

POLICE AND CRIME PANEL

Meeting to be held on 2 July 2018

Governance arrangements for Fire and Rescue Service

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EXECUTIVE SUMMARY

The Purpose of this report is to provide Members of the Panel with an update on progress in the examination of the governance arrangements in Lancashire for the Fire and Rescue Service.

RECOMMENDATION

The Panel is asked to note the report.

1. Background

- 1.1. The Policing and Crime Act 2017 (The Act) places a statutory obligation on emergency services to collaborate and enables Police and Crime Commissioners to take on the governance 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.
- 1.2. Other than the status quo, there are three different governance models that could be adopted:
 - The Representation Model
 - The Governance Model
 - The Single Employer Model

The Representation Model	The Governance Model	The Single Employer Model
<ul style="list-style-type: none">• PCC is represented on a FRA (or its committees) in their police area with full voting rights, subject to the consent of the FRA.	<ul style="list-style-type: none">• PCCs take on responsibility for the fire & rescue Service(s) in their area.• Individual services retain their operational independence, their chief officers and, their own staff.	<ul style="list-style-type: none">• Fire functions are delegated to a single chief officer for policing and fire• Services would remain distinct front line services, albeit supported by increasingly integrated support services

- 1.3. If a Police & Crime Commissioner wishes to take on governance responsibility under either the Governance Model or Single Employer Model, they are required to prepare a draft local business case, which must be consulted upon locally. Having taken account of the consultation responses, if the Commissioner wishes to proceed further then they are required to submit their final business case to the Secretary of State. The Secretary of State will then be required to consider whether the proposed transfer, is in the interests of

efficiency, economy and effectiveness or public safety.

- 1.4. Where the Secretary of State is satisfied that the statutory tests have been met, then an order will be made which abolishes the existing Fire and Rescue Authority (FRA) and creates the PCC as the new FRA for the area.

2. Procurement of the Options Review Report

- 2.1. As a result of this new legislation the PCC decided that he wanted to explore whether at a high level, if there is a case for a governance change in Lancashire. He requested that a consultant be procured to undertake this Options Review and A. Allen Consulting was appointed by the Director through her delegated powers. The Director has the power to enter into a contract "which do not exceed £10,000, without the need to seek written quotations or tenders, provided that they can demonstrate that value for money is being achieved". In this instance two verbal quotes were received and the contract was awarded to A. Allen Consulting Ltd.
- 2.2. Mr Adam Allen was the consultant who undertook the work. Mr Allen was previously the Chief Executive to the Greater Manchester Police and Crime Commissioner Tony Lloyd, but following a restructure upon the appointment of Mr Burnham he did not remain in post. Mr Allen has as long public sector employment history including 18 years at Tameside Borough Council, 10 of these as Assistant Executive Director of Community Services. Mr Allen was instrumental in the progression of the Greater Manchester Devolution deal, in respect of which the fire governance was a key part. He therefore brought recent, real and local experience, along with excellent connections into the APACE (Association of Police and Crime Commissioner Chief Executives) and APPC (Association of Police and Crime Commissioners) network and the Home Office.
- 2.3. Mr Allen has submitted an invoice for this work to the value of £9,900 in line with his original quote. For completeness another quote was sought from a leading UK firm who had completed a couple of other options appraisals in the UK for Commissioners but, the cost was significantly in excess of the quote from Mr Allen circa ranging from £35k - £70k depending on what was ultimately required.

3. Contact with the Panel

- 3.1. The purpose of the commission to A. Allen Consulting Ltd was to explore possibilities of different governance arrangements in Lancashire and to get an independent view of whether there was a case for a change of governance. The Panel was not advised of the commission of the report at the meeting on the 12th of March 2018, as the piece of work had only just been commissioned and further, the Commissioner wanted to review the outcome of the options appraisal and decide himself what (if any) steps he would take next. The Commissioner chose to write to the Chair of the Panel, out of courtesy, on the 27th of April 2018 (see appendix A) setting out his rationale and approach. The letter clearly sets out, that at the time of writing the Options Report was still being finalised, that the Chair would be kept updated, that the Commissioner would consider the options report and decide whether to proceed with the preparation of a local business case. The letter made it clear that there would be clear consultation opportunities, with key stakeholders including

the Panel if this matter proceeded.

3.2. On the 8th of May 2018 the Commissioner considered the Options Review report and he welcomed the independent options review as attached at Appendix B; he decided to proceed to the development of the full draft and final local business case for both the governance model and single employer model; he decided to undertake full public consultation on the draft local business case once available and finally he noted the indicative timeline of proposed activity.

3.3. This decision was published on the Commissioner's website on the 9th of May 2018 in the normal way. The Commissioner also wrote to the Chair of Panel on the 23rd of May 2018 (see Appendix C) enclosing a copy/link to the report on the website. It is again clear in that letter that the expectation of the Commissioner was that he understood that there would be a wide range of views on any proposals to change the fire governance arrangements. However, the Commissioner stated;

"I believe this opportunity must be taken seriously, especially at a time when funding nationally is likely to be reducing not increasing. There are challenging times ahead for both services and more savings still to find. This is due to reductions in budgets from national government, growing demand and increasing costs of delivering both services."

3.4. He requested that stakeholders "keep an open mind at this time" pending the outcome of the draft local business case, but he also said " For those who would wish for the status quo to be retained I would ask you to think about how the current arrangements can effectively rise to the challenges ahead."

3.5. For completeness the Options Review report (attached at Appendix B) concluded that a case for change of governance in Lancashire could be made, and the greatest changes came through the Governance Model and the Single Employer Model. This is a high level report and the detailed information will only be available once the draft local business case has been prepared. This is not yet available as it is still being worked upon. In response to the letter of the 23rd of May 2018 the Chair of the Panel wrote to the Commissioner raising his concerns and asked that they be addressed at the Panel meeting on the 2nd of July 2018. The letter is attached at Appendix E. As an early consultation opportunity and with a view to hearing Panel's views directly whilst preparing that business case, an invitation was made via the Chair of the Panel for the Panel to meet with the Commissioner on the 22nd of June 2018 to have an informal roundtable discussion, but this was declined by the Chair, citing difficulties in getting the Panel together, due to short timescales and also the fact this was due to be considered at the scheduled meeting of the Panel on the 2nd of July 2018.

3.6. By way of clarity, the decision made by the Commissioner was on the 8th of May 2018 when he received the Options Review report. This is a decision by the Commissioner that falls within this scrutiny period for the Panel for its meeting on the 2nd of July 2018. This is entirely within the expectations of the Police Reform and Social Responsibility Act 2011. For absolute clarity, the decision of the Director to engage the consultant for the Options Review was the 5th of March 2018, and so it did not appear in the previous report to the Panel as it was outside that scrutiny period.

4. Procurement of the Local Business Case Consultant

- 4.1. Further to the Commissioner's decision to proceed to the preparation of a local draft business case, an Invitation to Quote was published on the Commissioner's website for a consultant to prepare a draft local business case; engage with consultants for the public consultation; to undertake any necessary amendments to the local business case following consultation based on the final preferred model to ensure that it meets the requirements of the Act and that it is suitable for submission to the Home Secretary. Thereafter, in consultation with the Commissioner and his Director, the successful bidder is to be responsible for the production of the Commissioner's response to the consultation which will address any objections raised. This response would then be published as a public document. Also bidders were asked to give a day rate, (for a maximum of 7 days) in order to assist with queries or clarifications raised once the business case was submitted to the Home Office. In addition to the publication on the website quotes were directly sought from 3 firms. One submission was returned.
- 4.2. In accordance with the Contract Standing Orders, the Director is able to enter into contracts " between £10,000 and £100,000 in value, provided that a reasonable number of (not less than three) written competitive quotations or tenders for each contract have been requested (unless the contract is one caught under Standing Order 6.1 in which case tenders and quotations will not be required.)"
- 4.3. Further to an evaluation the consultants Greymalkin were appointed. The project team comprises of Mark Cooper (Director of Greymalkin Consulting) and Claire Cooper (Principal Consultant). Mark leads on all aspects of developing the local business case, whilst Claire provides additional advice and quality assurance as the products are developed. The biographies for the consultants are attached at Appendix D. A budget of £40k was given in the invitation to quote and the bid from Greymalkin was for £34,500 with a day rate thereafter of £550 per day. Greymalkin were duly appointed by the Director on the 1st of June 2018.
- 4.4. In the event that the Commissioner decides to progress with the public consultation then a consultant will be required to help us deliver a robust, inclusive consultation. An estimated budget figure is that this could cost circa £30-50k. Transition costs are not available at this stage but, will be available as part of the detailed draft local business case.

5. Next Steps

- 5.1. The draft local business case will be available in the next few weeks. The business case will continue to be developed over the coming weeks. Following the end of the Fire and Rescue inspection, by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, the consultants and the Office look forward to engaging with the Fire and Rescue Authority and the Fire and Rescue Service on the detail. Once the Commissioner has approved the draft, a presentation will be available for interested parties.

6. Implications

6.1. Financial

High level financial implications are referenced in the Options Review report at appendix B.

The details of spend to date have been explained in this report above. The draft local business case once available will address and set out detailed financial information. The local business case will follow the 'Green Book' model used by the Home office and will have the following chapters:

1. The Strategic Case – that the intervention is supported by a compelling **case for change** that provides holistic fit with other parts of the organisation and public sector.
2. The Economic Case – that the intervention represents best **public value**.
3. The Commercial Case – that the proposal is attractive and **commercially viable**.
4. The Financial Case – that the proposal is **affordable**.
5. The Management Case – that what is required from all parties is **achievable**.

6.2. Legal

The ability to change fire governance is set out in the Policing & Crime Act 2017. The role of the Police and Crime Panel is clearly set out in the Police and Social Responsibility Act 2011 through section 28 and associated schedules and also the Policing Protocol Order 2011.

Conclusion

Panel Members are recommended to consider the information contained in this report, and the information provided within the meeting, and comment accordingly.

Angela Harrison

Director

Appendix A - Letter to Chair of the Panel dated the 27.04.18

Appendix B - The Options review report

Appendix C - Letter to the Chair on the 23.05.18

Appendix D - Consultant biographies

Appendix E – Letter from Cllr Bradley 04.06.18