

MEETING: 15 JUNE 2009

SUBJECT: REGIONAL FIRE CONTROL - UPDATE**JOINT REPORT OF THE CHIEF FIRE OFFICER, FINANCE OFFICER AND THE CLERK TO THE AUTHORITY**

1 INTRODUCTION

- 1.1 This report informs Members of the publication of latest version of the Fire Control Business Case and highlights some of the key issues within it. (A copy of the Business Case is available on request from the Chief Fire Officer).

2 FIRE CONTROL BUSINESS CASE OVERVIEW

- 2.1 On 6th May 2009 Communities and Local Government released what is expected to be the final iteration of the Fire Control Business Case. The Business Case sets out the rationale for Government investment in networked Regional Control Rooms (RCC's) and also reflects feedback from the public consultation undertaken in respect of the 2008 version of the Business Case.
- 2.2 The government have reviewed those items of concern raised by the consultation process through professional analysis and direct engagement with the key stakeholders including the Fire and Rescue Service community, the Chief Fire Officers Association, and the Local Government Association and the headline messages arising from this work are that:
- the total project costs, which will be met by central Government, have stabilised at £380m;
 - the project will deliver greatly enhanced capability to the Fire and Rescue Service, at no additional cost to Fire and Rescue Authorities;
 - central government will support the Fire and Rescue Service directly through annual FiReControl payments totalling £8.2m once the network is operating which will be subject to a three year review.

3 KEY ISSUES

- 3.1 As stated above, central government has been through a process of considerable consultation on the business case, and have commissioned professional studies into issues raised, as well as tested the conclusions with a range of stakeholders. The key issues arising out of this are set out below for the consideration of Members:

- 3.1.1 **FiReControl Payment** - The 2008 Business Case included a ministerial commitment to ensure that all regions, as a minimum, do not incur any additional costs as a consequence of migrating to the RCC. To this end, it was envisaged that a payment would be made at a regional level where any additional cost burden had been identified and that this would subsequently be apportioned between the Fire and Rescue Authorities affected. A large proportion of Fire and Rescue Authorities, including Tyne and Wear, responded that it would be difficult to achieve a regional consensus on a cost apportionment model and recommended that payments should be made at an authority level. This was a position endorsed by the Business Case Assumptions Review Group. Consequently, Ministers have considered all of the options and agreed that FiReControl payments should be made to individual Fire and Rescue Authorities.
- 3.1.2 **Duration of FiReControl payment** – the consultation highlighted concerns regarding the proposal to review the above payment after three years. In response CLG has stated that this should not be interpreted necessarily as a point of cessation of payment, as the principle remains that no Fire and Rescue Authority should be in a financially worse position than they were prior to their move into the RCC. However, the government believes it to be clearly prudent for the level of these payments to be reviewed to ensure that public money is used wisely. Nevertheless, there remains some concern that not all costs will necessarily be covered following the review period.
- 3.1.3 **Critical National Infrastructure** - There was concern that authorities will need to make a significant investment in security arrangements before connecting their systems to the RCC. Communities and Local Government has been working closely with EADS to design a security boundary between the RCC and Fire and Rescue Service systems which will ensure that the requirements can be readily and cost-effectively achieved.

Members are advised however, that Officers have not had sight of such a solution therefore, despite the assurances received; the cost of achieving secure connectivity remains an area of concern.

- 3.1.4 **Out of Scope Activities** - There were concerns that the provision made in the Business Case for out of scope activities, defined as existing fire and rescue service activities which will not transfer to the RCC, were understated. A review involving many authorities has indicated that the assumptions were robust in the majority of cases. However, it was recognised that a number of authorities would require New Burdens support for a limited period whilst they made alternative arrangements to house their out of scope activities.

Members are advised that, in Tyne and Wear, this is equivalent to 0.7 of a post based upon the current assumptions within the business case. Further analysis of these activities is ongoing and will be subject to reports at future meetings.

- 3.1.5 **Data Management** - A number of authorities had queried the Business Case assumptions about the level of resources needed to manage data once steady state operations had been achieved. Further analysis involving work with a number of services has confirmed that there is a need for additional resources. It also indicated that additional transitional funding should be provided to improve the interface between RCC and existing ICT systems, as this would increase efficiency and reduce the requirement for manual data entry.

The forecast change in data management resources is linked to an estimated expenditure of £100k per authority to implement new electronic interfaces to existing systems. CLG have assumed that this expenditure will take place over a three year period, which starts six months prior to cut over and it has also been assumed that the resources required for data management will decrease over time. Members are advised that the £100k per authority is based upon current CLG assumptions and may not necessarily reflect the actual expenditure required. The Chief Fire Officer therefore will be continually reviewing these assumptions and will provide further reports as appropriate.

- 3.1.6 **Pensions** - It was suggested that the Business Case should include assumptions regarding the financial impact of transferring the pension rights of control room staff. This issue was considered by CLG's pension team with input from an authority treasurer. However, at present, the issue cannot be fully resolved until staffing decisions have been made. Where sound evidence exists the Business Case now includes pension costs. Where evidence is not yet available, the risk of additional costs has been identified by CLG and will be reflected in future funding arrangements, although there has been no guarantee given that any further increase in costs will be fully met.

- 3.1.7 **Local Authority Controlled Company (LACC) Management Costs** - In response to consultation feedback estimated costs for LACC professional and administrative support services, such as payroll administration, are now included in the business case.

- 3.1.8 **Group Functions** - There is an ongoing study into the establishment of Group Functions (such as contract management) at a Fire and Resilience Programme level. This is yet to reach firm conclusions about governance and location, which was the main concern of authorities. However, a comprehensive review of activities has confirmed that the cost assumptions for FiReControl are complete and prudent.

Members are advised that this uncertainty remains a significant risk as the full group function facilities must be in place prior to 'go live' to enable comprehensive performance monitoring and management of the nine RCCs and the network to take place. Failure to do so could mean that there will be unnecessary overheads placed upon the North East RCC as one of the first to become operational.

- 3.1.9 **Utilities costs** - Based on current LACC running costs there were concerns that electricity costs were underestimated. In response to consultation feedback utilities costs estimates have been revised upwards and the situation will be kept under review.

4 EQUALITY AND FAIRNESS IMPLICATIONS

- 4.1 There are no Equality and Fairness implications associated with the specific content of this report.

5 HEALTH AND SAFETY

- 5.1 There are no Health and Safety implications in respect of this report.

6 RISK MANAGEMENT

- 6.1 A risk assessment has been undertaken to ensure that the risk to the Authority has been minimised as far as practicable. The assessment has considered an appropriate balance between risk and control; the realisation of efficiencies; the most appropriate use of limited resources; and a comprehensive evaluation of the benefits. The risk to the Authority has been assessed as high utilising the standard risk matrix based on control measures being in place. Accordingly the project will be kept under regular, if not constant review. The complete risk assessment is available on request from the Chief Fire Officer.

7 FINANCIAL IMPLICATIONS

- 7.1 Whilst there are no immediate financial implications associated with the content of this report it is apparent that there could be a significant financial impact on this Authority as the full costs of the RCC project become clearer and funding arrangements are further confirmed. In mitigation however, government have published within the Business Case the expected costs/savings attributable to Fire and Rescue Authorities and committed to fund the costs where these apply.
- 7.2 In the case of the North East Fire and Rescue Authorities, the following applies based upon the current assumptions within the Business Case, which compare RCC costs against current control room costs:
- Cleveland as expected to make an overall saving of £35,000 per annum;
 - Durham and Darlington are expected to incur a cost of £66,000 per annum;
 - Northumberland is expected to make a saving of £118,000 per annum; and
 - Tyne and Wear is expected to incur a cost of £760,000 per annum.
- 7.3 All of the aforementioned costs (savings) are calculated on the council tax base which is the Government's preferred method of apportionment. In addition, those authorities which incur a cost will receive a 'Fire Control Payment' and in the case of this Authority it is expected to be £760,000. Those authorities who

make a saving will be allowed to keep the savings and invest in other areas of service.

- 7.4 Communities and Local Government are confident that the aforementioned estimates are based upon the best information currently available and represent the most consistent and prudent position upon which to calculate forecast costs and savings.

8 CONCLUSION

- 8.1 The business case considers the strategic, economic, financial, commercial, and project management cases for Government's investment in resilience. It also sets out key information at the regional level, with nine regional annexes, each covering one of the English regions.

- 8.2 Further reports will be made to the Authority in due course.

9 RECOMMENDATIONS

- 9.1 The Authority is requested to:
- a) Consider and comment upon the content of the report, and
 - b) Receive further reports as appropriate.

BACKGROUND PAPERS

The under mentioned Background Papers refer to the subject matter of this report;

Fire and Rescue Service Circular 12/2009
FiReControl Business Case