (LFRS)
- Leader of Lancashire County Council
- Office of the Police and Crime Commissioner for Lancashire (OPCC)
- Police and Crime Commissioner for Lancashire (PCC)
- Police Federation
- UNISON

2.6. This report will enable the PCC to make an informed decision whether to progress to the preparation of a full local business case for a change in governance.

### **3. Context**

#### **3.1. Existing Arrangements for Policing**

- 3.1.1. The Police Reform and Social Responsibility Act 2011 (PRSRA) introduced the role of a Police and Crime Commissioner for Lancashire. The Police and Crime Commissioner is the voice of the people in Lancashire when it comes to policing and crime prevention and he holds the Chief Constable to account for the delivery and performance of Lancashire Constabulary.
- 3.1.2. The overall budget for policing in Lancashire in 2017/18 is £261.6m and is the responsibility of the Commissioner. However, a substantial part of this (£251.95m) is provided to the Chief Constable to run the constabulary.
- 3.1.3. Since 2010/11, the Police have achieved efficiency savings of £76m to the end of 2017/18, the equivalent of 30% of the 2010/11 budget. This equates to a loss of 800 officers and 350 staff in that period.
- 3.1.4. The constabulary covers 2000 square miles and a population of nearly 1.5 million. In March 2017 there are 2,850 police officers, 1,706 staff and 270 PCSOs employed by the Constabulary (Home Office Police Workforce Statistics).

#### **3.2. Existing Arrangements for Fire**

- 3.2.1. The Combined Fire and Rescue Authority (CFRA) consists of 25 members nominated by each of the three top tier authorities (in 2017/18 this consists of 19 from Lancashire County Council; three from Blackpool Council and three from Blackburn with Darwen Council. In 2017/18 the FRA politically consisted of 12 Labour members, 11 Conservative, one Independent and one Liberal Democrat. The Chair and Deputy Chair of the FRA are chosen by Lancashire County Council and were both Labour in 2017/18.
- 3.2.2. The CFRA revenue budget for 2017/18 was £53.9m.
- 3.2.3. All members are paid a basic allowance of £2,730 and 13 members are paid an additional responsibility allowance that gives an annual budget of £107,000 for allowances. Spending on members allowances in 2017/18 was £113,800 (£117,161 in 2016/17).
- 3.2.4. The CFRA is responsible for providing an effective and efficient fire and rescue service which provides maximum value for money for Lancashire. LFRS is legally required to enforce fire safety legislation and to reduce the risk of fire causing death, serious injury and property related losses to the community. It must also make provision for rescuing people in the event of road traffic collisions.
- 3.2.5. Lancashire Fire and Rescue Service employed 609 whole-time firefighters, 248 retained firefighters and 194 staff as at 31 March 2017 (Home Office Fire and Rescue Workforce statistics)
- 3.2.6. Efficiencies totalling £18.0m between 2011/12 and 2017/18 have been achieved by LFRS, which equates to 25% of the budget. From the consultation with LFRS it was stated that there has been a reduction in demand estimated at about 40% that has been addressed by increasing the use of retained firefighters by an equivalent

amount and a consequential reduction in full time fire fighters. It was also identified that approximately 12% of the total efficiency savings made have been achieved by reducing senior posts and support functions.

### **3.3. Existing Collaborations**

- 3.3.1. In addition to collaborations between LFRS and other brigades both in the North West and nationally, there are collaborations between LFRS and the North West Ambulance Service and the Local Authorities in Lancashire.
- 3.3.2. Collaboration activity between Lancashire Constabulary and LFRS already takes place including transport of the public to A&E, gaining access to properties for cases of concern for health and in searches for missing persons.
- 3.3.3. In late 2017 collaboration between LFRS and the Police was strengthened through the creation of the Blue Light Collaboration Project. A statement of intent has been agreed and signed by both the Deputy Chief Constable and Deputy Chief Fire Officer. A total of 32 projects were initially identified for further examination. At the most recent meeting in April, at least 14 of these projects are being progressed with others being examined further.

## **4. Drivers for Change**

### **4.1. National Agenda**

- 4.1.1. The focus on the need for more collaboration in emergency services is one that has been around for a long time. In May 2013 Sir Ken Knight CBE, issued his report "Facing the Future: Findings from the review of efficiencies and operations in fire and rescue authorities in England". He said;

*"Collaboration, co-responding and co-location with other blue-light services does happen and can deliver efficiency through consolidating public sector assets as well as closer working. But progress is patchy and driven or hindered by local relationships."*

- 4.1.2. Further he called for;

*"National level changes to enable greater collaboration with other blue-light services, including through shared governance, co-working and co-location to unlock further savings."*

- 4.1.3. In 2014, HMIC (Her Majesty's Inspectorate of Constabularies) published the "Policing in Austerity: Meeting the Challenge". It stated that;

*"Last year, HMIC described progress on collaboration as deeply disappointing. This year, we are seeing an improvement in the extent to which collaboration is supporting forces' savings plans....However, one year on, there are still a number of forces who have not seized the opportunity to work with others to make themselves more efficient and to achieve economies of scale...The collaboration picture has become more complex and fragmented... Extensive collaboration is not materialising in the majority of forces, and only a few are achieving substantial savings."*

- 4.1.4. In September 2015 the Government ran a consultation exercise "Enabling Closer Working between Emergency Services". This was a consultation on a series of measures to transform the delivery of local fire and police services, to drive greater collaboration between the police, fire and rescue and NHS ambulance services. The measures consulted on included, the duty on the emergency services to collaborate with each other and three new possible governance structures involving Police and Crime Commissioners.
- 4.1.5. The Act was then introduced which actually placed a statutory obligation on emergency services to collaborate with each other and enabled Police and Crime Commissioners to take on responsibility for fire and rescue services in their area, where there is a local business case made out on grounds of effectiveness, economy, efficiency and public safety. This Act cemented a government commitment to reform and to push the collaboration agenda further and faster. The aspiration of Brandon Lewis the then Policing and Fire Minister was that he expected the ... *"pace and ambition of collaboration to increase and for it to become the norm."*
- 4.1.6. The Policing and Crime Act 2017, does not mandate any local area to take up any of the governance options set out in the Act. Instead, there is presented, an opportunity to review and decide what would work best in the local area.
- 4.1.7. Nationally, there is some evidence of weakness in fire governance and scrutiny. In 2015 the National Audit Office, report "Financial Sustainability of Fire and Rescue Services" found that

*"Chief fire officers are accountable to fire and rescue authorities, made up of elected councillors, accountable to their electorates. The Department places considerable emphasis on this local scrutiny and accountability. However, it was apparent in a number of our case studies that members lacked independent technical support in delivering their scrutiny function."*

*"The Department says authority members will want to take advice from their chief fire officer, and receive briefings from the services' senior managers. While this will provide them with technical information, it may not give them an independent technical basis on which to assess it. Elected members need technical support to enable them to make independent judgements on the strategies and performance of their service."*

- 4.1.8. This is similar to comments made in the joint "Learning Lessons" report by the HMIC and Audit Commission in 2010 about the performance of Police Authorities prior to their transition to Police and Crime Commissioners. The comments included;

*"Most of the police authorities inspected are not taking a sufficiently strategic lead in deciding the longer term shape of policing for their area."*

*"Most of the police authorities inspected are effective in scrutinising everyday performance and holding their police forces to account in delivering policing priorities."*

*"All of the police authorities inspected can do more to secure improved outcomes for the public through effective partnerships and community engagement."*

*"Most of the police authorities inspected are not doing enough to ensure a clear and sustained focus on value for money and collaboration."*

4.1.9 Additional scrutiny and accountability has been provided for the sector. In July 2017, the HMIC (Her Majesty's Inspectorate of Constabulary) brief was expanded to be the national inspectorate of fire and rescue as well as the police. It is now known as the HMICFRS. These inspections will focus on effectiveness, efficiency and leadership. The overall aim of the inspections is to drive improvement of the service, establish good practice and areas for improvement and improve accountability of the fire and rescue service to the communities they serve. The first tranche of these inspections will take place soon and the inspection for LRFS is in July 2018.

## **4.2. Police and Crime Commissioners and the emerging landscape**

- 4.2.1. The first Police and Crime Commissioners were elected in 2012 under the Policing Reform and Social Responsibility Act 2011. There are currently 40 Commissioners in England and Wales and two Elected Mayors that hold Commissioner powers (London and Greater Manchester).
- 4.2.2. There is a growing acceptance nationally that the introduction of Police and Crime Commissioners has provided greater public accountability for policing, whilst accelerating reform and increasing collaboration. There is willingness by national government to provide Commissioners with greater devolved responsibility. This has been demonstrated by the transfer of victims commissioning responsibility to Commissioners and a desire to further increase their involvement in criminal justice reform. Providing the option to take the role of fire and rescue authorities is a further vote of confidence in the Commissioner model. There are no known plans to devolve any further responsibilities over and above those mentioned.
- 4.2.3. At the time of writing this report there are a number of Commissioner areas that have adopted the representation model, these include Northumbria and Merseyside. There is only one Commissioner that has implemented the governance model which is Essex in October 2017 and no area has applied for the single employer model. Three further business cases for the governance model have been approved by the Home Secretary in April 2018, these are Cambridgeshire, Staffordshire and West Mercia. All three hope to implement the changes in June 2018. Completed business cases for North Yorkshire, Hertfordshire and Northamptonshire are with the Home Secretary for consideration and Norfolk is yet to be submitted but is being progressed.
- 4.2.4. In the case of London and Greater Manchester the Government have supported the creation of Elected Mayors who have responsibility for both Fire and Policing. The Elected Mayor for the West Midlands may also take on responsibilities for Policing in 2020.

## **4.3. Drivers for Local Change**

### **4.3.1. Lancashire Constabulary**



- 4.3.2. Since 2010/11 Lancashire Constabulary will have delivered over £76m in savings by the end of 2017/18. This has been required to meet the pressures that have arisen due to reducing budgets from Government grants, increased costs of delivering the service due to inflation and also growing and increasingly complex demand. Delivering these savings has led to the loss of 800 officers and around 350 staff and the Constabulary has had to look at new ways of working to deliver efficiencies. To minimise the impact on front line including the increased use of mobile technology to increase the time officers are able to operate in the community. Further, there has been preventative activity through the Early Action programme to target high intensive users of policing services and a targeted workforce modernisation programme.
- 4.3.3. Looking at financial plans to 2022, the current estimate suggests that the PCC and Police will need to deliver further savings in the region of £26m per year by 2021/22.
- 4.3.4. Reported crime in Lancashire has experienced a 15 per cent increase for the 12 month period ending December 2017, which is in line with the national increase for the same period.
- 4.3.5. It is the case that more people are coming forward to report crimes that had traditionally remained hidden, such as sexual assaults, modern slavery and CSE (Child Sexual Exploitation). In addition, police recording of crimes is improving to ensure that the picture of crime being recorded by forces is a closer reflection of the real picture of crime in England and Wales.
- 4.3.6. An increase in recorded crime naturally means a greater demand on the police service. During the period of March – September 2017, the Constabulary received an average of 20,600 '999' calls a month, and when 101 calls are added this rises to over 96,000 a month. This is around 6,500 a month more than the same period for the previous year.
- 4.3.7. The table below shows the top five forces in the country experiencing the greatest number of calls to its 999 and 101 services, relative to population. Only the Metropolitan Police in London received more calls per 1,000 population:

Police force	Calls per 1,000 population (2017)
Met Police (London)	416
Lancashire	376
South Yorkshire	353
South Wales	343
Gwent	338

- 4.3.8. Inspectors from HMICFRS have noted that, with cuts to other services such as support for those suffering with their mental health, the police are increasingly being called first when previously they were considered a last resort. This is being seen on 999 and 101 calls, which are gradually increasing in duration as they deal with more complex cases. The average call length is now over two minutes longer than



it was five years ago. Longer and more complex cases being brought to the police's attention inevitably has an effect on the number of calls which can be dealt with. In addition, an increasing number of police officers and vehicles are being tied up with hospital admissions where ambulances are unavailable.

#### **4.3.9. Lancashire Fire and Rescue Services**

4.3.10. Since 2011/12, LFRS have delivered savings of £18 million due to reducing budgets from Government Grants and increased costs of delivering the service.

4.3.11. In 2018/19 the government provided £24.3m Grant funding to LFRS compared with £32.6m in the 2010/11 Local Government Finance Settlement.

4.3.12. Looking at financial plans to 2022 the current estimate suggest the LFRS will need to deliver savings of around £6.5m a year by the end of the period. While the government have extended the precept referendum cap to 3% to reflect growing pressures of inflation there has been limited public consultation about council tax rises through the fire and rescue precept

4.3.13. The 2018/19 Fire and Rescue Precept is £67.46 a head for Band D properties in Lancashire. Data from the police precept suggests that a move from Government grant towards increased precept disadvantages Lancashire when compared with other parts of the country which can raise more cash via the same level of precept increase.

4.3.14. According to Home Office Fire and Rescue service workforce statistics, nationally there were 6,778 fewer Full Time Equivalent 'whole-time' firefighters at March 31st 2017 compared to March 31st 2010. For the same period the number of people working as on-call firefighters also decreased by 1,806 and overall staff numbers have fallen by 10,687, a reduction of 21%.

4.3.15. In 2012 the current Fire Service HQ was declared as not fit for purpose with the Chief Fire Officer saying the building "could not be adapted to serve our needs at any price" and "a constant drain on resources". However, budget constraints led to these plans being shelved in 2014 to prioritise frontline services. The 2018/19 budget report confirms that no allowance has been built into the capital programme for the potential relocation of the Service Headquarters. However, the report notes that were this to be included in the five year capital programme, all capital reserves and receipts would be utilised to fund this, as well as potentially requiring additional borrowing.

4.3.16. Since 2010/11 the number of fire related deaths has generally fallen in Lancashire from 14 to 5 in 2016/17. The average annual fire related fatalities over that time period was 8.5. Over the same period the number of non-fatal casualties has fallen from 484 to 339, with an annual average of 361 non-fatal casualties over this period.

4.3.17. In 2018, LFRS reported having 39 Fire stations, 58 fire engines and 1,170 staff.

## **5. Consultation Feedback**

5.1. An essential aspect of this review was to assess the position of key stakeholders at this point.

5.2. In order to gain initial views for the purpose of this review, all three leaders of the upper tier local authorities were contacted along with the Police Federation, Unison and the Fire Brigades Union.

5.3. In order to gain as much understanding and insight as possible, the PCC, the Chair of the CFRA, Chief Constable, Chief Fire Officer, PCC Chief Executive, PCC Chief Finance Officer, were also interviewed along with a number of officers and staff in each service.

5.4. Interviews took place with all those mentioned in 5.2 and 5.3, with the exception of the Leader of Blackpool Council (who responded by email) and the Leader of Lancashire County Council. Both declined the invitation to take part in the review.

5.5. The consultation responses can be summarised as follows.

- All three top tier authorities will object to the proposal for a change of governance if a business case is developed. This was relayed via email from the **Leader of Blackpool Council** and the **Leader of Lancashire County Council**, both declined the invitation to take part further in the feasibility.
- **The Leader of Blackburn with Darwen Council** stated that the Combined Fire Authority (CFRA) was performing well and there are a number of existing examples of effective collaboration. The level of efficiency savings already delivered was also cited as evidence of good performance. The leader believes that the CFRA represents a more democratic model than the Police and Crime Commissioner model and provides better political balance. The leader expressed concern that the proposals represent a 'take-over' of fire services by the constabulary and questioned whether the budget for delivery of fire and rescue services would be protected. The leader believes that as a service with a single role – dealing with fire – the CFRA does not need to have the public profile that a PCC has. The leader of the council felt that he had a better connection with the old Police Authority as there were members of Blackburn with Darwen council on that authority. The leader fully accepts that the fire and rescue service must make further savings in the same way that local authorities must.
- **Unison** appreciate the need to evaluate the options and will engage in constructive dialogue, however the national Unison position is being determined currently and the local Unison branch may be directed nationally. Unison have seen benefits from the PCC model and a positive and proactive approach to staffing issues by the Commissioner. The introduction of the Living Wage was cited as an example.
- **The Police Federation** is supportive of a change. They have seen many benefits of the PCC model, in particular the opportunity to have more sophisticated and nuanced discussions with a single decision maker. They have also seen benefits in the speed of decision making under the PCC model. They feel that collaboration should go further and that a change of governance would increase the speed and depth of collaboration.
- **The FBU** has a national position of opposing new governance arrangements, however the regional FBU has seen benefits of the new model being adopted

in Greater Manchester. They cited the opportunity to be able to talk directly with senior decision makers and this aided the speed at which agreement could be reached. The public position of the FBU is that they have no final view. The regional representative suggested that they would listen to both the FRA and the PCC to understand the impact of changes but did see benefits to a change of governance. At this stage the FBU would be seeking to ensure that the single employer model is not progressed, that grey book conditions remain and that there would be engagement with them throughout the process. There is a concern that the fire service will be seen as the “soft underbelly” when it comes to seeking efficiencies.

- The view of the **Combined Fire and Rescue Authority (CFRA)** was sought through the Chair. The over-arching view of the Chair of Lancashire CFRA is that there is no need for change as substantial efficiencies have been made to date and governance changes would not affect the speed or depth of future collaboration.
- The view expressed by **Lancashire Constabulary** was very positive about the opportunities offered by the potential changes to governance for LFRS. The constabulary were clear that the current approach to collaboration could be far more ambitious in its scope and could be progressed at a much greater pace. It was also asserted that a change in governance could offer greater clarity on accountability and management of risk of collaborative programmes through defined allocation of responsibility. It was also stated that space could be made available within the Police Headquarters site to accommodate all staff currently within the LFRS Headquarters.
- **Lancashire Fire and Rescue Service (LFRS)** are very positive regarding collaborative working with the constabulary and all partners. Their view is that this can be delivered under the current governance arrangements and any of the alternative models identified in this review. LFRS identified that there are no more savings that can be made in 'back office' functions as they are already 'very lean'.

5.6. All consultees spoken to agreed that it was fair to compare the transition from a police authority to the PCC model with the possible transition from Combined Fire Authority to a Police Fire and Crime Commissioner Model. Based on this it can be assumed that any benefits or disadvantages experienced through the transition to the PCC model can be applied to a future change in fire governance.

## 6. Option Appraisal

6.1. As part of this option appraisal review Key Success Factors (KSFs) have been identified as drivers for changing governance in Lancashire. The following KSFs were agreed with the PCC to assess each of the potential future governance options for Police and LFRS to enable the PCC to determine which is the most appropriate for services in Lancashire in line with the requirements set out in the 2017 Act.

6.2. Each KSF is related to the statutory tests as set out in the Act and the tests applied for each KSF against each governance option are set out in the table below. The strength for the case for change is provided through a Red/Amber/Green rating where Red is low strength, Amber is medium strength and Green is high strength.

KSF Delivers:			Key Success Factor (KSF)	Test	How the test is met
Efficiency/ Economy	Effectiveness	Public Safety			
	✓		Greater scrutiny, accountability and visibility of the governance of the service	How well the option provides the benefits of transparency and accountability and is visible and recognisable to the public and stakeholders	The option improves the scrutiny, accountability, transparency and visibility for the public, stakeholders and the Police and LFRS
	✓		Provide a strategic vision for the delivery of services	How the option provides a strategic vision for the services that reflects the public's requirements through a democratically delivered political mandate	The option provides a clear strategic vision agreed with the public and service stakeholders, to be delivered by the Police and LFRS
✓	✓	✓	Provides for effective decision making	How the option delivers timely, high quality decision making to ensure services are managed as efficiently and effectively as possible	The option enables decision making to be as efficient as possible to enable services to be delivered as effectively as possible whilst ensuring scrutiny and support for services are provided for the decisions being made

✓	✓	✓	Accelerates pace and effectiveness of collaboration	How well the option: <ul style="list-style-type: none"> <li>• Improves public safety and service resilience through collaborative activity</li> <li>• Delivers efficiencies for Police, Fire and other public services</li> <li>• Provides value for money</li> </ul>	The option can accelerate and enable more effective collaboration for the Police and LFRS  The option ensures such collaboration delivers improved public safety, greater service resilience improved effectiveness and efficiency and increase value for money
✓	✓		Delivery of savings from shared estate and support functions	How the option delivers value for money from optimising the use of resources	The option enables the delivery of financial savings for reinvestment in the delivery of services through optimising the use of resources for example estate and support functions

### 6.3. Option 1 – No governance change

6.3.1. The current governance arrangements remain in place consisting of a Combined Fire Authority for Lancashire responsible for LFRS and the PCC with responsibility for the governance of the Police.

Key Success Factor (KSF)	High level option appraisal	High level option appraisal		
		Efficiency/ Economy	Effectiveness	Public Safety
Greater scrutiny, accountability and visibility of the governance of the service	The formal mechanisms of transparency and accountability of the FRA function would remain the same as today, which are in line with internal and external audit requirements but could be improved in some areas.			
Provide a strategic vision for the delivery of services	From the consultation undertaken it was evident that there is no political manifesto established for the FRA or any of its members. Whilst the FRA has an active role in establishing the strategy for the fire service the strategy is originally developed by the Fire Service and not by the members of the FRA. There is no public mandate on which the Fire Strategy is based.			



Provides for effective decision making	The current mechanisms requires some decisions for the LFRS to go through a committee and then to the FRA which can take a significant amount of time. It is accepted that the Chief Fire Officer has significant delegated powers to make decisions in a timely manner, but this does dilute the political impact and oversight in the making of such decisions.			
Accelerates pace and effectiveness of collaboration	<p>A continuation of collaboration at the existing rate and scale of change and opportunities for collaboration will continue to be sought on a tactical basis.</p> <p>More ambitious opportunities that move closer to shared strategies and functions are likely to be more difficult to achieve in this model because of the complexities of separate decision-making structures. However, these could be overcome if there is political will, as has been seen in other areas.</p>			
Delivery of savings from shared estate and support functions	<p>A continuation of collaboration at the existing rate and scale of change is likely unless there is a change in the level of collaboration ambition.</p> <p>Given the limited achievement of such activity to date this suggests there would only be limited outcomes for the residents of Lancashire from such activity under the current arrangements.</p>			

#### 6.4. Option 2 – Representation model

- 6.4.1. Under this model the PCC may request to be appointed to the FRA. A business case is not required, the request is a local one. The FRA would have to consider this request and provide a justifiable decision and publish it, if the request is refused. If agreed the PCC would become a full member of the FRA or any of its committees, with voting rights equal to other members. The FRA would then need to make a request to Secretary of State to make an Order, varying the existing combination scheme constituting the FRA.
- 6.4.2. The Home Office is currently undertaking work to change the Combination Schemes of combined fire authorities such as Lancashire, at a national level which will allow a representation model to be implemented locally without the need to apply to Government for a change. This is likely to be completed by October 2018 and the Home Office will not accept requests from Combined FRA's outside this process. In practice this means that following October 2018 the PCC can request to join the FRA as a voting member and if agreed locally, then this can take place immediately.



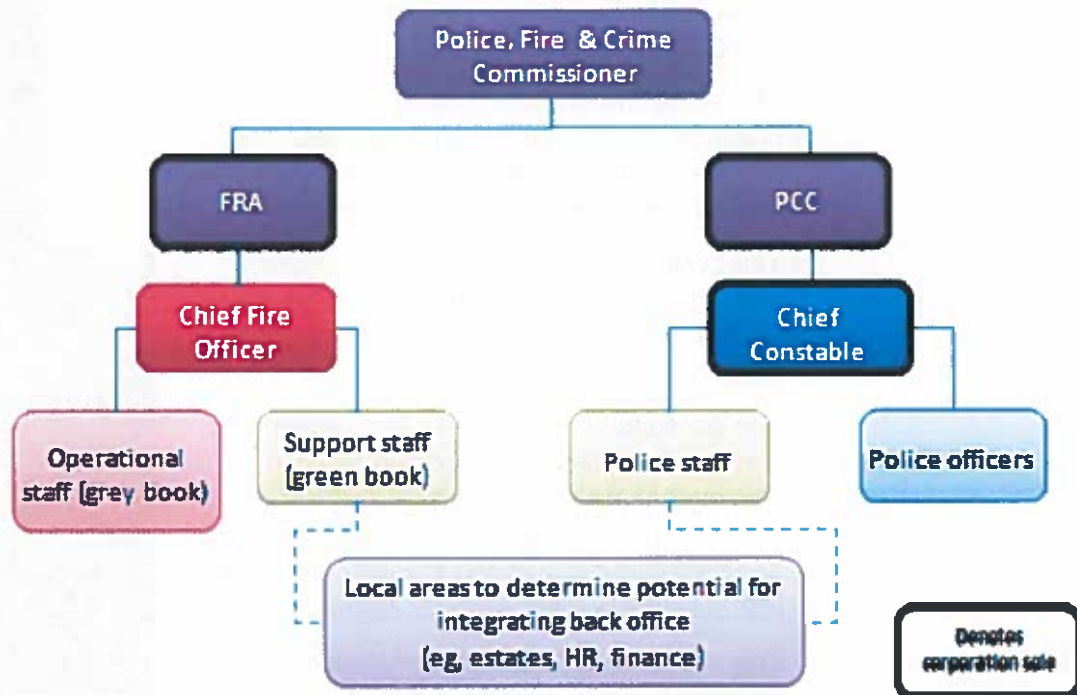
Key Success Factor (KSF)	High level option appraisal	Efficiency/ Economy	Effectiveness	Public Safety
Greater scrutiny, accountability and visibility of the governance of the service	The formal mechanisms of transparency and accountability of the FRA function would remain the same as today, which is in line with internal and external audit requirements but could be improved in some areas. This option would therefore provide little change to the existing arrangements in respect of visibility and accountability to the public.			
Provide a strategic vision for the delivery of services	Development and delivery of a strategic vision for police and fire collaboration is unlikely to be achieved as a fragmented governance model will still exist unless there is a stronger political consensus.			
Provides for effective decision making	<p>The PCC would be able to contribute formally on fire matters, bringing additional outside scrutiny, but this is not expected to represent a material difference versus the status quo.</p> <p>The ability to influence LFRS activity is limited by the small number of opportunities provided to discuss these issues at the FRA by this model.</p>			
Accelerates pace and effectiveness of collaboration	<p>This option would provide the PCC with a formal opportunity to influence the shaping and improvement of future fire services, as well as fire and police collaboration. This could bring additional external scrutiny or additional weight to collaboration discussions dependent upon political consensus on the FRA.</p> <p>The PCC would also have a formal (albeit limited) role in approving future strategies and budgets for Lancashire FRA, which might help to reduce the risk of inappropriately aligned strategies, however this again is dependent upon achieving political consensus across the FRA. However the Commissioner would be the 26<sup>th</sup> voice within the FRA and therefore a very limited role.</p>			
Delivery of savings from shared estate and support functions	<p>A continuation of collaboration at the existing rate and scale of change is likely unless there is a change in the level of strategic ambition.</p> <p>Given the limited achievement of such activity to date this suggests there would only be limited outcomes for the residents of Lancashire from such activity under the current arrangements.</p>			

### **6.5. Option 3 – Governance model**

Under this option:

- 6.5.1. The PCC would become the Police Fire and Crime Commissioner (PFCC) and the employer of all fire and rescue staff. All assets and contracts would transfer to the PFCC.
- 6.5.2. The Chief Fire Officer would have operational responsibility and day-to-day responsibility for the leadership of LFRS.
- 6.5.3. The Chief Constable would also continue to employ staff in line with current arrangements.
- 6.5.4. The distinction between operational policing and fire-fighting would be maintained.
- 6.5.5. The PCC would continue to be a corporation sole for policing and crime with a separate corporation sole for the FRA functions. The FRA governance would reflect the current PCC arrangements.
- 6.5.6. A Police, Fire and Crime Panel would be constituted to scrutinise both functions and the FRA members would step down.
- 6.5.7. The Office of the PFCC would need to be expanded and restructured to take on the role of governance of LFRS. The Office would also require resource to oversee and drive forward collaboration.
- 6.5.8. All assets and liabilities of the FRA transfer to the Police and Crime Commissioner and he would become the Police Fire and Crime Commissioner (PFCC).
- 6.5.9. In order for fire and rescue functions to be transferred to the PCC, the PCC must first prepare a draft local business case and undertake a public consultation. Thereafter, he must then respond to the consultation and then submit the final local business case to the Secretary of State on the grounds of economy, efficiency and effectiveness or on the grounds of public safety alone. The local business case is then subject to scrutiny. If there is opposition to the proposal, an independent assessment will be undertaken on behalf of government. Secondary legislation would be required to approve the change.

# Governance Model



Key Success Factor (KSF)	High level option appraisal	Economy	Efficiency/	Effectiveness	Public Safety
Greater scrutiny, accountability and visibility of the governance of the service	<p>It is expected that this option will raise the public profile of fire governance, as the PCC role has been shown to raise the profile of police governance. There would be a single, democratically accountable person responsible for fire governance, accessible to the public providing a visible public presence.</p> <p>It would also be possible for independent technical resources within the Commissioner's office to provide additional capacity and capability to provide effective independent scrutiny and challenge to decision-making, although this would incur additional costs. This is not the case under the current arrangements where all advice is provided to the FRA by the fire service itself.</p>				

<p>Provide a strategic vision for the delivery of services</p>	<p>This option provides a clear strategic vision agreed with the public and service stakeholders, to be delivered by the Police and LFRS developed through extensive public consultation in the same way that the Police and Crime Plan is developed for policing.</p> <p>This model means that a clear political manifesto is presented prior to election, this provides a strong political mandate to drive through transformation at a strategic level.</p>			
<p>Provides for effective decision making</p>	<p>The availability of a single decision making body increases the opportunity to make timely and informed decisions that enhance service delivery.</p> <p>The consultation undertaken has recognised that the Commissioner model in place in policing has been welcomed in respect of decision making quality as it enables nuanced and sensitive discussions to take place once with a single point of decision making.</p>			
<p>Accelerates pace and effectiveness of collaboration</p>	<p>This option would make collaboration of a different scale more achievable than has been possible previously, with the ability to align priorities and budgets and share resources more easily.</p> <p>With a single decision-maker it is more likely that opportunities to create shared functions and roles, where there is a good business or cost reason to do so, can be taken.</p> <p>The provision of a clear, aligned strategic vision for Police and LFRS delivered by this model will ensure that collaborative opportunities are taken that might not be possible under current arrangements if political consensus cannot be achieved.</p>			
<p>Delivery of savings from shared estate and support functions</p> <p>* Further information is shown in section 7</p>	<p>A single strategic vision aligned with more streamlined governance arrangements will make it more likely that specific opportunities in estates and support function collaboration can be realised to deliver financial savings.</p> <p>It is also more likely that, specifically, a joined-up strategic vision for estates will be possible.</p> <p>The consultation undertaken for this review has identified that savings could be achieved through collaborative activity as follows:</p>			

	<ul style="list-style-type: none"> <li>•£327,000 annual savings and a capital receipt of £1.5m to £2.0m could be achieved through collaboration on estate activity.</li> <li>•£80,000 annual savings from a combined finance function for the OPCC and LFRS</li> <li>•£52,000 savings from FRA members allowances</li> </ul>	
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## 6.6. Option 4 – Single employer model

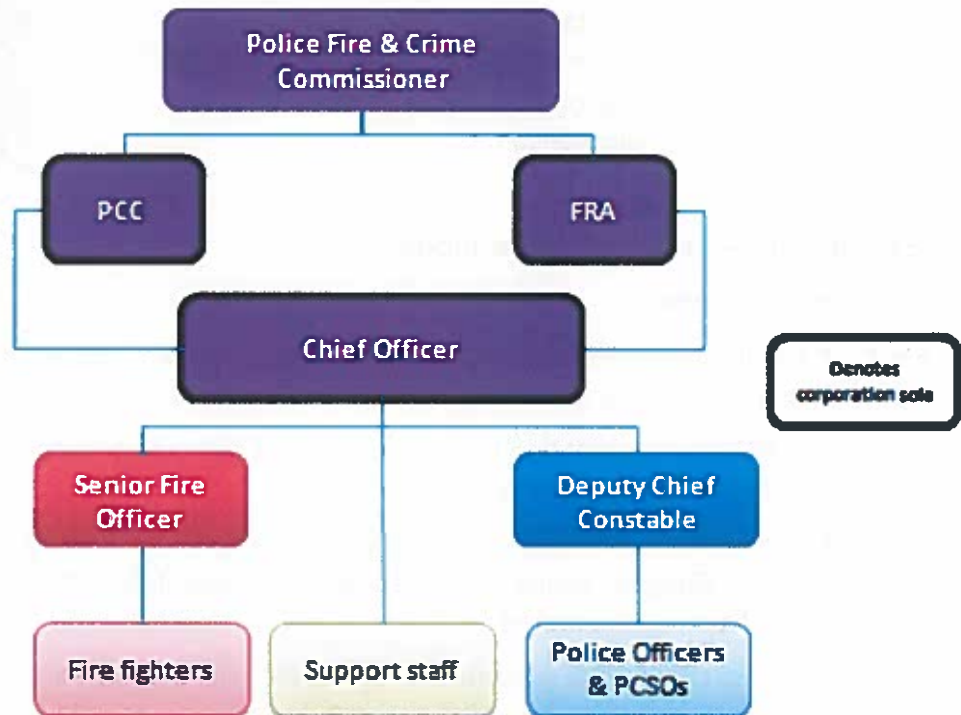
Under this model:

- 6.6.1. A Chief Officer would be appointed as head of both Lancashire FRS as well as Lancashire Police, employing both fire and police personnel.
- 6.6.2. The PCC would continue to be a corporation sole and a separate corporation sole would exist for the FRA functions.
- 6.6.3. There would continue to be two separate precepts and funding streams for fire and policing. Budgets would be accounted for separately, however funds could be allocated for collaboration.
- 6.6.4. As in the case of the governance model, the Office of the PFCC would need to be expanded and restructured to take on the role of scrutiny of the LFRS, however the resource for overseeing and driving enhanced collaboration is likely to sit with the Chief Officer rather than the PFCC.
- 6.6.5. All assets and liabilities of the FRA transfer to the Police and Crime Commissioner and he would become the Police Fire and Crime Commissioner (PFCC).
- 6.6.6. In order for fire and rescue functions to be transferred to the PCC, the PCC must first prepare a draft local business case and undertake a public consultation. Thereafter, he must then respond to the consultation and then submit the final local business case to the Secretary of State on the grounds of economy, efficiency and effectiveness or on the grounds of public safety alone. The local business case is then subject to scrutiny. If there is opposition to the proposal, an independent assessment will be undertaken on behalf of government. Secondary legislation would be required to approve the change.

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# Single Employer Model



Critical Success Factor (CSF)	High level option appraisal	Economy	Effectiveness	Public Safety
		Efficiency/		
Greater scrutiny, accountability and visibility of the governance of the service	<p>It is expected that this option will raise the public profile of fire governance, as the PCC role has been shown to raise the profile of police governance. There would be a single, democratically accountable person responsible for fire governance, accessible to the public providing a visible public presence.</p> <p>It would also be possible for independent technical resources within an OPFCC to provide additional capacity and capability to provide effective independent scrutiny and challenge to decision-making, although this would incur additional costs. This is not the case under the current arrangements where all advice is provided to the FRA by LFRS itself.</p>			
Provide a strategic vision for the delivery of services	This option provides a clear strategic vision agreed with the public and service stakeholders, to be delivered by the Police and LFRS developed through extensive public			



	<p>consultation in the same way that the Police and Crime Plan is developed for policing.</p> <p>This model means that a clear political manifesto is presented prior to election, this provides a strong political mandate to drive through transformation at a strategic level.</p>		
Provides for effective decision making	<p>The availability of a single decision making body increases the opportunity to make timely and informed decisions that enhance service delivery.</p> <p>The consultation undertaken has recognised that the Commissioner model in place in policing has been welcomed in respect of decision making quality as it enables nuanced and sensitive discussions to take place once with a single point of decision making.</p>		
Accelerates pace and effectiveness of collaboration	<p>This option would enable collaboration of a different scale than has been possible previously, with the ability to align priorities and budgets and share resources more easily. It drives the single point of accountability and decision-making down a further level, to the Chief Officer, which is likely to increase the scope for increased sharing of fire and police roles, and also simplify decision-making even further.</p>		
<p>Delivery of savings from shared estate and support functions</p> <p>* Further information is shown in section 7</p>	<p>A single strategic vision aligned with more streamlined governance arrangements will make it more likely that specific opportunities in estates and support function collaboration can be realised to deliver financial savings.</p> <p>It is also more likely that, specifically, a joined-up strategic vision for estates will be possible.</p> <p>The consultation undertaken for this review has identified that savings could be achieved through collaborative activity as follows:</p> <ul style="list-style-type: none"> <li>• £327,000 annual savings and a capital receipt of £1.5m to £2.0m could be achieved through collaboration on estate activity.</li> <li>• £80,000 annual savings from a combined finance function for the OPCC and LFRS</li> <li>• £52,000 savings from FRA members allowances</li> </ul>		

## 7. Financial Appraisal

### 7.1. Immediate savings

7.1.1. As part of the high level option appraisal exercise, the ability to generate additional financial savings through collaborative activity has been examined for each alternative governance model.

7.1.2. It has been identified that the following savings can be made with immediate effect by some of the governance options:

Year	1	2	3	4	5	6	7	8	9	10	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Members Allowances (FRA)	107	107	107	107	107	107	107	107	107	107	1,070
Relocate LFRS HQ	0	327	327	327	327	327	327	327	327	327	2,943
Combine PCC and LFRS finance functions	80	80	80	80	80	80	80	80	80	80	800
<b>Annual Savings</b>	<b>187</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>4,813</b>
LESS Additional support in respect of Fire Services	55	55	55	55	55	55	55	55	55	55	550
<b>Net annual savings</b>	<b>132</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>4,263</b>

7.1.3. The savings identified above are delivered by:

- **Members Allowances**  
The ceasing of payments of members allowances when the Combined Fire Authority ceases to exist upon the adoption of an alternative form of governance.
- **Relocate LFRS HQ**  
The saving delivered when occupation of the current Fire HQ building ends and assumes that all staff are relocated to existing accommodation on the Constabulary HQ site thus avoiding any increase in cost at an alternative site.
- **Combine PCC and LFRS finance functions**  
Both organisations have a finance function, consultation with the Chief Finance Officers for both organisations concluded that a reduced resource could deliver the service that both organisations would need

7.1.4. An additional cost has also been identified for support to the PCC to provide specialist support and advice in respect of fire and rescue services enabling the new governance structure to scrutinise and support the service effectively.

7.1.5. From the consultation responses received and the high level review undertaken of existing budget plans for the Police and LFRS it was determined that these savings could only be delivered in this timescale by the governance model and the single employer model.

7.1.6. It was considered unlikely that the necessary political consensus needed to deliver the actions required to deliver these savings could be obtained from the current governance arrangements or from the representation model.

## 7.2. Future savings

- 7.2.1. As part of the review the potential to generate further savings in future years has also been examined looking at collaborative activity that would take a longer period to deliver. The business cases submitted by other PCC's were examined alongside detailed discussions with Senior Officers in both the Constabulary and the LFRS with responsibility for identifying collaborative opportunities.
- 7.2.2. This analysis has found that significant savings are possible in the medium to long term when functions and operational activities are delivered in a collaborative model. The nature of such activity requires a level of political consensus that cannot be delivered by the current governance arrangements or by the representation model as they would involve changes to staff responsibilities that require detailed negotiation. The consultation found that this type of negotiation was only deliverable by the single point of contact for decisions provided by the governance model and the single employer model.
- 7.2.3. The high level appraisal undertaken in this review has not identified specific areas of activity and therefore saving that could be delivered, this will be considered in a business case for the respective option selected. However, the amount of total savings identified in the business cases submitted to the Home Secretary can offer a broad guide to the range of savings that might be achieved in Lancashire.
- 7.2.4. The savings identified in the seven business cases submitted to the Home Secretary to date are shown in the table below. These are expressed as a percentage of the combined budget for each case. The average saving across all business cases is also expressed as a percentage which is then applied to the combined budget for Police and Fire in Lancashire for 2017/18.
- 7.2.5. This exercise indicates that total savings in the range £17.5m to £26.5m are possible in Lancashire.

	Combined Budget	Minimum saving	Maximum saving	Minimum saving	Maximum saving	Status of Business Case
	£m	£m	£m	%	%	
Essex	334.7	15.0	23.0	4.5%	6.9%	Approved
North Yorkshire	169.4	6.6	7.5	3.9%	4.4%	Approved
West Mercia	264.9	25.1	38.1	9.5%	14.4%	Approved
Staffordshire	210.9	20.0	22.9	9.5%	10.9%	Approved
Northamptonshire	139.0	3.3	3.3	2.4%	2.4%	With minister for decision
Cambridgeshire	154.0	4.7	4.7	3.0%	3.0%	With minister for decision
Hertfordshire	238.0	10.2	28.7	4.3%	12.1%	With minister for decision
	<b>1,510.9</b>	<b>84.9</b>	<b>128.2</b>	<b>5.6%</b>	<b>8.5%</b>	
				↓	↓	
<b>Lancashire</b>	<b>312.0</b>	<b>17.5</b>	<b>26.5</b>	<b>5.6%</b>	<b>8.5%</b>	

## **8. Conclusions and Recommendations**

### **8.1. Conclusions**

- 8.1.1. It can be concluded that significant financial efficiencies have been achieved in both the Constabulary and LFRS over many years. It is also evident that the programme of collaboration being established is wide ranging. There is a universal consensus that collaboration should be welcomed, where it can reduce costs and allow reinvestment in frontline services.
- 8.1.2. During consultations it was suggested that a change of governance would result in cuts to services. This is not the case, any change in governance would not reduce the overall spend on either policing or fire but it would allow greater flexibility to reduce spend where it is not needed in order to increase spend on front line delivery.
- 8.1.3. It is also evident that pressure remains in both the Police and LFRS to find efficiencies with a current revenue shortfall in both services that are being subsidised through capital or reserves. There is a clear need to find further efficiencies to avoid frontline services being reduced in later years.
- 8.1.4. The key aim of this review is to assess whether there is suitable evidence to suggest that a change of governance would increase the speed and depth of collaboration and as a consequence should a full local business case be developed for public and stakeholder consultation.
- 8.1.5. The option appraisal shown in section 6 of this review clearly identifies that the key success factors identified to deliver improved collaboration are met by both the governance and the single employer models.
- 8.1.6. The option appraisal also clearly identifies that the status quo and the representation model do not deliver the improved collaboration required under the Policing and Crime Act 2017 or the desire for increased transparency and accountability identified as a key success factor for the review.

### **8.2. Recommendations**

- 8.2.1. That the Commissioner move to the preparation of a full business case in respect of both the governance model and the single employer model.

## Timeline

Action	Month
Decision to proceed	4 <sup>th</sup> May 18
Engage Partner	End of May 2018 to start on site 4 <sup>th</sup> of June 2018
<b>Complete Business Plan</b>	<b>June to July 18</b>
Consultation Preparation	August 2018
Public Consultation	To start 15 <sup>th</sup> August 2018 to September 2018
<b>PCC Response to Consultation</b>	<b>October 2018</b>
Submit to Home Office	November 2018
Independent Review	December 2018 to January 2019
Approval by Home Office	March 19
Act Drafted by Home Office	April 19
Parliamentary Process	May to June 19
<b>Implementation</b>	<b>1<sup>st</sup> July 2019</b>

