

Independent Assessment of the Proposal for a PCC-style FRA for Cambridgeshire

19 December 2017

Contact details

In the first instance please direct all enquiries to:
John O'Halloran, Director Business Advisory and Consultancy – CIPFA

020 7543 5600 / john.o'halloran@cipfa.org



Contents

	Page
Introduction	3
Work Undertaken	5
Public Consultation	6
Local Business Case Review	8
Overall Conclusion	21
Appendix A: Letter from the Home Secretary	23
Appendix B – List of Documentation/Sources	26
Appendix C – List of Consultees	28

1. Introduction

Requirement for Independent Assessment

- 1.1. The Policing and Crime Act 2017 received Royal Assent on 31st January 2017 and introduced a range of measures to enable closer collaboration between the emergency services. In particular, it enables Police and Crime Commissioners (PCCs) to take on the governance of their local fire and rescue service, where a local case is made, and establish a PCC-style Fire and Rescue Authority (FRA), under one of the following three models:
 - Option 1: Representation model, which enables the PCC to have representation on the local FRA, with voting rights, where the FRA agrees
 - Option 2: Governance model, where the PCC takes on the functions of the FRA
 - Option 3: Single Employer model, where the PCC takes on the responsibilities of the local FRA, enabling him or her to create a single employer for police and fire personnel
- 1.2. Whichever model the PCC recommends, the intention is to provide an opportunity to drive innovative reform across both services and bring the same direct accountability to fire as exists for policing.
- 1.3. The PCC for Cambridgeshire commissioned a Local Business Case (LBC) which recommended the Governance Model. A consultation exercise was undertaken on this basis. If, in response to the consultation, a relevant local authority indicates that it does not support the PCC's proposal, the Home Secretary is required to obtain an independent assessment of the proposal and take account of its findings in making the final decision on whether or not to approve the PCC's proposal.
- 1.4. This is the case in Cambridgeshire and hence the proposal has been subject to an independent assessment undertaken by CIPFA. This document details that independent assessment. It will be submitted to the Home Secretary for her consideration in the decision making process.

Statutory Tests

- 1.5. In her letter requesting that CIPFA should undertake an independent assessment of Cambridgeshire's proposal (Appendix A), the Home Secretary made it clear that our independent assessment must provide a view on whether either of the relevant Statutory tests have been or whether there would be an adverse effect on public safety.
- 1.6. These tests cover whether, in our view, the proposal is in the interests of economy, efficiency and effectiveness (the 3Es) or public safety; and whether the proposal will have an adverse effect on public safety.
- 1.7. The letter also states that "Whilst the conduct of the assessment is of course a matter for you, I would ask you, in particular, to provide your view on the totality of potential costs of implementation", as set out in Appendix A.
- 1.8. In our discussions with Home Office representatives, further clarification has been provided regarding our remit on public safety. It has been emphasised that our focus is on an independent assessment of the economy, efficiency and effectiveness

and that, in terms of public safety, we are only expected to comment where we identify something on which comment is required. Accordingly, we have focused our attention on economy, efficiency and effectiveness, although we will comment on public safety later in our report.

1.9. For the purposes of the independent assessment we have used the following definitions provided by the National Audit Office:

- **Economy:** minimising the cost of resources used or required (inputs)
- **Efficiency:** the relationship between the output from goods or services and the resources to produce them (process)
- **Effectiveness:** the extent to which objectives are achieved and the relationship between the intended and actual results of public spending (outcomes).

2. Work Undertaken

- 2.1. As the Independent Assessor we have been asked to review the Cambridgeshire PCC's proposal to transfer governance of the Cambridgeshire Fire and Rescue Service to the PCC in its entirety, and to provide a view on whether we consider that either of the relevant statutory tests have been met or whether there would be an adverse effect on public safety.
- 2.2. As suggested in the letter from the Home Secretary we have engaged with the Office for the PCC for Cambridgeshire, with the Cambridgeshire and Peterborough Fire Authority, Cambridgeshire County Council and Peterborough City Council. We have also had due regard to the requirements set out in Annex A to the Home Secretary's letter (see Appendix A of this independent assessment).
- 2.3. In order to reach our conclusions we have:
 - Read the Local Business Case submitted by the PCC;
 - Read the Consultation Report, the written responses and the PCC's response thereto;
 - Reviewed a wide range of other documents supplied by the OPCC and the FRA (a list is attached as Appendix B);
 - Interviewed the PCC, Jason Ablewhite;
 - Interviewed a range of officers from the OPCC including the S.151 officer;
 - Interviewed the Chief Constable and a range of officers from Cambridgeshire Constabulary including the S.151 officer;
 - Interviewed the Chief Fire Officer and a range of officers from the Cambridgeshire Fire and Rescue Service including the S.151 officer;
 - Interviewed a range of Councillors who serve as members of the Cambridgeshire and Peterborough Fire Authority including the Chair and Vice-Chair of the Authority;
 - Interviewed a range of Councillors and officers representing Cambridgeshire County Council and Peterborough City Council.
- 2.4. A full list of those interviewed is attached at Appendix C.
- 2.5. Our work was carried out between 21 November and 19 December 2017. The in-person interviews were conducted on 5th and 6th December 2017 in Huntingdon. Telephone interviews were held on 30 November, 12th December and 13th December 2017 with people unable to attend in-person on 5th or 6th December 2017.
- 2.6. We have been able to access all the information that we required and we have been able to speak to all those individuals that we deemed necessary.

3. Public Consultation on the LBC

Public Consultation Process and Response

3.1. Consultation on the LBC was undertaken by staff of the OPCC. We understand that pre-consultation engagement took place between 12th June and 2nd July 2017 and that the public consultation took place between 3rd July and 4th September 2017.

3.2. We understand that views were sought from statutory consultees, a range of stakeholders and the public on the PCC's proposal. The proposal put forward to public consultation was:

"the Police and Crime Commissioner becomes the Police, Fire and Crime Commissioner (PFCC) and has overall responsibility for the governance of both Cambridgeshire Fire and Rescue Service and Cambridgeshire Constabulary"

3.3. That public consultation did not seek respondents views on which of the four options (No change, Representation, Governance or Single Employer model) they preferred.

3.4. We understand a total of 2,426 responses were received by the OPCC:

Respondent type	Number of responses
Online public survey	2,391
Public comments through other channels	15
Upper tier authorities	2
Representative bodies of affected personnel	3
MPs	4
Stakeholders	11
Total	2,426

3.5. In relation to the online public survey, respondents were asked how much they agreed or disagreed with the proposal put forward (see 3.2 above).

Strength of (dis)agreement	Responses
Strongly agree	530 (22.2%)
Agree	746 (31.2%)
Neither agree or disagree	184 (7.7%)
Disagree	236 (9.9%)
Strongly disagree	695 (29.1%)

3.6. Thus, 53.4% of the responses to the online public survey were supportive of the proposition whilst 39% were unsupportive. In terms of strength of feeling, 22.2% of responses strongly agree with the proposition whilst 29.1% of responses strongly disagreed with the proposition. 67 of the 2,391 responses were from "employees or volunteers of the fire service". 85% of these were unsupportive of the proposal.

3.7. A summary of the other responses to the public consultation is set out below:

Respondent type	Summary of responses
Public comments through other channels	5 positive and 10 negative responses were received
Upper tier authorities	Both upper tier authorities do not support the proposal
Representative bodies of affected personnel	UNISON does not support the proposal, the FBU (Fire Brigades Union) was neutral and the RFU (Retained Firefighter' Union) did not dismiss the proposal
MPs	3 of the 4 MPs support the proposal whilst 1 does not
Stakeholders	Of the 11 responses from stakeholders, 6 did not support the proposal, 1 response was neutral and 5 support the proposal. The stakeholders not supporting the proposal included the Cambridgeshire and Peterborough Fire Authority whilst the stakeholders supporting the proposal included the Mayor of Cambridgeshire and Peterborough Combined Authority.

Comments and Objections

- 3.8. Comments in favour and objections to the PCC's proposal were captured through the process of public consultation; with the written submissions in response to the public consultation carried out by the PCC being received from both the upper tier authorities and the FRA. The detail of responses from all respondent types is set out in the "Consultation Report" published by the PCC in October 2017.
- 3.9. The PCC's response to the objections raised by Cambridgeshire County Council, Peterborough City Council and Cambridgeshire and Peterborough Fire Authority are set out in a separate report on the views and representations made by these bodies "Report on views and representations made by Cambridgeshire County Council and Peterborough City Council", which was also published by the PCC in October 2017.

Conclusion on Consultation

- 3.10. The public consultation undertaken by the PCC did not ask for views on the different options that considered in the LBC. Whilst, 53.4% of response to the public online survey did support the proposition put to the public 29.1% strongly disagreed with the proposition. This strength of feeling is reflected in the objections raised during the public consultation by both the upper tier authorities and by the Fire and Rescue Authority.
- 3.11. In our view, there is no resounding mandate for change emerging from the public consultation but, as became clear during the course of undertaking this independent assessment, there are very strongly held views on both sides of the debate.

4. Local Business Case Review

Introduction

4.1. The Local Business Case (LBC) submitted by the Police and Crime Commissioner for Cambridgeshire (the PCC) to the Home Office in October 2017 was set out in the following sections:

1. Introduction and Executive Summary
2. Strategic Case: The Context and Case for Change
3. Economic Case: The Options Assessment
4. Commercial Case
5. Financial Case
6. Management Case

4.2. In undertaking this independent assessment on behalf of the Home Office we have reviewed all sections of the LBC with a particular focus on those elements of the LBC which are pertinent to the statutory tests in relation to economy, efficiency and effectiveness in line with the focus of our remit (see Section 1 above). Where appropriate we have highlighted those sections dealing with risk which bear directly on effectiveness.

Ranking of Models in the LBC

4.3. The choice of the PCC's preferred option of the Governance model is based on an evaluation, undertaken by the OPCC with the support of external consultants, of the potential of each option in achieving seven critical success factors (CSFs) identified by the OPCC. Based on this evaluation, a score has been attributed to each option and the options are then ranked on the basis of this score.

4.4. Table 1 (Section 1.1.4) of the LBC sets out the scoring and ranking of the three models for change (see 1.1 above) together with the "No change" option in the following way:

	"No change"	Representation	Governance	Single Employer
Total score	9	10	12	11
Overall rank	4	3	1	2

4.5. The seven CSFs are set out in Table 8 (Section 2.3) of the LBC, together with four criteria on which the potential of each option is evaluated. These criteria are:

1. Public safety
2. Effectiveness
3. Economy/efficiency
4. Accountability/transparency

4.6. Table 8 (Section 2.3 of the LBC) identifies which CSF is relevant to each of the criteria, with some CSFs being identified as relevant to multiple criteria, as is set out below:

CSF	Public safety	Effectiveness	Economy/ efficiency	Transparency / accountability
1. Facilitates the optimal utilisation of capital assets			√	
2. Accelerates pace and effectiveness of police and fire collaboration	√	√		
3. Enables a more innovative and effective approach to public service transformation	√	√		
4. Brings benefits in terms of transparency and accountability		√		√
5. Reduced cost of effective governance			√	
6. Deliverable		√		
7. Mitigates against strategic risks	√	√	√	√

4.7. The LBC assigns a RAG (Red, Amber or Green) rating to each option in relation to each of these criteria in respect of each CSF (see Sections 3.2 – 3.5 of the LBC).

4.8. The total score attributed to each option is derived from the RAG rating assigned to each of the criteria for each of the options. Table 23 (Section 3.7 of the LBC) summarises the scores awarded to each option in relation to these criteria with no score assigned to "Transparency/accountability" and with a score attributed to "Ease of delivery" of the option.

4.9. The breakdown of the total score for each option is set out below:

	"No change"	Representation	Governance	Single Employer
Public safety	2	2	3	3
Effectiveness	2	3	4	4
Economy/efficiency	1	2	3	3
Ease of delivery	4	3	2	1
Total	9	10	12	11
3Es Total	3	5	7	7

4.10. There are only small differences in the total score attributed to each of the 3 models which represent change from the status quo. If we isolate the scores attributed in relation to economy/efficiency and effectiveness in the LBC a wider difference between the options emerges.

4.11. However, there is inevitably an element of judgement in arriving at the RAG rating upon which these scores are based. It is clear, from the consultation undertaken in the course of this independent assessment, that there is a lack of agreement in respect of the scores attributed to each option and, hence, a lack of consensus on the ranking of the four options as set out in the LBC.

4.12. Whilst this ranking approach is acceptable in Strategic Business Cases, it is considered good practice to involve a wide range of stakeholders in arriving at the final judgements. It is unfortunate that, in Cambridgeshire, the original intention for a collaborative approach to development of the LBC broke down. As a result the veracity of the RAG rating approach has been subject to significant comment by consultees and has to some extent exacerbated the divide in opinions.

4.13. The RAG ratings applied to the four options in relation to individual CSFs are examined in more detail below.

Economic Appraisal

4.14. Table 2 (Section 1.2.2 of the LBC) summarises the outcome of the economic appraisal that has been conducted in relation to each of the four options considered in the LBC. The following Net Present Value (NPV) is assigned to each option:

	"No change"	Representation	Governance	Single Employer
NPV (£m)	1.04	1.39	4.66	4.39
Payback year	0	0	2	3

4.15. The detail of the economic appraisals undertaken are set out in the Economic Case section of the LBC (3.2 – 3.5).

4.16. The economic appraisal relates only to CSFs 1 and 5, since these are the only two of the seven CSFs for which specific economic benefits are identified in the LBC (the LBC does consider CSF 7 to also be relevant to economy/efficiency (see 4.6 above) but no economic benefits in relation to this CSF are identified in the LBC. We consider the economic appraisal undertaken in relation to CSFs 1 and 5 below.

CSF 1: Facilitates the optimal utilisation of capital assets

4.17. The major area of economic benefit identified in the LBC is in relation to CSF 1: Facilitates the optimal use of capital assets.

4.18. The RAG rating for all 4 options in relation to CSF 1 is set out below:

CSF Component	"No change"	Representation	Governance	Single Employer
Utilisation of capital assets	Red	Amber	Green	Green
Management of capital assets	Amber	Amber	Green	Green

4.19. Section 2.4.1 of the LBC provides the detail of the component projects upon which the calculation of economic benefits is based. These are divided in the economic appraisal that has been undertaken into Tranche 1 (which are all projects that are current and in progress) and future Tranches of estates collaboration projects.

4.20. The LBC identifies the economic benefits of CSF 1 in relation to each of the options over a 10-year period as being:

	"No change"	Representation	Governance	Single Employer
Benefit (£m)	1.267	1.689	3.980	3.687

4.21. The economic benefits in relation to CSF 1 relate to "net capital released" and to "net revenue costs avoided". The LBC suggests that the Governance model provides greater economic benefit in relation to CSF 1 than any of the other options.

4.22. In the LBC the economic benefit attributed to each of the options in relation to CSF1 is modelled on the probability of the projects identified in Tranches 1 and 2 being delivered. The probability of delivery assigned to each option in the LBC is:

	"No change"	Representation	Governance	Single Employer
Probability	30%	40%	75%	75%

4.23. The reason the Single Employer model yields a lower economic benefit than the Governance model, despite sharing the same probability of delivery, is that the financial model used in the economic appraisal assumes the programme would be disrupted for one year in transitioning from the status quo to the Single Employer model.

4.24. There are a number of issues in relation to the approach that has been taken to identify the economic benefits in relation to CSF1:

- The probability of delivery assigned to each of the options is a judgement which is not supported by any statistical evidence and for which there is a lack of consensus (again good practice would suggest use of a wide group of stakeholders to identify such probabilities if that approach is to be used)

- More tellingly, of the six projects identified in Tranche 1, 2 of the projects have already commenced and the remaining 4 projects are in progress (with 1 at planning application stage, two at feasibility study stage and the remaining project at pre-application stage).

4.25. Thus, whilst the probability based approach taken in the LBC in relation to Future Tranches might be considered appropriate (though there might still be a lack of consensus on the probability of delivery assigned to each option), we consider that in relation to Tranche 1 the approach taken in the LBC is inappropriate.

4.26. We found a high degree of consensus that the projects in Tranche 1 would go ahead based on the collaboration which already exists, though there was an acceptance that the pace of achieving the economic benefits in relation to CSF1 might vary between the options. Hence an alternative approach for Tranche 1 that reflected the possible faster speed of decision making from a change in Governance would have been a fairer reflection of the case promoted by the PCC.

4.27. This is further compounded by a lack of consistency in the economic appraisal in relation to "Cambridgeshire and Peterborough Fire Authority (CPFA) Huntingdon HQ cost avoided". This is included as an additional benefit of £0.813m (over and above the benefits derived from the probability of delivery modelling) for both the Governance and Single Employer models (with the benefit accruing as part of Tranche 1 in 2018/19 for the Governance model and in 2019/20 for the Single Employer model).

4.28. However, the £0.813 is not included as a benefit in the "No change" option or the Representation model. This means that the outcome in relation to the site this benefit relates to is assumed to be very different for two of the options compared to the other two. There now appears to be a common view that these costs (which relate to the original plan to acquire land for a Fire HQ) can be avoided under all options.

4.29. We, therefore, consider that the LBC overstates the economic benefit in relation to CSF 1 of the Governance model in comparison with both the "No change" option and the Representation model.

4.30. Whilst we are not able to recalculate the potential economic benefits for each of the four options, it would appear that the additional economic benefits of the Governance model in relation to CSF1 would not be material or significant in the context of the combined budgets of the two organisations (Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service).

4.31. Consequently, it would appear the ratings applied to each of the options in relation to CSF 1, which form part of the scoring upon which the ranking of the four options is based, should be closer than the LBC evaluation suggests.

CSF 5: Reduces cost of effective governance

4.32. The RAG rating for all 4 options in relation to CSF 5 is set out below:

CSF Component	"No change"	Representation	Governance	Single Employer
Simplifying governance	Red	Red	Green	Green

4.33. This rating is reflected in the economic benefits set out in the LBC. The LBC identifies the economic benefits of CSF 5 in relation to each of the options over a 10-year period as being:

	"No change"	Representation	Governance	Single Employer
Benefit (£m)	0.000	0.000	1.611	2.112

4.34. It would appear, therefore, that the Single Employer model provides greater economic benefit than the Governance model with the remaining options yielding no economic benefit.

4.35. The main economic benefit under the Governance model (the PCC's proposed option) is in respect of FRA Member's allowances and expenses, which account for £0.972m over ten years of the total £1.611m economic benefit identified in relation to CSF 5. The other key economic benefit under the Governance model relates to a shared Head of Finance. The benefit identified is £0.747m over ten years.

4.36. These benefits are "offset by any additional cost for the OPCC to oversee CFRS such as an Assistant Fire Commissioner" (Page 56 of the LBC). In relation to the Governance model, the additional cost identified in the LBC, over and above that already budgeted for by the OPCC, is £0.108m over ten years.

4.37. Whilst there are some comments about the exact figures there is relatively little contention that some costs could be saved by a change in governance. However, the approach adopted in the LBC to estimating this benefit is incomplete. For example not assuming any saving in costs from existing FRA support or assuming any additional costs in the OPCC. The approach adopted has been to assume these cost changes are broadly neutral. On balance we would concur that the estimated economic benefits are not an unreasonable estimate of the reduction in costs that could be achieved by adopting the Governance model.

4.38. A key point of contention, in the view of some stakeholders, would be whether this would result in more effective governance. The LBC does not identify CSF 5 as being relevant to the criterion of effectiveness used to evaluate and rank the four options (see 4.6 above).

Additional collaboration opportunities

4.39. Table 11 (Section 2.4.2 of the LBC) describes potential additional collaboration opportunities. Of these, a group of opportunities identified under the heading "Getting further value out of enabling services" are linked to economy and efficiency. However, no values have been ascribed to these potential additional opportunities for collaboration. In fact, the LBC states "potentially some small savings" could be achieved as a result of these additional collaboration opportunities.

4.40. On the basis of the consultation undertaken in the course of this independent assessment, it does not appear that the achievement of these additional opportunities (and any related economic benefits) is directly contingent on a change in governance; although a greater pace of implementation was often cited by some as a potential consequence of a change in governance.

4.41. In addition, barriers to the achievement of these additional opportunities may result from existing partnerships and collaborations that both Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service are currently involved in; as is recognised in the LBC.

4.42. Hence, it appears that the economy/efficiency that might be generated, as a consequence of these additional opportunities for collaboration, would not be material or significant in the context of the combined budgets of the two organisations.

Implementation Costs

4.43. Implementation costs are identified in the economic appraisal in relation to the Governance (£80,000) and Single Employer (£425,000) models. In relation to the PCC’s proposed option, the Governance model, these relate to:

- Consultation (£5,000)
- Specialist HR advice and support (£25,000)
- Other delivery costs (including project management (£50,000))

4.44. This reflects the limited change proposed in the LBC in relation to the Governance model. Whilst the LBC does identify additional opportunities for collaboration, potential implementation costs related to these opportunities are not identified. However, this should be considered in the context of the “potentially small savings” these opportunities might generate. The approach taken reflects the strategy adopted by the PCC based on identifying and quantifying further opportunities for change which might result in economy/efficiency savings once the Governance model has been adopted. This means that additional costs of implementation would need to be quantified once the decision on governance has been taken.

Effectiveness

4.45. The LBC identifies five of seven CSFs upon which the evaluation of the four options is based as being as being relevant to the criterion of effectiveness. These are CSFs 2-4 and CSFs 6-7. We consider the evaluation of these CSFs below. However, it should be noted that with the exception of CSF 6 (Deliverable), the remaining four CSFs which are considered in the LBC as relevant to the criterion of effectiveness are also considered to be relevant to either the criterion of public safety and/or relevant to the criterion of transparency/accountability.

CSF 2: Accelerates pace and effectiveness of police and fire collaboration

4.46. The RAG rating in relation to CSF 2 for all 4 options is set out below:

CSF Components	“No change”	Representation	Governance	Single Employer
Public safety and vulnerability prevention	Red	Amber	Green	Green
Effectiveness and resilience of services	Red	Amber	Green	Green

4.47. The RAG rating in relation to CSF 2 relates to the criteria of public safety and effectiveness.

- 4.48. As is referred to above, the LBC identifies a number of potential additional collaboration opportunities (Section 2.4.2 of the LBC). A number of these are identified in the LBC as relevant to effectiveness. These include joining-up community safety strategies and the integration of control rooms thereby “improving operational effectiveness and deployment decision-making”. Reference is also made to “making better use of estates through further consolidation and rationalisation between police and fire”.
- 4.49. The LBC also makes reference to the successful collaboration that is already taking place between Police and Fire in Cambridgeshire. This includes the estate related opportunities referred to in relation to CSF 1 above and the existing work of the Inter-Operability Board which is co-chaired by senior Police and Fire operational leaders.
- 4.50. The argument put forward in the LBC is that such collaboration would happen at a faster pace under the PCC’s preferred option of the Governance model. Section 2.4.2 states “emergency services collaboration in Cambridgeshire is already well established and therefore the scale of future additional collaboration benefit may not be sufficient on its own to justify a change in governance. However, a change in governance could drive existing and planned collaboration harder and faster”.
- 4.51. Whether this is the case was disputed by a number of consultees during the course of undertaking this independent assessment. A key barrier to this is the existing Police-Police and Fire-Fire collaborations that already exist which involve partners outside of Cambridgeshire. This rich picture of existing collaboration is a complicating factor.
- 4.52. Cambridgeshire Constabulary has an existing, deep collaboration with Bedfordshire and Hertfordshire Constabularies (the BCH collaboration). This involves specialist and operational services but also some support functions such as HR. In addition Cambridgeshire Constabulary is also part of a wider 7 Force collaboration in the East of England that involves procurement and other functions. Cambridgeshire Fire and Rescue Service have a partnership with Suffolk Fire Service for the provision of a joint command centre and with Bedfordshire Fire Service in relation to ICT.
- 4.53. These overlapping partnerships will to some extent reduce the immediate potential for Police–Fire collaboration. However it was put to us that a move over time towards a stronger focus on geographic collaboration rather than service specific collaboration, allied to a streamlined governance arrangement could drive more effective change.
- 4.54. Whilst there are differing views about the level of benefit directly arising from a change in governance there is no difference in view on the public value of Police-Fire collaboration. The catalyst of the PCC’s involvement in the Fire HQ and training centre debate was cited as an example and widely recognised as a positive intervention by the majority of consultees. We also heard from senior staff involved before and after the move to the PCC model in policing about the increased speed of decision making.
- 4.55. On balance we are of the view that a change in governance could accelerate the pace of Police-Fire collaboration in Cambridgeshire.

CSF 3: Enables a more innovative and effective approach to public service transformation

4.56. The RAG rating in relation to CSF 3 for all 4 options is set out below:

CSF Components	"No change"	Representation	Governance	Single Employer
Public safety and vulnerability prevention when working with other partners	Red	Amber	Green	Green
Effectiveness and resilience of services when working with other partners	Red	Amber	Green	Green

4.57. The RAG rating in relation to CSF 3 relates to public safety and effectiveness. In practice CSF 3 is about wider public service collaboration opportunities with Local Authorities, NHS and other partners, including the relatively new Combined Authority.

4.58. This is an area where there are strong views and limited evidence on either side of the debate. The strong opposition of the top tier authorities would in itself suggest that wider collaboration in the short term could suffer. There were also strong views about the importance of collaboration with the ambulance service and the potential for some loss of Fire-Ambulance collaboration opportunities.

4.59. Consultees also stressed the reliance this indicator places on a single individual. Few ideas for wider collaboration are specifically mentioned in the LBC, apart from an extension of the Peterborough Partnership Prevention and Enforcement Service across the County, that relate to this CSF.

4.60. On balance, we are of the view that there is insufficient evidence provided in the LBC to support the difference in RAG ratings applied in the LBC to CSF 3.

CSF 4: Brings benefits in terms of transparency and accountability

4.61. The RAG rating in relation to CSF 4 for all 4 options is set out below:

CSF Components	"No change"	Representation	Governance	Single Employer
National research of PCC v Authority model	Red	Amber	Green	Green
Operation of PCC v Authority models in Cambridgeshire	Red	Amber	Green	Green

4.62. The RAG rating in relation to CSF 4 relates to both effectiveness and to accountability/transparency.

4.63. In relation to the "No change" option" the LBC states that "this option would not have any impact on improving effective scrutiny for the fire service that the PCC model could deliver" whilst arguing that the Governance model will also "provide increased public accountability".

4.64. Issues relating to transparency/accountability and what constitutes effective scrutiny are contentious. This is evidenced by the numerous times these issues were raised by consultees during the course of undertaking this independent assessment.

4.65. The competing views over the advantages and disadvantages of different models for achieving accountability/transparency are outside of our remit, except in relation to how they might impact on the statutory tests. In that regard our view is that the differences in the approach to transparency and accountability would not make a material difference to the operational effectiveness of the service.

CSF 6: Deliverable

4.66. The RAG rating in relation to CSF 6 for all 4 options is set out below:

CSF Components	"No change"	Representation	Governance	Single Employer
Meets the likely availability of funding	Amber	Green	Amber	Red
Matches the level of available skills and capacity required for successful delivery	Green	Green	Amber	Red
Minimises delivery risks	Green	Green	Amber	Red

- 4.67. In the LBC CSF 6 is the only CSF which is considered relevant solely to the criterion of effectiveness. The description included in Table 8 (Section 2.3 of the LBC) describes this CSF as “The option can be implemented successfully”. In this sense, it would appear that the CSF is concerned primarily with risk and how effectively the option can be delivered.
- 4.68. The RAG rating does suggest that the Representation model is more deliverable than either the Governance or the Single Employer model, as is reflected in the “ease of delivery scores” (see 4.9 above). The LBC does recognise “there would be some challenges with implementing the governance model” (Page 56 of the LBC).
- 4.69. There is relatively limited discussion of risk in the LBC and in relation to this CSF. Although there is a risk register in the LBC with appropriate, albeit briefly described, mitigations identified.
- 4.70. There are strongly held views about this proposal that have the potential to have ongoing negative implications for the delivery of some of the wider benefits sought from this proposal. Whilst we have heard that the relationships are strong enough to avoid that, it will require even more time from key individuals to put into stakeholder relations and engagement. Alongside this there will be a requirement for a significant change management and OD programme that will again call on key individuals’ time. In particular a compelling vision and narrative to underpin the change is required to strengthen the buy-in to the proposal. Managing the risk of change in this environment will be an ongoing challenge.
- 4.71. On that basis we agree with the LBC analysis that the Governance model carries a higher deliverability risk than the “No Change” or Representation model. Hence, the scoring for “ease of delivery” (see 4.9 above) appears reasonable as does the RAG rating for CSF 6 except in the case of the “No change” option which includes an amber rating.

CSF 7: Mitigates against strategic risks

4.72. The RAG rating in relation to CSF 7 for all 4 options is set out below:

CSF Components	“No change”	Representation	Governance	Single Employer
Loss of public trust	Amber	Amber	Amber	Red
Compromise to links with health/local government services	Green	Green	Green	Green

- 4.73. The RAG rating in relation to CSF 7 relates to all of the criteria identified in the LBC that have been used in evaluating the four options. As a consequence, the RAG ratings above reflect the LBC’s deliberation across all of these criteria making it more difficult to identify the respective contribution of each of the four options to the criterion of effectiveness.
- 4.74. The RAG ratings for the “No change” option and for the Representation and Governance models are the same. Section 2.4.7 of the LBC discusses CSF 7 in more detail.

- 4.75. There is no evidence presented that any of these three options would be more or less effective than the other two in relation to CSF 7, as is reflected in the RAG rating. One point of contention, which was raised by stakeholders during the course of undertaking this independent assessment, was how the “no change” option could lead to a loss of public trust (one of the three components of CSF 7), since there is no change from the current arrangements.
- 4.76. In the commentary to the “No change” option in relation to this CSF component, the LBC states “it may be difficult for the CPFA (Cambridgeshire and Peterborough Fire Authority) and the CC (Cambridgeshire Constabulary) to meet increasing public expectation without substantially enabling collaboration” although it also states “as the fire service and constabulary continue to operate independently it is unlikely their identity and public trust will be negatively affected” Page 44 of the LBC).
- 4.77. Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service are already collaborating. It would appear, therefore, that the rating of amber for the “No change” option in relation to the CSF component “loss of public trust” is contentious.
- 4.78. However, in our view, the overall conclusion drawn from the RAG ratings that there is no difference between the options in relation to the mitigation of strategic risks does not appear unreasonable.

Conclusion on Economy

- 4.79. With reference to the definition of economy (1.9 above), it is noted that none of the economic benefits are specifically attributed in the LBC to the acquisition of inputs at lower prices. The economic benefits identified in the LBC, in relation to CSF 1 and CSF 5, arise from efficiency savings.
- 4.80. Procurement is a key function in relation to the achievement of economy. The “7 Force” collaboration in the East of England, which includes Cambridgeshire Constabulary, has a focus on procurement (see 4.52 above). The LBC also refers to collaboration on procurement in the context of the BCH collaboration (Page 31 of the LBC). Both these collaborations involve the police only.
- 4.81. The LBC does not specifically consider collaboration between Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service in relation to procurement. Whilst it is possible, over time, that Cambridgeshire Fire and Rescue Service might gain some advantage from the improved procurement sought by Cambridgeshire Constabulary (in concert with other police forces) through Police-Fire collaboration, it is not a proposition put forward in the LBC and, therefore not a factor in determining which of the four options might offer greatest economy.
- 4.82. In conclusion, the LBC sets out no difference between the four options in relation to economy.

Conclusion on Efficiency

- 4.83. All of the economic benefits identified in the LBC arise from efficiency savings. These are discussed in detail above (4.14 – 4.44).
- 4.84. The conclusion reached by the LBC in relation CSF 1 (Facilitates the optimal utilisation of capital assets) is that all four options achieve efficiency savings but that the Governance model option achieves the greatest efficiency savings of the four options.

- 4.85. We have set out above our concerns in relation to the calculation of these efficiency savings and that, in our view, the efficiency savings attributable to each option are much closer in reality to each other than is set out in the LBC. Given these concerns, it is not possible to categorically state that one option will deliver greater efficiency savings in relation to CSF 1 than another. However, it is clear that all four options will deliver efficiency savings in relation to CSF 1.
- 4.86. In relation to CSF 5, a key driver for the efficiency savings identified is the avoidance of costs inherent in the "No change" and the Representation model (i.e. Member's allowance and expenses). On this basis, it appears reasonable that such efficiency savings can be attributed to the Governance model.

Conclusion on Effectiveness

- 4.87. The proposition that the Governance model will result in greater effectiveness than the other options is based on an evaluation in the LBC of CSFs 2-4 and 6-7. We have discussed each of these CSFs in detail above (4.45 – 4.78).
- 4.88. Given the existing collaboration between Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service, together with the apparent determination amongst all stakeholders that this will continue and expand; the relative merits of each option in relation to effectiveness seem to rest on the proposition that adoption of the Governance model will lead to an increased pace of collaboration compared to the alternate options and, therefore, be more effective.
- 4.89. This is not a proposition for which there is a high degree of consensus. However, in our view the evidence from senior staff involved in the original move to PCC governance in policing and the impact the PCC has made on the Fire training, Huntingdon Station and Fire HQ estate proposition suggest that the Governance model could have a positive impact on the pace of collaboration and over time the range of collaboration projects.

5. Overall Conclusion

The Local Business Case

5.1. The Local Business Case in Cambridgeshire is more akin to a Strategic Business Case. The approach adopted was to identify a preferred direction of travel for Police-Fire collaboration based on a relatively small number of deliverable estates collaboration projects. The idea was then to build momentum for change once agreed towards a wider set of collaboration possibilities. Hence the focus of the case on Critical Success Factors. Our main conclusions arising from our review of these Critical Success Factors are:

- CSF 1: Facilitates the optimal utilisation of capital assets
 - the LBC overstates the economic benefit in relation to CSF 1 of the Governance model in comparison with both the “No change” option and the Representation model
 - the RAG ratings applied to each of the options in relation to CSF 1 should be much closer than the LBC evaluation suggests
- CSF 2: Accelerates pace and effectiveness of police and fire collaboration
 - we are persuaded that a change in governance would marginally accelerate the pace of Police-Fire collaboration
- CSF 3: Enables a more innovative and effective approach to public service transformation
 - the RAG ratings in this area of the assessment are closer than suggested in the LBC
- CSF 4: Brings benefits in terms of transparency and accountability
 - the differences in the approach to transparency and accountability would not make a material difference to the operational effectiveness of the service
- CSF 5: Reduces cost of effective governance
 - on balance we would concur that the estimated economic benefits are not an unreasonable estimate of the reduction in costs that could be achieved
- CSF 6: Deliverable
 - we agree that the Governance model carries a higher deliverability risk than the “No Change” or Representation model
- CSF 7: Mitigates against strategic risks
 - we concur with the RAG ratings in this area

5.2. If these conclusions were reflected in a revised RAG analysis it is likely that the overall assessment of the three main options (excluding Single Employer Model) would be even closer than the current LBC assessment.

The 3Es

- 5.3. However, we have been asked to undertake an independent assessment on behalf of the Home Office of Cambridgeshire PCC's Local Business Case which proposes adoption of the Governance model.
- 5.4. In relation to the 3Es, our terms of reference require us to assess whether the PCC's proposal meets the statutory test of economy, efficiency and effectiveness.
- 5.5. We have set out broad conclusions in relation to economy, efficiency and effectiveness in Section 4 above (4.79 – 4.89). In summary:
- **Economy** has received little attention in the LBC and that there is an absence of quantified benefits in relation to any reduced costs of inputs
 - All of the savings in the LBC arise from **efficiency**, primarily in relation to the optimal utilisation of capital assets (CSF 1) but also in relation to the avoidance of costs under the Governance model (CSF 5). Whilst it appears the efficiency savings generated by the different options are closer than implied by the LBC (due to the issues surrounding methodology), the proposed Governance model does deliver some additional efficiency gains.
 - Given the current and planned levels of collaboration, all of the options have potential in relation to **effectiveness** but, in our view, the Governance model does appear to provide for a faster pace of collaboration which has the potential to deliver greater effectiveness, although this cannot be quantified.
- 5.6. Taking the 3Es together we have concluded that, on balance and subject to all the caveats listed in this report, a move to the Governance Model would be in the interests of economy, efficiency and effectiveness.
- 5.7. Having reached that conclusion, we would add that the LBC presents no overwhelming case for the Governance model and that most of the proposed changes could be achieved under the other three options, subject to the willingness of all the stakeholders to work together.

Public safety

- 5.8. This independent assessment has not identified any issues on which comment is required under the terms of our reference.

Appendix A: Letter from the Home Secretary



Nick Hurd MP
Minister of State for Policing and
the Fire Service

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

Mr John O'Halloran
Director Business Advisory and Consultancy
CIPFA
77 Mansell Street
London
E1 8AN

17 November 2017

Dear John,

Re: Independent Assessment of Section 4A proposal under the Policing and Crime Act 2017

On 10 October I received a proposal from Cambridgeshire's Police & Crime Commissioner (PCC) to take on governance of Cambridgeshire Fire and Rescue Service, and on behalf of the Home Secretary, I would like to request that you undertake an independent assessment of their proposal.

Background

The Policing and Crime Act 2017 amends the Fire and Rescue Services Act 2004, and introduced a range of measures to enable closer collaboration between the emergency services. In particular, it enables PCCs to take on governance of their local fire and rescue service where a local case is made¹, and establish a PCC style Fire and Rescue Authority (FRA). This provides an opportunity for PCCs to drive innovative reform across both services and bring the same direct accountability to fire as exists for policing.

Where a PCC is interested in taking on the governance of their local fire and rescue service, they must bring forward a proposal for the necessary order demonstrating how this would be in the interests of economy, efficiency and effectiveness, or public safety (the "statutory tests"). The Secretary of State is only able to make such an order where it appears to her that it is in the interests of economy, efficiency and effectiveness or in the interests of public safety. The Home Secretary may not make an order if she thinks that such an order would have an adverse effect on public safety.

¹ See in particular sections 4A to 4M of, and Schedules A1 and A2 to, the Fire and Rescue Services Act 2004

The Act requires PCCs to consult on their proposal with the following parties; each relevant local authority², those who appear to the PCC to represent (i) employees who may be affected by the proposal and (ii) members of the police forces who may be affected by the proposal and seek the views of people in their police area on that proposal. If, in response to a consultation a relevant local authority indicates that it does not support the PCC's proposal, the PCC can still submit their proposal for consideration but is required to provide additional documents, including copies of the views expressed by the statutory consultees and the PCC's responses to them. I, on behalf of the Secretary of State, will then be required to obtain an independent assessment of the proposal. The Secretary of State will take into account its findings when making the final decision whether or not to approve the PCC's proposal.

The Home Secretary is required to publish such an independent assessment as soon as is reasonably practicable after making a determination in response to the proposal, and in such manner she thinks appropriate.

For the avoidance of doubt, the independent assessment is not a substitute for the Secretary of State's decision making process. She would not be properly discharging her duties by simply adopting the conclusions of an independent assessment, and anyone undertaking the independent assessment function is not discharging her role in assessing whether the statutory tests have been met.

If you agree to undertake this work, it should be done separately to any other proposal that you may be commissioned to assess.

The assessment

As the independent assessor, you are being asked to review the Cambridgeshire PCC's proposal to transfer governance of Cambridgeshire Fire and Rescue Service from Cambridgeshire and Peterborough Fire Authority to the PCC in its entirety, and to provide a view on whether you consider that either of the relevant statutory tests have been met or whether there would be an adverse effect on public safety. Whilst the conduct of the assessment is of course a matter for you, I would ask that in particular, you provide a view on the total potential implementation costs.

In order to form a view against the statutory tests, you may wish to engage with the the PCC for Cambridgeshire, Cambridgeshire and Peterborough Fire Authority, Cambridgeshire County Council and Peterborough City Council. Please have regard to the assessment requirements as set out in Annex A.

Timeframe

It is anticipated that this assessment will take up to three weeks following confirmation that you accede. However, this may be extended, depending on the nature of the objections and the complexities of the case.

Subject matter expertise

The following provides a suggested list of experts who you may wish to consider consulting with to support you in making your assessment:

² See paragraph 6(6) and (7) of Schedule A1 to the Fire and Rescue Services Act 2004

- Operational fire expertise: National Fire Chiefs Council (NFCC)
- Operational police expertise: National Police Chiefs Council (NPCC)
- Others, dependent on nature of the objection/s: Society of Local Authority Chief Executives (SOLACE) or Association of Police and Crime Chief Executives (APACE)

The above list is not intended to be exhaustive; you may wish to seek other subject matter expertise.

Updates

This will be a wholly independent process for you to carry out as you see appropriate. However, I would be grateful if you could update the Home Office on any risks or issues with meeting the suggested timeframe, any lack of engagement from relevant parties, or any additional costs that are to be incurred as a result of seeking additional subject matter expertise. Such updates are not intended to cover matters relating to the substance of your view of the proposal or your initial findings.

Please can you confirm in writing by 24 November, whether you are able to undertake the independent assessment of the Cambridgeshire PCC's proposal. Should there be any conflict of interest, please make the Home Office aware prior to formally accepting.

I am copying this letter to the Chair of the Cambridgeshire and Peterborough FRA (Councillor Kevin Reynolds), the leader of Cambridgeshire County Council (Councillor Steve Count), the leader of Peterborough City Council (Councillor John Holdich OBE) and the Cambridgeshire PCC (Jason Ablewhite).

I would like to take this opportunity to thank you for your ongoing support and engagement with this process.

Yours sincerely,



NICK HURD MP
Minister of State for Policing and the Fire Service

Appendix B: Documents / Sources

No.	Title of Document	Author	Date
1.	Local Business Case (LBC) for fire and rescue governance options to improve the effectiveness of emergency services delivery in Cambridgeshire: Full Business Case	Cambridgeshire OPCC/PA Consultants	October 2017
2.	Proposal for fire and rescue services governance in Cambridgeshire: Consultation Report	Cambridgeshire OPCC	October 2017
3.	Proposal for fire and rescue service governance in Cambridgeshire: Report on views and representations made by Cambridgeshire County Council and Peterborough City Council	Cambridgeshire OPCC	October 2017
4.	Working Papers (Excel) supporting economic benefits summarised in the LBC (1. above)	Cambridgeshire OPCC/PA Consultants	Undated
5.	Cambridgeshire OPCC and Constabulary Strategic Risk Register	Cambridgeshire OPCC/Constabulary	July 2017
6.	Other documents published as part of the public consultation process (see 2. above)	Cambridgeshire OPCC	July 2017
7.	Cambridgeshire and Peterborough Fire Authority Audit Completion Report (Audit for the year ended 31 st March 2017)	BDO	September 2017
8.	Cambridgeshire and Peterborough Fire Authority – selected Authority and Audit Committee Minutes	Cambridgeshire and Peterborough Fire Authority	2017
9.	Police and Crime Commissioner for Cambridgeshire and Peterborough Annual Report 2016 - 17	Police and Crime Commissioner for Cambridgeshire	2017
10.	Annual Governance Statement – 2016/17	Cambridgeshire OPCC	2017
11.	Annual Governance Statement – 2016/17	Cambridgeshire Constabulary	2017
12.	The Police and Crime Commissioner for Cambridgeshire/The Chief Constable of Cambridgeshire Police - Audit results report -Year ended 31 March 2017	Ernst & Young	September 2017
13.	Police and Crime Commissioner for Cambridgeshire and Cambridgeshire Constabulary - Annual Internal Audit Report 2016/17	RSM	May 2017
14.	Organisational Chart of the Office of the Police and Crime Commissioner for Cambridgeshire	Cambridgeshire OPCC	2017
15.	PEEL: Police efficiency (including leadership) 2017 - An inspection of Cambridgeshire Constabulary	Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)	November 2017

No.	Title of Document	Author	Date
16.	PEEL: Police Effectiveness 2016 – An inspection of Cambridgeshire Constabulary	Her Majesty's Inspectorate of Constabulary	March 2017
17.	Cambridgeshire and Peterborough Fire & Rescue Authority - Fire Peer Challenge Report	Chief Fire Officers Association (CFOA/Local Government Association (LGA))	September 2014
17.	Equality Peer Challenge Cambridgeshire Fire and Rescue Service Report	Chief Fire Officers Association (CFOA/Local Government Association (LGA))	November 2014
18.	Cambridgeshire Police and Crime Commissioner – Medium Term Financial Plan 2017/18 to 2020/21	Police and Crime Commissioner for Cambridgeshire	2017
19.	Cambridgeshire and Peterborough Fire Authority – Budget Book 2017/18	Cambridgeshire and Peterborough Fire Authority	2017
20.	Cambridgeshire and Peterborough Fire Authority – Efficiency Plan 2016 - 2020	Cambridgeshire and Peterborough Fire Authority	2016
21.	Cambridgeshire and Peterborough Fire Authority – Statement of Accounts 2016/17	Cambridgeshire and Peterborough Fire Authority	2017
22.	CFRS Blue Light Collaboration Board Overview	Cambridgeshire Fire and Rescue Authority	2017

In addition, information has been obtained from the websites of Cambridgeshire Fire and Rescue Service (which contains information in relation to Cambridgeshire and Peterborough Fire and Rescue Authority), Cambridgeshire Constabulary and the Police and Crime Commissioner for Cambridgeshire.

Appendix C – List of Consultees

The following were consulted during the course of our independent assessment:

Name	Title	Organisation	Date	Method
Jason Ablewhite	Police and Crime Commissioner	Police and Crime Commissioner for Cambridgeshire	5th December 2017	Interview in person
Dorothy Gregson	Chief Executive	Office of the Police and Crime Commissioner	5th December 2017	Interview in person
Kevin Reynolds	Chairman	Cambridgeshire and Peterborough Fire Authority	5th December 2017	Interview in person
John Peach	Vice Chairman	Cambridgeshire and Peterborough Fire Authority	5th December 2017	Interview in person
Alec Wood	Chief Constable	Cambridgeshire Constabulary	12th December 2017	Interview by phone
Chris Strickland	Chief Fire Officer	Cambridgeshire Fire and Rescue Service	6th December 2017	Interview in person
Matthew Warren	S.151 Office (OPCC)/Deputy Chief Executive and S.151 Officer (CFRS)	Office of the Police and Crime Commissioner /Cambridgeshire Fire and Rescue Service	5th December 2017	Interview in person
Rick Hylton	Assistant Chief Fire Officer	Cambridgeshire Fire and Rescue Authority	5th December 2017	Interview in person
Shahin Ismail	Fire Monitoring Officer	Cambridgeshire Fire and Rescue Service	5th December 2017	Interview in person
Samantha Smith	Head of HR	Cambridgeshire Fire and Rescue Service	5th December 2017	Interview by phone
Mohammed Jamil	Councillor	Cambridgeshire and Peterborough Fire Authority	6th December 2017	Interview in person
Niki Howard	Director of Finance and Resources (S.151 Officer)	Cambridgeshire Constabulary	6th December 2017	Interview in person
Simon Bywater	Councillor	Cambridgeshire and Peterborough Fire Authority	6th December 2017	Interview in person
Vicky Skeels	Chief Superintendent / Head of Local Policing	Cambridgeshire Constabulary	6th December 2017	Interview by phone
Rachel Wilkinson	Head of HR	Cambridgeshire Constabulary	30th November 2017	Interview by phone
Gillian Beasley	Chief Executive	Cambridgeshire County Council and Peterborough City Council	13th December 2017	Interview by phone
Chris Malyon	Deputy Chief Executive and	Cambridgeshire County Council	13th December 2017	Interview by phone

Name	Title	Organisation	Date	Method
	Chief Finance (S.151) Officer			
Graham Oliver	Interim Head of Finance	Office of the Police and Crime Commissioner	6th December 2017	Interview by phone
Sebastian Kindersley	Councillor	Cambridgeshire and Peterborough Fire Authority	13th December 2017	Interview by phone