



Fire Brigades Union

Campaigning for Firefighters and Emergency Fire Control Staff

Independent Review of Regional Business Case for the FiReControl Project

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IPF

**ESSENTIAL SERVICES FOR THE
PUBLIC SECTOR**



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1. EXECUTIVE SUMMARY

- 1.1 This short review has looked at the Regional Business Cases (RBC), compared them with the findings of our earlier reviews of the FiReControl Business Case and commented on the outstanding issues.
- 1.2 The regional business cases are Part 1 of the latest revised national business case and it is in Part 2 that previous questions raised may be answered. The objectives of the RBCs are largely descriptive:
- What is the FiReControl Project and Why is the Government investing in it?
 - What is the Business Case and Why is Part 1 being published?
 - What are the financial implications for the regions?
 - Who will own and run the new networked RCCs?
- 1.3 The RBCs are similar in structure and after general remarks about the overall business case, focus on the local issues and the expected transfer of existing control room activities to the newly built and equipped Regional Control Centres. CLG has provided the funds to create the new infrastructure and is committed to funding the change and transition. The accountability for future operational requirements, organisation and resources will transfer from Regional Management Boards to the Local Authority Controlled Companies.
- 1.4 The RBCs are founded on staffing models, assumptions, financial accounts reviews, and appraisal of the potential of the new proven technology. This begins to fill a previously identified gap of information at the local level. The key table is at paragraph 1.28 in the RBCs.
- 1.5 The local detail shows that:
- at the outset £5.571m resilience funding is required to support the transition to the RCCs;
 - only three RCCs North West, South East and South West save operational costs initially, and one East of England breaks even;
 - All of the regions that save money close control centres in excess of 120 miles from the new RCC;
 - Staff costs appear significantly higher in London;
 - Accommodation costs are fairly consistent at £2m;
 - Other costs vary £1m - £3.6m without clear understanding as to why; and
 - No timeline clarifies when operational savings will be delivered, if after the National Project closes then responsibility for delivery of key success factors will transfer to business planning and the LACCs.
- 1.6 At the national level:

- The table connects the Transition situation with the Steady State operational forecast predicted by the staffing model, no comments are made to clarify what may have changed in assumptions or outcomes;
- No connection is made in these RBCs with earlier figures and information so we cannot see where changes may have occurred.
- The workings of the Business Case Assumptions Review Group are not shared;
- No comment on financial figures apart from New Burdens funding estimates are provided from which to see any potential impact on the Council tax base.
- There is no revised assessment of the overall position and whether the former estimated aggregate saving of £23m will be realised.

1.7 Outstanding issues are:

- Lack of Part 2 so connection with previous national business case is weak;
- Key decisions around staffing levels, funding of operations and delivery of expected operational benefits have still to be made;
- The level of efficiency savings remains unknown;
- The long term consequences for FAs and LAs is also unknown; and
- The key lies in understanding and being involved in the assumptions and workings of the staffing model.

1.8 In the main review report sections some of the above points are highlighted to aid interlinking with this summary.

2. Background

- 2.1 IPF has undertaken two reviews of the business case for the FiReControl Project on behalf of the Fire Brigades Union (FBU). The last review was in September 2007. Communities and Local Government (CLG) has published this Summer for consultation, nine Regional Business Cases as Part 1 of the National Business Case. This review looks at how they fit with previous business cases and advises on what may be further issues or points for the FBU to seek clarification on. We have not seen any fuller details of project and programme information than are published.
- 2.2 The nine regional business cases are similar in structure and content. It is the detail at a local level that changes factually in each submission. This generally is presented in similar ways and covers substantially the same areas in the same depth and level of explanation. Part 2 of the business case is due for publication and is expected to present the national programme overview.
- 2.3 The following sections briefly:
- | | |
|-----------|---|
| Section 3 | Reviews the regional business cases; |
| Section 4 | Compares and updates on what more is said, developing from our previous comments on the two business cases (v0.3 and v1.0); and |
| Section 5 | Assesses what are the outstanding issues; |

3. Regional business cases

- 3.1 The FiReControl Business Case Part 1 Regional Case has as objectives to show:
- What is the FiReControl Project and Why is the Government investing in it?
 - What is the Business Case and Why is Part 1 being published?
 - What are the financial implications for the regions?
 - Who will own and run the new networked RCCs?
- 3.2 The FiReControl Project has been developed by the Government to implement Regional Control Centres for Fire and Rescue Authorities nationally. CLG believe in providing the funds to make the investment happen. The purpose is effectively to employ technology to establish a resilient national network across England, replacing 46 control rooms with nine regional centres. In investing across the country it is practical to update and enhance operational capability and cohesion.
- 3.3 The buildings are constructed and the procured technology is expected to be proven. The programme and project outturns and costs to date are not reported in these Part 1 regional cases. The regional development of the national case is founded on staffing models, financial account reviews, and an appraisal of the performance advantages of employing the new technology.
- 3.4 By meeting the investment and transitional costs, CLG is moving the regional business case emphasis towards the Local Authority Controlled Companies (LACCs) to deliver the forecast operational savings. The earlier National Business Case asserted expectations of annual efficiency savings of £23m in operational running costs, or 28% of annual running costs and £450/ 1000 of population.
- 3.5 The appeal for firefighters is in safety and better equipment. For control room staff it is the access to and use of the equipment. The new buildings afford facilities that will meet Critical National Infrastructure Standards. The ICT and information systems will integrate with a wider network and deliver better support.

Regional Control Centres

- 3.6 IPF's previous related comment on the regional projects were:
- "The headline nature of the national project (FBC) provides limited information about what will be managed and delivered in the regions. The success depends on the ability of decisions at the regional and local level to deliver the benefits.
- The headline FBC shows diagrammatically comparison of the potential regional operational savings without stating actual amounts or percentage

value of the savings. East Midlands and North East appear more vulnerable than say the South East.

The regional boards are responsible for delivery without clear presentation of their allocations in the FBC financial model. Although the average expectations are based on total national aggregation of costs and savings, local variations are not outlined. The chart indicates that savings are expected in all regions. There is no assessment as to what happens if this is not deliverable in one region or area. This could reflect local interactions, governance of the programme or failure to fit with the national model.”

- 3.7 We now see that the table of expected savings in operational costs included at para 1.28 in each regional business case shows **most RCCs require additional funding initially**. The resilience funding by CLG is estimated at £5.571m to support extra costs. The net saving/loss is £3.573m. There is an associated table in most regional business cases that shows the distances now to be traveled from the existing control facilities to the regional control centre. In broad terms savings are indicated where the new arrangements show greater distances of travel between at least one of the existing control rooms and the new regional control centre.
- 3.8 So resilience funding is not required in the South East, North West or South West where facilities being replaced lead to changes in excess of 120 miles between new and old. In the East of England at 60 miles the situation is about zero. Regions where distance to existing controls is less than 60 miles require resilience funding. The net cost now expected is £3,573,000.
- 3.9 Future costs of accommodation are consistent at about £2m per regional centre. The exception being London where costs may reflect high local property and development costs, and national emergency provisions. **Staffing costs for London are also substantially higher. Other costs vary quite a lot across regions, between £1m and £3.6m, without any detailed explanation being provided.**

- 3.10 The detail of these costs is in the staffing model which has been developed and tested by independent consultants supporting CLG. The underlying assumptions have undoubtedly changed as the model has become more refined and developed. **However no change table or explanation is supplied to help see where previous figures and estimates have now led to what is in these regional business cases.**

Region	-ve Cost/ + Saving (£'000) See table at RBC paras 1.28	Staff (£'000)	Accom (£'000)	Other (£'000)	Max distance from existing control room (miles)	Staff change Transition to Steady state
EE	66	2,800	2,100	2,400	60m	20
EM	-872	2,500	1,900	1,900	59m	14
Lon	-2,215	4,500	3,300	3,100	N/a	11
NE	-602	2,400	1,900	1,000	32m	8
NW	403	3,400	1,900	3,100	127m	12
SE	1,466	3,200	2,000	3,600	121m	10
SW	64	2,700	2,000	2,300	123m	9
WM	-710	3,000	2,100	2,300	41m	-
YH	-1,172	3,000	1,900	2,200	56m	4
NET TOTAL	-3,573					

- 3.11 The impression is that these are based on meeting the staffing model difference between steady state and transition operations. If this is so then no indication is given as to the benefits in terms of savings to be achieved region by region in the steady state. Although most summarise existing staffing of control rooms, not all do. **It is not possible therefore to see how or what operational savings are now expected.**
- 3.12 The regional cases provide detail of the forecast levels of New Burdens Funding given to the Authorities. This is stated as to cover the new investment, the transition costs, and effort. The information is not sufficiently detailed or linked for this to be assessed in as much as it might impact on local finances. **It is not clear what would happen if staffing**

model assumptions are not fulfilled. The workings of the Business Case Assumptions Review Group would need to be visible to fully accept the outcomes and business case.

- 3.13 The sharing of other costs and the apportionment of running costs for the LACCs will be determined by the Regional Management Board. This will determine the implications for Council Tax. **None of this is shown in this regional case.**
- 3.14 The timeline is provided for the transition period to takeover the existing control room activities, through to the regional control centre becoming fully operational. A similar programme that includes the governance and financial decisions may make clear whether the operational savings will be known and when they will be delivered. **Otherwise there is a likelihood that the decisions affecting FBU members will happen at a local level after national project closure.**

4. Comparison and business case development

The main points raised in the recommendations of IPF's previous report that have some relevance to the contents of these regional business cases and an update at this stage in the programme, are shown below:

Point/issue	Earlier comment	Updated view
Project Deliverables and Success Criteria	<p>Define and prioritise project deliverables with more detailed performance targets.</p> <p>Links to 'Success Criteria' should be clearly made. The success criteria sub-objectives should be built upon in terms of providing a document mapping the steps involved to realise the objectives / benefits and within what timescale. This will then provide a series of milestones within the project plan to monitor the progress of the project overall.</p> <p>It would be helpful to see measurable targets included within the table to be able to assess that business benefits have been realised.</p>	<p>The regional business case describes the overview objectives and purpose without any more detail.</p> <p>Success will be in future operational gains and effectiveness. As before this is not specifically defined, and judgment on gains, methods and achievement is now passed to the LACCs.</p> <p>Measurable targets are not provided at the regional level.</p>
Investment decisions and governance of programme	<p>Where actions have been identified it would be helpful to see links to further investment decisions, completion dates and responsibilities assigned within this table.</p> <p>The development of the regional project plan programmes, with their investment decisions and the governance organisation for linking back to this FBC, is progressed as a matter of priority.</p>	<p>As above, this is being moved out to the regions. CLG are absorbing initial and transition costs, making operations local responsibility.</p> <p>There is no evidence of programme inter-linking.</p>

	It would be helpful to see the link between the original list of business requirements and how they are mapped to the transition plans.	
Annual efficiency savings	<p>A detailed analysis of efficiency savings by type.</p> <p>Seek an explanation for the decrease in the annual efficiency savings included in the original investment decision of £115m to current indicative annual efficiency savings of £23m.</p> <p>An explanation is sought as to the reason why the £32.9m NPV seems to be at odds with the £50m quoted in paragraph 76 of the FBC main report.</p> <p>The marginal net incremental cost of £1m in cash terms, the £32.9 Net Present Value (NPV) and the £23m annual efficiency savings are treated as indicative until the actual costs of the London accommodation procurement and Facilities Management procurement are known, in addition to the comprehensive review of the staffing model and better estimates of the costs of running existing control centres being reviewed.</p>	<p>The resilience commitment and table of short term operational costs shows an immediate lack of achievement of annual efficiency gains across the board.</p> <p>It remains unclear as to how the situation has changed.</p> <p>We await the national case to see whether the overall claims for medium term savings are now any different.</p> <p>These previous points are still valid:</p> <p><i>“The potential material impact on the overall costings with regard to the sensitivities around the staff savings should be noted.</i></p> <p><i>Detailed workings should be sought to verify the staffing costs”</i></p>
Costs and savings	Fire control costs and savings: It would be helpful to have a commentary on adjustments that have been made to these forecasts since the original business case was approved, particularly in relation to assumptions.	<p>These comments remain.</p> <p>Modified assumptions will lead to changes and adjustment in cost calculations and assessments. This confirms the need to show the linkage from before to now in presenting</p>

	<p>It would be helpful to have a commentary on adjustments that have been made to these forecasts since the original business case was approved and the impact of changes i.e. what is the impact of not using actual figures for fire service costs (2004/5-2006/7), what are the adjustments for 'other contextual factors' and what does 'other contextual factors' mean?</p> <p>Clarification is required to ascertain what the assumptions are underpinning the 'more rapid rollout', with regard to the £8.1m savings in Management costs.</p> <p>More detailed analysis is required to identify how and where the £79.2m cost avoidance opportunities are to be realised.</p> <p>As highlighted in the commentary to Appendix G it would aid transparency to clarify the 'different basis' upon which the two sets of costs and savings in Appendices G and P were prepared.</p>	<p>each business case.</p> <p>Part 1 Section 1 of these cases at par 1.27 in summary this says:</p> <ul style="list-style-type: none"> • Substantial savings may not be immediately realizable; • Onus moves from CLG to LACCs and LFEPA to deliver; <p>Not clear how much gain is assumed from sale of control rooms (something of great uncertainty in this economic climate), reorganizing core/non-core functions into RCC and leasing spare space.</p>
<p>Impact on Council Tax</p>	<p>A timetable is produced which sets out the anticipated dates when the FRAs become responsible for the operating costs of the RCC. (it is acknowledged that the CLG has stated that it will publish the project timetable for each region and for each FRA)</p> <p>Careful consideration is given to the impact on levels of precepts on Council Tax for FRAs in relation to the apportionment of costs to FRAs</p>	<p>The timing of handover and transition is included at a headline level. Apportionment is suggested as being in line with the council tax base.</p> <p>There is no detail on what or how these costs will be met locally. This is because the focus is on the costs of the new RCCs and the delivery requirements of the LACCs to meet efficiency</p>

	<p>within each RCC.</p> <p>It would be helpful to quantify the likely cost to local authorities and to clarify whether it is assumed that transition costs will be funded by redundancies.</p> <p>Clarification is sought to ascertain that if actual expenditure is in excess of the s31 grant (which is claimed in advance of expenditure) this excess can be claimed retrospectively.</p> <p>Clarity is given to the point at which the FRAs will become responsible for their share of running costs within the RCC; will it be when each RCC becomes operational individually or when all nine RCC become operational?</p> <p>It would also aid transparency to provide a definition of 'operational'.</p> <p>Clarification is sought with regard to which organisation would receive the £9m (£23m less £14m) indicative non-operational saving.</p>	<p>savings.</p>
<p>Accommodation Procurement</p>	<p>In relation to Property / Private Developer Schemes 'it is important to note that the expected contribution from reduced staffing costs significantly outweighs the increase in accommodation costs, and hence will not result in a potential new burden for local authorities' This should be quantified, particularly in relation to London and the 2012 Olympics impact on</p>	<p>The regional cases do not report on the investment already made or the progress. The regional cases accept the new facilities will be there and this part of the programme has been completed.</p> <p>An assumption is that all extra costs incurred are paid for at a programme level by CLG. The Part 2 national business case should show the</p>

	<p>construction costs.</p> <p>Consideration should be given to assigning scores to the table for 'building and fitting out control room buildings – outside London, in respect of 'funding availability', and as a result reproduce the overall results in the table set out in paragraph 126. In relation to 'building and fitting out control room buildings – London' the model should be up dated once the outcome of the London accommodation procurement is known.</p>	<p>current aggregate expectations on overall project costs incurred and expected savings.</p>
Out of scope activities	<p>To seek a review of 'out of scope' activities and potential costs for FRAs.</p>	<p>These remain undefined and are potentially seen as for redeployment of some local resources.</p>
Risk Management/ Project Control	<p>In line with best practice with regard to risk management, all actions should be assigned a responsible and accountable person with relevant timescales.</p>	<p>There is no overview of risks or project/programme management.</p>

5. Outstanding Issues

- 5.1 The regional business cases appear to effectively divide the national case into its constituent parts, based on de facto the creation of the new Regional Control Centres. The business case for this national project is not available although referred to. **Without it there is a weak baseline connection to the former FiReControl Project business cases reviewed.**
- 5.2 The question arises whether this connection is now relevant for FBU. There will be technical issues that are operational and systems related. These will according to these business cases deliver value nationally in terms of cohesion and response to emergencies. These are generally explained and addressed in the first part of each of these regional business cases. This first part shows that the regional cases depend on investment to ensure common capabilities for Fire Authorities to interact with and use the “proven” technology. We have not been asked to review these areas.
- 5.3 The key for our assessment of these cases is the unanswered questions raised in previous reviews. Some have been met and some may now be overtaken by progress and time. Key decisions have to be made around implementation of the project at the regional level, largely about:
- Staffing levels;
 - Funding of operations;
 - Delivery of expected operational benefits.
- 5.4 There is clear expectation of reductions in staffing levels. It is less clear whether this will deliver the annual efficiency savings forecast. In the short term CLG will fund and support the transition. **These business cases then pass accountability to the LACCs and the RMB to detail how it will be done.**
- 5.5 Some suggestion is made that the staffing model and the subsequent expected financial and governance structure will not affect the council tax base. However this is not substantiated as it depends on LACCs making savings. The business case for the project therefore becomes supplanted by the business plans for the Regional Control Centres. **Although the funding needs are met short term, the long term consequences remain unclear.**
- 5.6 The key to understanding the future and the potential outcomes for FBU members lies in the detail of the staffing model, its assumptions and the management accountability of the LACCs. **We don’t even see where the £23m of savings identified in the 2007 business case are now.**