

Executive Summary of FiReControl Business Case

Report of the Chief Fire Officer

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1 Purpose of Report

This report updates Members on the new FiReControl business case published in June 2007. The full business case is available on the Fire Service's website. This Executive Summary highlights key areas of the business case and makes special note of issues of concern and interest to Members.

2 Recommendations

The Fire Authority is asked to note the contents of the Business Case especially:

- a) The lack of detailed financial impact on this Authority.

3 The Executive Summary

The Government is committed to working with the Fire and Rescue Service (FRS) to implement an integrated network of Regional Control Centres (RCCs). This work is being carried out because it is felt that the new ways of mobilising resources are essential to improve England's resilience and capability to respond to major incidents and to enable FRSs to deploy resources more effectively and efficiently. The business case (June 2007) published by the national FiReControl project team answers the following questions:

- What are the benefits expected of the national RCC network?
- Why can't the FRS continue with current arrangements?
- Is the project value for money?
- Who will pay for it?



- How are the risks inherent in an endeavour of this scale and complexity being handled?
- What are the main project activities?
- How is the project working with its current stakeholders?

The conclusions to the business case state that:

- The RCCs are essential to meet the critical resilience needs locally, regionally and nationally;
- The RCCs will provide value for money, and achieve considerable efficiency savings for the fire & rescue service;
- Doing nothing is not an option and the government is right to take the lead and earmark significant funds for investment in the project; and
- Delivery of the project will be through a collaborative approach leading to governance by local authority controlled companies which will own and operate the new RCCs.

Officers have analysed the Business Case, and along with the summary, Officers present specific locally based commentary. This commentary is identified with *italics*.

4 Structure of the Business Case

In accordance with the Office of Government Commerce (OGC) guidance, the business case is presented in five parts:

- A strategic Case which sets out the FiReControl vision in terms of the need for modernisation, and assesses the context in which change will take place;
- An Economic Case which provides assurance that costs, benefits and risks of investing in regional controls have been identified and suitably balanced;
- A Commercial Case which provides an overview of the national exercises to procure accommodation and Information Communications Technology (ICT) infrastructure, and how value is being generated;
- A Financial Case which confirms that the project is affordable. It includes an early indication of the beneficial effect on regional budgets; and
- A Project Management Case which outlines the capability of the delivery organisations and the key approaches to be followed.

The business case will be updated to include the costs involved in the London Control Centre once the costs of this are known. Additionally the business case does not include the full costs of the Facilities Management or the ICT Infrastructure Services costs as these are not yet known.



5 Benefits

The document states that the scale and nature of incidents that the FRS is called upon to respond to has increased over recent years. Climate change, which leads to extreme weather events, and terrorism are already major threats. Planning for the future must reflect this reality. A strategy for replacing current controls is essential and has an important part to play in building resilience, doing nothing is not an option if the public is to be better protected. Accordingly, the Government has taken the lead in achieving this through a collaborative project with the FRS called FiReControl.

The business case sets out the following benefits that the project will deliver:

- a) A more resilient service which supports the FRS in responding to major emergencies (including terrorist incidents, natural disasters and industrial accidents).
- b) Enhanced capability which will ensure that all FRSs and their staff have access to the best supporting infrastructure.
- c) Greater operating efficiencies will be achieved through economies of scale.

Members will note that the major factor in starting this project was cost savings and efficiencies. Due to many factors this has now been supplemented and perhaps overtaken by the need for national resilience and enhanced capability. Members will also recognise that most FRS, including our own, would have updated mobilising systems over the last few years as current systems are at the end of their useful life – this adds to the urgency to make this RCC project work.

6 Disadvantages of Current Control Arrangements

The business plan also identifies the disadvantages of current arrangements. It reports that the current 46 separate control rooms rely on a wide range of differing technologies and operational procedures. The gap between the most advanced and the least is stark, with many approaching the end of their useful lives. It goes on to say that the existing controls are stand alone and cannot readily step in for each other when systems fail or in times of high demand and they cannot deploy specialist resources or core fire fighting vehicles flexibly and efficiently across boundaries and over larger areas. The business case estimates that any initiative that tried to network existing control rooms would cost twice as much as FiReControl, but without delivering the same levels of efficiency saving.

Once again the business case states that smaller Fire Controls do not appear to be efficient (page 8) as they only measure cost of calls per head of population. They do not measure the value of the great deal of other work (out of scope activities) carried out by Fire Control staff that will have to be paid for by the Authority once we move to Regional Control Centres.



7 Value for money

It is forecast that the significant, net incremental benefits outlined will be achieved for a marginal net incremental cost (net present cost £50m). Once in steady state operating conditions the business case states that the cost of providing control services under the new, regional and resilient networked arrangements will be some 28% (£23m) lower per annum nationally than current operating costs. This equates to a predicted improvement in unit cost of about 45p per head of population served per year. The authors state that the figures represent prudent assumptions and although there continues to be some areas of uncertainty the figures used in this case are within narrower parameters than previous business cases.

Financially the business case sets out the outline national costs and savings of the project. These are summarised as £9.8 million savings in 2010/11 and savings of £18.1, £18.3 and £12.9 million in the following three years. The estimates see a peak saving of £24.3 million in 2018/19.

There are no regional breakdowns in the business case although a recent communication with Communities and Local Government (CLG) identifies that the present total annual running costs of the whole country's Fire Controls is £80.3 and the future running costs for the regional control centres will be £65.6 million. (These figures do not include the costs/ savings from the FireLink network whose current costs for the region are around £1.7 million per year nor do they estimate the out of scope costs when the new RCCs are operational).

Regionally the CLG currently estimate that the share of costs for the West Midlands Region RCC will be about £6.8 million. This figure does not include such items as facilities management, utilities costs or insurance and the figure is estimated on the staffing model currently used by the CLG.

Finance Officers have looked at the figures and although they are in no position to vouch for their accuracy they do financially make sense. Most recent calculations by Regional Finance Officers have identified very different cost assumptions and are meeting with CLG for a better understanding of how costs have been calculated. Officers are also in regional / national discussions on a cost apportionment model that will be adopted by the Region.

8 Funding

The roll out and commissioning phase of the project is being funded by CLG (together with the investment in FireLink.). The total investment by the CLG in the RCCs (including New Burdens support) is currently forecast to be about £340m. The CLG is funding all the development and implementation costs for the new ICT infrastructure and financially supporting the transition to the new control service. Once operational, the new RCCs (outside London) will be governed by the local FRAs through local authority controlled companies.



The business case (page 98) sets out the CLG view on funding sources and commitment thus:

Resource Requirement	Funding Sources and commitments
Employ Staff	<p>Staff will be employed by the RCC companies established in each region.</p> <p>Employers will bear the costs of redundancy, recruitment and 'golden handcuffs'. CLG will consider claims under New Burdens principles.</p>
Provide suitable accommodation.	<p>The capital costs of construction and fitting out accommodation will be converted into revenue through a leasing arrangement RCCs will pay the rent for the building they occupy. The predictability of the annual rent will assist FRAs in setting annual forecasts and budgets.</p> <p>The running costs of the buildings are the responsibility of the relevant RCCs.</p>
Provide enabling infrastructure.	<p>The CLG has committed to fund the acquisition of new information and communications technology infrastructure and systems. This includes training to support cut over to the new control arrangements for control centre and FRA personnel.</p> <p>The relevant RCC will fund the requirement for ongoing infrastructure services, training, maintenance and support.</p>
Manage the project	<p>The CLG has committed to fund the requirement for the national project team, including advisors and technical experts, and secondees to the national project team.</p> <p>Local Authorities and regions will fund the requirement for regional project teams and other local arrangements for delivering FiReControl. The CLG will consider claims under the New Burdens principles.</p>
Achieve accreditation	<p>The CLG will fund the requirement for accreditation of the national networked system to Governmental standards.</p>
Manage the FiReControl system	<p>The arrangements for managing the national system and how they are funded are under development.</p>

What is still not clear is cost apportionment across the country. The CLG have stated that the costs would not fall equally across the regions and that they would seek to be fair by apportioning these national costs. Officers are seeking assurances that cross subsidy such as this will be legal.



Officers are also seeking further guidance on New Burdens bids so the Authority can bid for finance in areas where Government decisions have added burdens to this FRS.

9 Risk Management

All projects have a degree of risk and the business plan identifies that this major project is no different. FiReControl risk arises from three main sources: comprehensive business change; ICT infrastructure services and accommodation. In addition the interface between this project and the FireLink project create additional risks. The business case identifies the significant risks and outlines how each will be managed.

The project risks identified provide some clarity around the process of risk management.

Some examples are worth highlighting:

The risk that FRAs refuse to set up regional local authority controlled companies is identified (risk 362). This would mean that the CLG would need to own and operate the companies. The project team proposes that to manage this risk they will need to (amongst other actions):

- Encourage early establishment of the companies.
- Focus Ministerial and official effort on persuading the elected members in the FRAs most likely to refuse.
- As a last resort, use statutory direction powers.

The risk that regional companies may be unwilling to take over the RCCs because they are too expensive is another risk identified. This may mean that extra elements of cost would be borne by the CLG. The mitigation activity includes:

- Re-enforcement of commitment to project after local elections.
- Rental figures are included in business case.
- Persuade company shareholders (FRAs) that there will be savings, by showing key elements of business case and cost apportionment approach.

This is one particular risk that Members have discussed previously. Each FRA is expected to sign up to the project without a detailed breakdown of the costs for each FRA. Estimates can be made (see this report) but these cannot be guaranteed until the total costs of both projects for Shropshire and Wrekin Fire Authority (S&WFA) are known. This may be before final total costs are made public.



10 Main Project Activities

The business case sets out the three main strands of project activity:

- Delivering RCC accommodation and related services
- Delivering ICT infrastructure and related services;
- Supporting business change

The project has procured eight buildings all of which are being constructed and four of which will become available for use this year. In addition procurement of facilities management services for all nine buildings (including London) is underway with the aim of selecting a chosen provider in autumn 2007.

In March 2007 CLG signed a contract with EADS for development, delivery, maintenance and support of the new networked control systems. This includes the provision of necessary hardware for both the new buildings and for FRS premises where necessary.

The business case stresses, once again, that this project represents a major business change for the FRS when in transition to the new way of regional mobilisation and in the necessary operational and business changes to support this.

11 Stakeholder engagement

Effective stakeholder engagement is central to the successful delivery of the FiReControl project. It is being delivered in partnership with the wider Fire community:

- Fire and Rescue Authorities.
- The Local Government Association and the
- Chief Fire Officers' Association.

The aim being to create the climate for an open and honest dialogue, ensuring that the project listens to stakeholder views and takes these into account.

The business case recognises the strong organisational culture of FRSs. It also accepts that every region is different and the size and working practices of each FRS vary from area to area. The document states that these factors are reflected in the project's approach to change management.

12 Financial Implications

The business case itself does not have any implication however the figures contained within it can have a significant impact on the Authority. As yet the actual impact on the Authority is unclear due to:



- No clarity on whether the Fire Authority will obtain New Burdens funding for all our extra costs in the years that they fall.
- No clarity on regional cost apportionment of national costs.
- No clarity as yet on the impact that the Comprehensive Spending Review 2007 will have on the Fire Authority's ability to fund necessary work to converge with the RCC.
- No figures confirmed as to the additional costs of setting up the London Control Centre which may be shared across the country using the cost apportionment model.

13 Legal Comment

The business case itself does not raise any additional legal issues that have not previously been identified.

Solicitors for the constituent authorities of the West Midlands Region are supporting and advising on this project as it progresses to ensure the suitability and legality of proposals.

14 Equality Impact Assessment

Currently this project is being managed by the CLG. We have asked for an impact assessment and are awaiting this.

15 Appendices

There are no appendices attached to this report.

16 Background Papers

The full business case can be found at:

<http://www.shropshirefire.gov.uk/Docs/CFA/Meetings/Authority/2007-07-18/18b%20Full%20Business%20Case%20Volume%201.0.pdf>

The Questions and Answers document can be found at:

<http://www.shropshirefire.gov.uk/Docs/CFA/Meetings/Authority/2007-07-18/18b%20Full%20Business%20Case%20Volume%201.0%20Questions%20and%20Answers.pdf>



Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial		Staff	
Fire Control/Fire Link	*	Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

