



# HERTFORD TOWN COUNCIL

TO: ALL MEMBERS OF THE  
HERTFORD TOWN COUNCIL

You are hereby summoned to attend a meeting of Hertford Town Council to be held  
in the Robing Room, The Castle, Hertford:

**7.30 PM ON: MONDAY 10 JULY 2017**

The Agenda for the business to be transacted at the Meeting is attached.

Dated **30th** day of **June 2017**

A handwritten signature in black ink that reads "Joseph Whelan".

Mr J Whelan  
Town Clerk  
Hertford Town Council



## **MONDAY 10 JULY 2017**

**Prayers:** The Mayor's Chaplain will say prayers at the start of the meeting.

### **AGENDA**

#### **1. RECORDING OF MEETING**

To establish if it is the intention of any person present to record the meeting.

#### **2. DECLARATIONS OF INTEREST**

To receive Members' declarations of Disclosable Pecuniary Interests (as defined by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012) where these Disclosable Pecuniary Interests:

- a) Have not already been entered into the register and
- b) Relate to a matter to be considered

To note that such interests so declared must be formally notified to Town Clerk and the Monitoring Officer at East Hertfordshire District Council of the interest within 28 days.

To receive Members' declarations of Declarable Interests in accordance with Hertford Town Council's Code of Conduct (adopted 8<sup>th</sup> April 2013).

#### **3. MAYOR'S ANNOUNCEMENTS**

#### **4. TO CONFIRM THE MINUTES of the Full Town Council meeting held on 27 March 2017, the Annual Council Meeting held on 18 May 2017 and the Special Town Council Meeting held on 26<sup>th</sup> June 2017.**

#### **5. QUESTIONS AND/OR STATEMENTS FROM MEMBERS OF THE PUBLIC**

Members of the public may speak about specific items on this agenda which contain a recommendation, provided they have advised the Town Clerk of their wish to speak no later than midday on the Friday before the meeting (or midday of the last working day of the week before the meeting). A list giving details of the name(s) and relevant agenda item(s) will be circulated to Councillors before the meeting commences.

#### **6. COMMUNITY SERVICES**

To receive the report of the Community Services Committee held on 12<sup>th</sup> June 2017.

**7. DEVELOPMENT AND LEISURE**

To receive the report of the Development and Leisure Committee held on 19 June 2017 (including the reports of the Planning Sub-Committee meetings of 27<sup>th</sup> February, 13 March, 27 March, 10 April, 24 April, 8<sup>th</sup> May, 30<sup>th</sup> May and 12 June 2017)

**8. FINANCE, POLICY AND ADMINISTRATION**

To receive the report of the Finance, Policy and Administration Committee held on 26<sup>th</sup> June 2017 (including the report of the Personnel Sub-Committee meetings of 30<sup>th</sup> May 2017)

**RECOMMENDATION:** That subject to any changes Members may wish to make, the Committee recommends the adoption of the following reviewed Policy for inclusion in the Constitution. **PAPER A** Page 3

6.8 Flag Flying Policy

**RECOMMENDATION:** Min 130: That subject to any changes Members may wish to make, the Committee recommends the adoption of the following reviewed Policies for inclusion in the Constitution. **PAPER B** Page 7

6.3 Child Protection Policy

6.3a Vulnerable Adult Safeguarding Policy and Protocol

6.3b Employment of Offenders

**9. COUNCIL OBJECTIVES 2016/19**

To receive an updated report on the Council's objectives 2016/19 **PAPER C** Page 29

**10. HERTS FIRE AND RESCUE – CONSULTATION ON POTENTIAL CHANGES TO GOVERNANCE**

To comment on the proposals. **PAPER D** Page 45

**Document 6.8**

**FLAG FLYING POLICY**

**Adopted 10 July 2017**  
**Review by March 2019**

## 1. INTRODUCTION

Following the publication of the White Paper, The Governance of Britain: Constitutional Renewal (CM 7342-1), and the Consultation Analysis Document (CM 7342-3) on 25 March 2008, the Government has decided to give UK Government Departments and Local Authorities the freedom to fly the Union Flag on their buildings whenever they choose to. Hertford Town Council has approved the standard 15 flag flying days as shown below and will consider other dates as appropriate:

20 January	Birthday of The Countess of Wessex
6 February	Her Majesty's Accession
19 February	Birthday of The Duke of York
8 March	Commonwealth Day (second Monday in March)
10 March	Birthday of The Earl of Wessex
21 April	Birthday of Her Majesty The Queen
9 May	Europe Day
2 June	Coronation Day
10 June	Birthday of The Duke of Edinburgh
12 June	Official Celebration of Her Majesty's Birthday
17 July	Birthday of The Duchess of Cornwall
15 August	Birthday of The Princess Royal
14 November	Remembrance Day (second Sunday, see note 1)
14 November	Birthday of The Prince of Wales
20 November	Her Majesty's Wedding Day
<b>Notes:</b>	
	1 Flags should be flown at full mast all day.

## 2. PROTOCOL FOR FLAG FLYING

2.1 The Union Flag is to be flown at full mast on civic buildings (together with other flags where in accordance with the protocol, for example the Cross of St George being flown on St George's Day).

### 2.2 **Death and Funeral Commemoration**

The Union Flag will be flown at half mast (from 8am until sunset) on the following occasions across all buildings unless stated otherwise:

1. Death of The Sovereign – from announcement of death to day of the funeral except on Proclamation Day when the flag will be hoisted to full mast from 11am until sunset.(See separate Protocol 6.13)
2. Death of a member or near relative of the Royal Family or the funeral of members of the Royal Family – subject to special command from Her Majesty. (See Separate Protocol 6.13)

3. The funerals of Prime Ministers and former Prime Minister – subject to special command from Her Majesty.
  4. The funerals of Foreign Rulers - subject to special command from Her Majesty.
  5. Death of a Lord Lieutenant or Deputy Lieutenant of Hertfordshire – day of funeral.
  6. Death of a serving Mayor, Mayoress, Consort, Deputy Mayor or Deputy Mayoress – day of notification of death and day of funeral.
  7. Death of a serving Member of Hertford Town Council – day of notification of death and day of funeral.
  8. Death of a former Member of Hertford Town Council and former Mayor or Mayoress of Hertford – day of notification of death and day of funeral.
  9. Death of a former Member of the predecessor Borough Council (including former Mayor, Mayoress or Consort) – day of notification of death and day of funeral.
  10. Death of an Honorary Freeman of the town of Hertford – day of notification of death and day of the funeral.
  11. Death of an Honorary Freeman of the predecessor Borough – day of funeral.
  12. Death of a serving Town Clerk of Hertford Town Council – day of notification of death and day of funeral.
  13. Death of a retired Town Clerk of Hertford Town Council or a predecessor council – day of the funeral.
  14. Death of a serving or former Member of Parliament of the local constituency – day of funeral.
  15. Death of armed forces personnel who were residents of the parish killed on active service – day of the announcement of death and on the day of the funeral.
  16. Death of a serving Chief Constable of Hertfordshire Constabulary, Hertfordshire Chief Fire Officer or a serving Hertford Police Commander – day of funeral.
- 2.3 On special flag flying days/civic occasions (e.g. St George's Day) when the flying of flags coincide with days for flying flags at half-mast, the following rules are observed.

Flags are flown at full mast:

- Although a member of the royal family, or a near relative of the royal family, may be lying dead, unless special commands are received from the Queen to the contrary.
- Although it may be the day of the funeral of a foreign ruler

### 3. Civic Occasions

1. Twinning exchange visits – Union Flag and National Flag of visiting twin town to be flown (or displayed where suitable vertical poles not available) during the period of the visit

2. St George's Day (23rd April) – the Cross of St George to be flown from 8am until sunset.
3. Mayor Making, Castle events and other such notable occasions – the Hertford Flag to be flown from 8am until sunset.
4. Armed Forces Day – Armed Forces Day flag to be flown from 8am until sunset.

#### **4. Other Occasions**

The Union Flag or Hertford Flag may be flown at full or half mast on other occasions at the discretion of the Town Clerk, in consultation with the Leader of the Council. An example of this being a day of national mourning following a major incident in the UK. In these circumstances the Council will follow National Government guidance where available



**AGENDA ITEM 8 – REVISED CHILDREN AND VULNERABLE ADULTS SAFEGUARDING POLICY**

**1. PURPOSE OF THE REPORT**

To ask Council to consider amending the current Children and Vulnerable Adults Safeguarding Policy.

**2. BACKGROUND**

On 11<sup>th</sup> July 2016 Council adopted a safeguarding policy for children and vulnerable adults.

As part of implementing this policy it has been necessary for key staff at the Council to undertake child protection training and also training relate to the protection of vulnerable adults.

These staff are:

Events and Marketing Manager  
Events Co-ordinator  
Customers Service Assistants  
Facilities Officers  
Town and Tourist Information Centre staff  
Ground staff  
Town Clerk

This training was undertaken in May 2017.

The last step is to undertake a Disclosure and Barring Service (DBS) check on staff who will come into contact with children and vulnerable adults on a regular basis; the staffing group listed above. It should be noted that any new staff who may join the Council in future and are in regular contact with children or vulnerable adults will undertake appropriate safeguarding training and undertake a DBS clearance check.

The above matter was reported to Development and Leisure Committee in February 2017. At this meeting the clear advice received from the Disclosure and Barring Service that volunteers assisting at Hertford Town Council events and open days did not require DBS clearance was noted.

The necessity of revising the existing children and vulnerable adults safeguarding policy was reported to Finance Policy and Administration Committee on 26 June 2017.

**3. AMENDMENTS TO SAFEGUARDING POLICY**

Hertfordshire County Council was approached in May 2017 with a view to the County Council undertaking the DBS checks on behalf of Hertford Town Council. A

pre-requisite of the agreement of Hertfordshire County Council in undertaking the DBS checks is that the Town Council has in place safeguarding policies identical to the templates provided by Hertfordshire County Council.

This is non-discretionary and the Council therefore has to revise its existing policies. The two areas where policy needs to be revised/changed is for child safeguarding and recruitment of ex-offenders policy.

In discussion with Hertfordshire County Council Safe Staffing team the following was agreed:

- Due to the nature of the contact between Council staff and vulnerable adults Hertfordshire County Council does not require the Town Council to adopt a Vulnerable Adults Safeguarding policy using a HCC model policy template.
- The Council may continue to use existing safeguarding policy that is in place and is additional/complimentary to the new child safeguarding policy and recruitment of ex-offenders policy that the Council is being asked to consider.

The current policy of the Council is a 'joint' children and vulnerable adults safeguarding policy. Since there is a need to adopt a standalone child protection/safeguarding policy the Council must now consider the adoption of a separate vulnerable adults safeguarding policy.

The policy changes discussed above are necessary to enable the DBS checking process to proceed. In turn this will provide assurance to all of the Council's customers that appropriate checks are in place for this important issue.

The draft policies are attached as Appendices The attached vulnerable adult safeguarding policy remains unchanged from the 'vulnerable adults' elements of the children and vulnerable adults safeguarding policy adopted by the Council in July 2016. The new adult safeguarding policy includes and retains important information/protocol that the Council should continue to work within and that form an important part of the policy adopted in July 2016. .

#### **4. RECOMMENDATIONS**

It is RECOMMENDED that Council:

- (a) **Notes** the report
- (b) **Adopts** the child safeguarding policy attached as Appendix 6.3
- (c) **Adopts** the revised adults safeguarding policy attached as Appendix 6.3a
- (d) **Adopts** the employment of ex-offenders policy attached as Appendix 6.3b

Report by: Joseph Whelan Town Clerk

# **Document 6.3**

## **CHILD PROTECTION POLICY**

**Adopted 10 July 2017**  
**Review by July 2019**

## **CHILD PROTECTION POLICY**

Hertford Town Council recognise that when working with or having contact with children we have a responsibility to promote and safeguard their welfare. This policy sets out guidelines relating to the following areas:

1. Policy statement
2. Recognition of abuse
3. Responding to allegations of abuse or neglect, including those made against leaders
4. Maintaining a safe environment

### **1. Policy Statement**

**Hertford Town Council** is committed to creating and maintaining the safest possible environment for children and young people

#### **We believe**

1. **The safety and welfare of children should always be of paramount importance, whatever the circumstances.**
2. **That everyone with a role in working with children has a responsibility to safeguard and promote a child's welfare particularly when it comes to protecting children from abuse.**
3. **Special care is needed in dealing with children whose age, inexperience or physical state makes them particularly vulnerable to abuse.**
4. **Sufficient training must be made available to volunteers to provide them with the necessary knowledge to ensure safe care is always maintained.**

### **2. Recognising Abuse**

The following behavioural signs may be indications of abuse, but they must not be taken in isolation from other circumstances in a child's life. One sign on its own may not be an indicator of abuse.

#### **Possible indicators of physical abuse**

- Any injuries not consistent with the explanation given for them.

- Injuries which occur to the body in places which are not normally exposed to falls, rough games etc.
- Injuries which have not received medical attention which you would expect a reasonable parent to give / arrange.
- Instances where children are kept away from the group inappropriately.
- Reluctance to change for, or participate in, games or swimming.
- Bruises, bites, burns, fractures etc which do not have an accidental explanation (e.g. several cigarette burns in one place - one accidental - several?).
- Cutting / slashing / substance abuse.

### **Indicators of Possible Sexual Abuse**

- Any allegations made by a child concerning sexual abuse.
- Child with an excessive pre-occupation with sexual matters and a detailed knowledge of adult sexual behaviour, who regularly engages in age-*in*appropriate sexual play.
- Sexual activity through words, play or drawing.
- Child who is sexually provocative or seductive with adults.
- Inappropriate bed-sharing arrangements at home.
- Severe sleep disturbances with fears, phobias, vivid dreams or nightmares, or sometimes overt or veiled sexual connotations.

### **Emotional Indicators of Abuse**

- Marked changes or regression in mood and behaviour, particularly where a child withdraws or becomes clinging. Also depression / aggression.
- Nervousness / frozen watchfulness.
- Sudden under-achievement or lack of concentration.
- Inappropriate relationships with peers and / or adults.
- Attention-seeking behaviour.
- Persistent tiredness
- Running away / stealing / lying.

### **Indicators of Possible Neglect**

- Inadequate food and nutrition.
- Inadequate shelter or living conditions.
- Inadequate clothing.
- Exposure to physical danger or harm.
- Failure to ensure the child receives access to appropriate medical care or treatment.

## **3. Responding to Allegations of Abuse**

- It is not the responsibility of anyone working for (*insert name of organisation*) to take responsibility or to decide whether or not child abuse has taken place. However there is a responsibility to act on any concerns through contact with the appropriate authorities.

- This organisation has appointed a person responsible for Child Protection matters.
- If you suspect that abuse may have taken place you must report concerns as soon as possible to the Child Protection Officer. The Officer will be responsible for referring allegations or suspicions of neglect or abuse to the statutory authorities. In the absence of the Child Protection Officer or the concerns relate to the Officer the concerns should be reported to the Hertfordshire County Council, Children, Schools & Families Department (01438 737500).
- Every effort should be made to ensure that confidentiality is maintained for all concerned.
- If a child discloses abuse, listen carefully to what they have to say but do not question them. Reassure them that it is safe to talk and write down what was said as soon as possible afterwards.
- Do not inform the alleged abuser about any suspicion of abuse or disclosure until advice has been given on this by the statutory agencies.

#### **4. Maintaining a Safe Environment**

- Where possible work in an open environment .Avoid being alone with a child or being in an unobserved situation. Encourage openness and an environment in which there are no secrets.
- Treat all young people/disabled adults equally, and with respect and dignity.
- Ensure that if mixed groups are taken away, they should always be accompanied by a male and female member of staff. (NB however, same gender abuse can also occur)
- Ensure that at any residential events, adults should not enter children's rooms or invite children into their rooms.
- Secure parental consent in writing to *act in loco parentis*, if the need arises to give permission for the administration of emergency first aid and/or other medical treatment.
- Keep a written record of any injury that occurs, along with the details of any treatment given.
- Request written parental consent if it is necessary to transport young people in cars.
- Do not invite children or young people into your home

#### **Practice never to be sanctioned**

The following should **never** be sanctioned. You should never:

- Engage in rough, physical or sexually provocative games, including horseplay.
- Share a room with a child
- Allow or engage in any form of inappropriate touching
- Allow children to use inappropriate language unchallenged
- Make sexually suggestive comments to a child, even in fun
- Reduce a child to tears as a form of control
- Allow allegations made by a child to go unchallenged, unrecorded or not acted upon
- Do things of a personal nature for children or disabled adults, that they can do for themselves
- Invite or allow children to stay with you at your home unsupervised

**Our Child Protection Officer is:**

Mr Joseph Whelan – Town Clerk. [Joseph@hertford.gov.uk](mailto:Joseph@hertford.gov.uk) 01992 552885

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**Document 6.3a**

**VULNERABLE ADULTS SAFEGUARDING**  
**POLICY AND PROTOCOL**

**Adopted 10 July 2017**  
**Review by July 2019**

## **VULNERABLE ADULTS POLICY AND SAFEGUARDING PROTOCOL**

### **1 Introduction**

1.1 Hertford Town Council makes a positive contribution to a strong and safe community and recognises the right of every individual to stay safe. Hertford Town Council comes into contact with vulnerable adults through the following activities:

- Undertaking a range of public events at Hertford Castle such as open air cinema, Teddy Bears' Picnic and Castle Open days
- Hiring out Hertford Castle and the Millbridge Rooms for private hire such as for weddings, parties and use by local organisations. These private hire events may be attended by vulnerable adults.

1.2 The following legislation is pertinent to this policy:

- Safeguarding Vulnerable Groups Act 2006
- Care Standards Act 2000
- Public Interest Disclosure Act 1998
- The Police Act – CRB 1997
- Mental Health Act 1983
- NHS and Community Care Act 1990
- Rehabilitation of Offenders Act 1974

1.2.1 The Town Council works hard to provide a safe environment for vulnerable adults and the wider public to enjoy our facilities. As part of our commitment to that safe environment the Town Council acknowledges that we have a duty of care to the vulnerable adults using our services and facilities.

1.3 The Town Council will ensure that key officers working during events and in the Town and Tourist Information Centre have been DBS checked and received necessary safeguarding training, and that volunteers are not placed in a position where they may find themselves alone with vulnerable adults at Hertford Town Council events.

### **1.4 Definitions**

#### Definition of Vulnerable Adults

A vulnerable adult is a person aged 18 years or over who may be unable to take care of themselves or protect themselves from harm or from being exploited. This may include a person who:

- Is elderly and frail

- Has a mental illness including dementia
- Has a physical or sensory disability
- Has a learning disability
- Has a severe physical illness
- Is a substance misuser
- Is homeless.

## 2. **Objectives**

Safeguarding is about embedding practices throughout the organisation to ensure vulnerable adults wherever possible. In contrast, adult protection is about responding to circumstances that arise.

Abuse is a selfish act of oppression and injustice, exploitation and manipulation of power by those in a position of authority. This can be caused by those inflicting harm or those who fail to act to prevent harm. Abuse is not restricted to any socio-economic group, gender or culture.

It can take a number of forms, including the following:

- Physical abuse
- Sexual abuse
- Emotional abuse
- Bullying
- Neglect
- Financial (or material) abuse

The objectives of Hertford Town Council, in relation to this policy, are:

1. To seek to safeguard and promote the interests, feelings and well being of vulnerable adults.
2. To take all reasonable steps to protect vulnerable adults from harm, degrading treatment or discrimination and in doing so respect their rights, wishes and feelings.

## 3. **Responsibilities of the Council**

3.1 The Council's Responsible Officer for Safeguarding is the Town Clerk. The Council has the following responsibilities:

- Develop and implement an appropriate policy (Town Council)
- Ensure the policy is accessible to the general public (Town Clerk)
- Ensure the policy is implemented (Town Clerk)
- Ensure the policy is monitored and reviewed (Town Council and Town Clerk)
- Ensure sufficient resources (time and money) are allocated to ensure that the policy can be effectively implemented (Town Council)

- Ensure Councillors, staff and volunteers have access to appropriate training/information (Town Clerk)
- Ensure staff concerns about safeguarding are responded to seriously, swiftly and appropriately (Town Clerk)

3.2 To assist in safeguarding and to respond to the legislation noted in Section 1.3 above the following policies are also in place:

- Grievance and disciplinary procedures – to address breaches of procedures/policies
- Whistleblowing –ability to inform on other staff/ practices within the organisation
- Health and Safety and Risk Assessments mitigating risk to staff and customers
- Equal Opportunities policy– ensuring safeguarding procedures are in line with this policy, in particular around discriminatory abuse and ensuring that the safeguarding policy and procedures are not discriminatory
- Data protection (how records are stored and access to those records)

#### **4. Process to Report Potential Abuse**

- 4.1 The Council recognises the difficulty of assessing a potential abuse situation. It is accepted that council staff are not experts in this field. However, all suspicions and or allegations of abuse must be taken seriously and responded to in a speedy and appropriate manner. Staff are therefore expected to discuss any concerns they have regarding the welfare of vulnerable adults with their Line Manager. The Line Manager will then discuss these matters with the Town Clerk who will decide on the most appropriate course of action.
- 4.2 It is not the responsibility of Town Council employees to decide if abuse has occurred, however it is their responsibility to take action regardless of how small the concern.
- 4.3 Staff must avoid situations that compromise the proper relationship with vulnerable adults. Staff must also be aware that others might misinterpret actions, no matter how well intentioned.
- 4.4 If a situation of suspected abuse is reported, then the following process should be followed:
- Any member of staff (paid or unpaid) is required to report any concerns in the first instance to their line manager or Town Clerk.
  - In all cases of emergency call 999
  - Contact Adult Social Care at Hertfordshire County Council on 0300 123 4042 (24 hours a day)
  - Follow the advice provided and contact the Police if necessary.
- 4.5 As soon as possible the form attached to this policy should be completed. If a member of staff (paid or unpaid) feels unsure as to whether parents may be involved in a suspected abuse they should not approach the family on the subject

as this could place the individual at further risk. This is a very difficult situation to assess. Therefore, advice should be sought from any of the above under such circumstances.

## **5. Allegations of Abuse Against Members of Staff**

- 5.1 The Council recognises that abuse does occur in any setting where adults have access to vulnerable adults. It is essential that all staff involved with vulnerable adults are aware that all allegations are taken seriously and appropriate action taken.
- 5.2 It may be that the person is unclear whether allegations that are made constitute abuse or poor practice and are therefore unsure of the action to be taken. It is essential for this reason that the person in charge (usually the Line Manager) informs the Town Clerk of the situation and where necessary obtains advice from Social Services. It is possible that this may be just one of a series of instances of which the member of staff is unaware that could constitute something more serious.
- 5.3 It is acknowledged that any suggestion that a member of staff is or may be abusing a vulnerable adult will raise concerns amongst other staff, including the inherent difficulties in reporting such matters. However, it is important that any concerns for the welfare of a vulnerable adult arising from abuse or harassment by a member of staff should be reported immediately.
- 5.4 Hertford Town Council will fully support and protect anyone who, in good faith, reports his or her concern that a colleague is or may be abusing a vulnerable adult.
- 5.5 Any concerns must be discussed with the Town Clerk where the best course of action will be decided. It is crucial that allegations are taken seriously and any appropriate action taken to protect the welfare of the vulnerable adult.
- 5.6 Where there is a complaint of abuse against a member of staff, there are three types of investigation possible.
  - A disciplinary or misconduct investigation.
  - A criminal investigation.
  - A vulnerable persons' investigation.

If, following consideration by the person in charge, the allegation is clearly one about poor practice then the person in charge will deal with this situation as a misconduct issue.

If the allegation is one of poor practice against the person in charge, then the Town Clerk will decide how the matter will be dealt with and whether or not to

initiate disciplinary proceedings.

If the allegation is one of abuse and/or one against the person in charge, then the Town Clerk must contact Hertfordshire County Council Social Services team and act upon their advice.

- 5.7 The Town Clerk must be informed immediately of any allegations of abuse made against a member of staff. They will then make an immediate decision as to whether the individual should be temporarily suspended from duty, as a neutral act, pending further investigations. The Town Clerk will keep the Leader of the Council advised at all times.
- 5.8 If the Town Clerk cannot be contacted, the next senior manager should send the individual concerned home on full pay and ask them to contact the Town Clerk by 12 noon the following day.
- 5.9 Irrespective of a Social Services or Police Investigation, the Town Clerk will assess all individual cases under the appropriate misconduct and disciplinary procedure to decide whether a member of staff can be reinstated and if so, how it can be handled with sensitivity.
- 5.10 In circumstances where there is insufficient evidence to uphold any action by the Police or Social Services, the Town Clerk, in consultation with the Leader of the Council, may reach a decision based on the information that is available which could suggest that, on the balance of probability (burden of proof required for civil prosecutions), it is more likely than not that the allegation is true. The welfare of the vulnerable adult must remain paramount. Consideration will always be given to what support can be given to family and members of staff.

## **6. Taking Photographs**

- 6.1 Camera phones, digital cameras and video create the opportunity for misuse. Therefore parental consent must be obtained wherever reasonably practicable before any vulnerable adult is photographed or filmed.
- 6.2 Any Councillor, member of staff, or volunteer wishing to record images of children at a Town Council event must:-
  - Gain permission from the member of staff in charge of the event;
  - In addition, if possible, always get verbal permission from the family prior to taking and publishing a photo at public events such as those organised by the Town Council in the Castle grounds. Other than presentations of awards avoid taking pictures of individuals.
  - The member of staff taking photos should wear an ID badge or uniform which identifies them as part of the official event.

If in doubt do not take the photo or ensure that all participants are facing away from the camera.



## **SAFEGUARDING INCIDENT REPORT FORM**

Your Name:

Position:

Name of Child/Vulnerable Adult:	Age: Date of Birth:
Any special factors e.g., disabled or non-English speaker	
Parents/Carers Names:	
Home Address:	
Telephone number:	
Date of incident:	Time of incident:
Your observations:	
<p>Exactly what the child or vulnerable adult said and what you said:            (Remember, do not lead the child or vulnerable adult, record the actual details.            Continue on separate sheet if necessary)</p>	
<p>Details of any actual evidence e.g. bruising, bleeding, physical, changes in behaviour of            child or parent any indirect signs. Continue on separate sheet if necessary</p>	

Action taken so far, if any:	
If you have spoken to the parents/guardian, what was said:	
Have there been allegations against anyone? If yes, provide details:	YES / NO
Have you consulted anyone else about this? If yes, provide details:	YES / NO
Are you reporting your own concerns or passing on those of somebody else? If someone else, please provide details:	
name of the officer you are handing the report to	position of the officer you are handing the report to

Date: .....

Signature of Reporting Officer: .....

Signature of Accepting Officer: .....

**Note**

Once both parties have signed the report the person submitting the form should retain a copy for future reference. All forms, correspondence and reports related to this matter should be held in strictest confidence and stored/filed in a secure cabinet with restricted access.





## Photographic Consent Form

To be used by persons appearing in photographs, films or videos

### PARENTAL CONSENT (PHOTOGRAPHS) FORM

Dear Parent,

By signing this form, you are giving consent for you, or the child or young person for whom you are responsible, to appear in photographs, films or videos which illustrate the work of Hertford Town Council.

Uses for photo's may include: displays and exhibitions; archives; our website; annual reviews; leaflets and posters produced for fundraising; leaflets and posters produced to illustrate our work; press releases in the Town Council news letter, Hertfordshire Mercury and other local press.

Although photographs will be used no child will be identified by name unless there is a specific press release concerning your child.

The photograph will not be used in any circumstance to illustrate sensitive subjects such as domestic violence or child runaways.

By signing the form parents/carers will be confirming that the child is not in any of the special circumstances outlined above.

Name of Child: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Name of parent/guardian: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Signature: \_\_\_\_\_ Relationship to Child: \_\_\_\_\_

Hertford Town Council recognises that you may wish to withdraw your consent for personal reasons. You can do this at any time by writing to us.

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# **Document 6.3b**

## **RECRUITMENT OF EX OFFENDERS**

**Adopted 10 July 2017**  
**Review by July 2019**

## **RECRUITMENT OF EX OFFENDERS POLICY**

### **Introduction**

Hertford Town Council (HTC) is committed to equality of opportunity and fair treatment for all job applicants and aims to select people for employment based on their individual skills, abilities, experience, knowledge and where appropriate qualifications and training.

HTC will consider ex-offenders for employment based on individual merit. HTC's approach towards employing ex-offenders differs, however, depending on whether or not the vacancy is exempt from the provisions of Rehabilitation of Offenders Act 1974.

### **Scope**

This policy and procedure applies to all appointments within HTC; including those appointments made to fixed term contracts. This policy excludes individuals that are already employed by HTC, however employees are required to disclose any personal concerns that conflict between their work duties and private interests. Further information can be found in:

- Code of Conduct
- Disciplinary Policy

### **Policy**

Hertford Town Council is committed to the fair treatment and equal opportunities of all employees, potential employees and the users of the services it provides regardless of race, gender, religion, sexual orientation, responsibilities for dependents, age, physical/mental disability or offending background.

Wherever possible the Council actively promotes equality of opportunity for all with the right mix of talent, skills and potential and welcomes applications from a wide range of candidates, including those with criminal records. In all circumstances candidates will be selected for interview based on their skills, qualifications and experience.

The Council will not automatically refuse to employ a particular applicant just because they have had a previous criminal conviction.

### **Jobs that are covered by the Rehabilitation of Offenders Act 1974**

- Unless the nature of the position allows HTC to ask questions about an applicant's entire criminal record only 'unspent' convictions as defined under the Rehabilitation of Offenders Act 1974 are required to be disclosed.
- If the applicant has a conviction that is not spent and if the nature of the offence is relevant to the job for which they are applying, HTC will review the individual circumstances of the case and may, at its discretion, decline to select the individual for employment.

### **Jobs that are excluded from the Rehabilitation of Offenders Act 1974**

- If the job in which the council is seeking to recruit is one of the excluded jobs listed in the Rehabilitation of Offenders Act 1974 (Exemptions) Order 1975, HTC will

require the applicant to disclose all convictions whether they are spent or unspent. Even in these circumstances the Council will not refuse to employ a particular individual unless the nature of their conviction has some relevance to the job for which the individual has applied.

- HTC as an organisation uses the Disclosure and Barring Service (DBS) to assess applicants' suitability for positions agreed as falling within scope of a 'regulated activity' role. The Council will seek the applicant's agreement to make a joint application to the Disclosure and Barring Service for a standard or enhanced Disclosure with or without a barred list check, whichever is relevant for the position.
- The Council is committed to ensuring that all information provided about an individual's criminal convictions, including any information contained within a Disclosure, is used fairly and stored and handled appropriately in accordance to the Data Protection Act 1998 and the Councils Data Protection Policy.
- Failure to reveal information that is directly relevant to the position being appointed to, whether covered or exempt from the Rehabilitation of Ex-Offenders Act 1974, could lead to a withdrawal of an offer of employment, or dismissal if the employment has already begun.

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**REPORT TO A MEETING OF THE FULL TOWN COUNCIL**  
**– 10<sup>TH</sup> JULY 2017**

**AGENDA ITEM 9 – PROGRESS ON COUNCIL OBJECTIVES 2016-19**

**1. PURPOSE OF REPORT**

To report to Committee progress made on the Council's objectives for 2016-19.

**2. BACKGROUND**

On 11 July 2016 the Council adopted a set of objectives for the period 2016-19.

The objectives cover a range of themes and also note which Committee(s) is/are responsible for delivering particular objectives.

Reports on progress were recently considered at each Committee for the objectives that the Committee is responsible for. These reports were considered on the following dates:

- Community Services Committee – 12<sup>th</sup> June 2017
- Development and Leisure Committee – 19<sup>th</sup> June 2017
- Finance Policy and Administration Committee – 26<sup>th</sup> June 2017

Each progress report invited the Committee to consider whether amendments to the current objectives should be recommended to Full Town Council. No recommendations have been made.

For reasons of effective and visible governance of the work of the Council, it is important to present the overall progress in a single report to the Council.

In line with effective governance, Council is asked to approve that a quarterly cycle of progress reports is introduced for all three Committees and the overall progress is reported to Full Town Council (again on quarterly basis).

**3. PROGRESS TO DATE ON COUNCIL OBJECTIVES**

The progress made to date on the entire set of Council objectives for 2016-19 is attached as Appendix 1.

As can be seen from Appendix 1 good progress is being made on all objectives.

The Council is invited to discuss whether the current objectives, or the constituent actions below each individual objective, should be amended or added to.

4. **RECOMMENDATIONS:**

It is recommended that the Council:

- a) **notes** the report.
- b) **makes** necessary amendments to the current objectives.
- c) **resolves** to introduce a quarterly reporting cycle on progress against the Council's objectives to the Community Services, Development and Leisure and Finance Policy and Administration Committee and Full Town Council.

Report by Joseph Whelan – Town Clerk



# **COUNCIL OBJECTIVES 2016 - 2019**

<b>OBJECTIVE: Enhance the role of the County Town of Hertford as an attractive and safe place to live, work and visit and to promote it as a cultural destination</b>		
<b>Action Required</b>	<b>Success Criteria</b>	<b>Responsible Committee</b>
Actively promote Hertford and its heritage through the Town and Tourist Information Centre, via the Council and GoHertford websites, social media, Town Council noticeboards and the press.	There will be an active and consistent approach to promotional activities, with all Council service areas promoted.	D&L
<p>Progress as of June 2017:</p> <p>The Hertford Heritage Trail was launched in May 2017 and historical guided walks are organised for visitors to attend. The usage of free WiFi has increased month on month as has the usage of the Go Hertford website.</p> <p>Hertford Town Council social media followers continue to grow. Facebook and Twitter interaction with the public has also seen a dramatic increase during tourism week.</p>		
Support events in the town centre and elsewhere in Hertford including those with a cultural focus on the arts such as the Hertfordshire Festival of Music.	A successful programme that enhances the range and choice on offer of leisure opportunities to residents and visitors.	D&L
<p>Progress as of June 2017:</p> <p>A Hertford Events programme was printed and widely distributed in January detailing all local Hertford events up until July.</p> <p>A further events programme has been printed detailing and promoting events from July – December.</p> <p>Listings of all events are promoted on the Go Hertford website, the Hertford Town Tiny App, social media sites, through the Town and Tourist Information Centre and the weekly printed and email newsletter.</p>		
Successfully relocate the Town & Tourist Information Centre to new premises, enhancing the range of information and services offered.	The Town & Tourist Information Centre will have relocated with minimal disruption to service delivery. New services will have begun, including the promotion of volunteer opportunities and an enhanced range of merchandise.	D&L
<p>Progress as of June 2017:</p> <p>The Town and Tourist Information Centre relocated opposite Hertford Theatre in 2016 and have extended their services to include a volunteers platform for local organisations.</p> <p>Local artists have exhibited their work and the Council has retained commission from works sold.</p> <p>The larger premises has also been used for the community stakeholder engagement for the scheme to improve The Wash, Maidenhead Street and Bull Plain Street.</p> <p>Hertfordshire County Council also used the TTIC in May 2017 to promote the Hertford Walking Week event.</p> <p>The footfall in the new premises has seen an increase in comparison with the previous</p>		

location.		
Develop and implement an annual programme of events based at the Castle, reviewing the events involved each year; ensure up to date risk assessments, necessary licences and insurances are in place.	The programme of events will have provided entertainment and activities to interest all ages. Comprehensive preparation for events will have taken place.	D&L
Progress as of June 2017:		
<p>The recent car show at Hertford Castle proved popular in attendance and also feedback from the event received from visitors, sponsors, traders and volunteers.</p> <p>The Town Council is working closely with the licensing and police department to ensure event safety at all events.</p>		
Working in partnership with the Civic Society, install blue plaques at notable buildings and sites and develop a Heritage Trail incorporating them.	The blue plaques will have been installed on all the agreed premises, and a Heritage Trail published to promote them.	D&L
Progress as of June 2017:		
<p>The Hertford Heritage Trail launched in May 2017 where 42 buildings are recognised for their importance. The trail map is available in paper form, available online and also through the Hertford Tiny App. Feedback from venues and visitors has been very positive and the plaques received. Guided walks will be arranged in the near future.</p>		
Agree quarterly policing priorities with the Safer Neighbourhood Team and feed in local residents and business views when setting those priorities.	Issues raised are successfully addressed and reported back to the Council.	FP&A or informal meeting
Progress as of 2017:		
<p>Police have recently advised that the process of setting quarterly priorities has been stopped.</p>		
Continued funding of the Hertford Museum as a key resource for both residents and visitors to Hertford.	Continued provision of this important resource.	FP&A
Progress as of 2017:		
<p>This is done. The Museum write to the Town Council in November to apply for grant for the following financial year. The letter of application notes the successful project/initiatives that the Museum has recently run together with attendance figures.</p> <p>This objective is completed for 2017/18.</p>		
Consider how New Homes Bonus funding can be used to support community based projects such as the Hertford Arts Hub being considered by Courtyard Arts.	Improving the cultural offer or other community initiatives within the Town.	FP&A
Progress as of June 2017:		

In March 2017 FP&A Committee allocated funding to the development project at Courtyard Arts and also seed funding for the Hertford Arts Hub scheme. Both of these allocations are subject to the receipt of matched.

Implementation of an 'Adopt your Street' litter pick initiative, with support from the Council.	A scheme is implemented where members of the public take some responsibility for clearing litter in their streets.	FP&A
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Progress as of June 2017:

Good progress has been made with 24 individuals having come forward plus a Cub Scout Group and a Beavers group. Volunteers in all four wards of Hertford have adopted at least one street.

This objective is on track

**OBJECTIVE: Support the town centre and business community, to ensure its ongoing viability**

Action Required	Success Criteria	Responsible Committee
Ensure the GoHertford website can be relied upon as the primary source of information promoting the town centre's businesses and activities, and is actively promoted.	The website will have been regularly maintained, so that the business directory and other information is up-to-date. The number of visits to the website will have increased.	D&L

Progress as of June 2017:

The Go Hertford website is the landing page of any users of the free town WiFi. The website is kept up to date with local news features, events, traders information and local attractions. The amount of unique users has significantly increased since the launch of the free WiFi.

Successful piloting of free town centre Wi-Fi, with full monitoring and analysis to assess the future of the service.	The service will have been maintained with minimal disruptions. Usage data will be maintained and analysed, and a decision taken as to whether to continue and/or expand the service.	D&L
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Progress as of June 2017:

The usage of free WiFi has increased month on month with an average of 4500 visitors using the service each month. The highest area of usage is Maidenhead Street.

The extension of the WiFi to reach Parliament Square, the Wash, St Andrew Street, Old Cross and Fore Street is in process.		
Continued funding of CCTV and funding and management of the Hertford Taxi Marshalling service, regularly reviewing both to ensure they meet current needs.	Funding of the existing CCTV and Taxi Marshalling services will have been maintained, and requests for extensions given consideration. The Town Council's responsibilities for the Taxi Marshalling will have been undertaken, and the service confirmed to meet requirements.	D&L
<p>Progress as of June 2017:</p> <p>The Hertford Taxi Marshal scheme continues to run well and is welcomed by the travelling public. The Police and Hertfordshire County Council continue to be supportive of the scheme and its positive contribution to the management of the night time economy in Hertford.</p> <p>The continued provision of CCTV also assist the positive management of the night-time economy and at other times in terms of public safety. On occasion CCTV footage is provided as evidence to the Police.</p>		
Maintain the Hertford Entrepreneurs group to provide a networking forum for local business people, with a varied programme of speakers four times a year.	Four events will have taken place over the course of the year, each attracting at least 30 local business people.	D&L
<p>Progress as of June 2017:</p> <p>The Hertford Entrepreneur of the Year Awards was held in January 2017 and further events are organised throughout the year.</p> <p>This objective is on track</p>		
Provide financial support for local Community Groups and initiatives through the provision of Community Grants.	Positive promotion of the grant scheme; determination of grant applications in line with Town Council policy; positive case studies shown on the Town Council's website.	FP&A
<p>Progress as of June 2017:</p> <p>Grants are awarded at every FP&amp;A Committee to a verity of recipients, most recently including:</p> <p>Hertford Festival of Music - £1200</p>		

<p>Hertford Town Football Club - £500 Mudlarks - £1200</p> <p>This objective is on track</p>		
<p>Effectively participate in the Member Implementation Steering Group for the Hertford Town Centre Urban Design Strategy including the future of the Ashley Webb shelter.</p>	<p>There will have been active participation by a Hertford Town Council Member and Officer in the Steering Group, and the Town Council will have taken on responsibility for aspects of delivering the strategy where appropriate.</p>	<p>D&amp;L</p>
<p>Progress as of June 2017:</p> <p>This objective is progressing well with the Steering Group meeting on a monthly to six weekly basis.</p> <p>This objective is on track.</p>		
<p>Deliver improvements to public realm of the Town Centre, including to Maidenhead Street.</p>	<p>Visual improvements will have been made to Maidenhead Street, and other areas of the town centre.</p>	<p>D&amp;L</p>
<p>Progress as of June 2017:</p> <p>Progress has been made to develop the priority HUDS scheme of improvement to The Wash, Maidenhead Street and Bull Plain. A community stakeholder event was held in March 2017 and was well attended. Detailed engineering work is continuing.</p> <p>The objective is on track.</p>		
<p>In the Castle Grounds, planting improvements will be made.</p>	<p>Appropriate improvements made in keeping with the grounds of a listed building. Positive customer and public feedback.</p>	<p>CS</p>
<p>Progress as of June 2017:</p> <p>Mudlarks has replanted beds to the rear of the grounds using Tesco grant funding of £12,000</p>		
<p>Investigate the viability and desirability of taking on responsibility for the running of Hertford Market.</p>	<p>A working group will have been established to investigate all aspects of the running of Hertford Market, including the experience of</p>	<p>D&amp;L</p>

	Bishop's Stortford TC of taking on responsibility for their town's market, and successful markets elsewhere.	
<p>Progress as of June 2017:</p> <p>Detailed financial information for the operation of the current market has now been received from East Herts council (the current operator). The Council can now commission an independent review of the potential opportunities to help the market develop in future. This is an important step in understanding the viability/desirability of taking over the management of the market.</p> <p>This objective is on track.</p>		

<b>OBJECTIVE: Positively Influence Spatial and Economic Development</b>		
<b>Action Required</b>	<b>Success Criteria</b>	<b>Responsible Committee</b>
Timely response to consultation on: East Herts replacement Local Plan and other planning documents including economic development policy; Conservation Area Appraisal; mineral and waste planning policy; Local Transport Plan and other transport strategy documents. Respond to, and seek to influence East Herts District Council and Hertfordshire County Council regarding parking provision in the Town Centre.	All consultations which impact on Hertford will have been considered and responded to in a timely manner.	D&L
<p>Progress as of June 2017:</p> <p>A number important consultation responses have been provided in the past year including on the Local Plan and the Hertfordshire 2050 Transport Vision.</p> <p>This objective is on track.</p>		
Develop, implement and seek the adoption of a Neighbourhood Plan for Sele Ward. Local residents, businesses and other organisations will contribute to the development of the plan.  Consideration to be given to the implementation of a Neighbourhood Plan in other Wards of the Town, after completion of the Sele Neighbourhood Plan.	The Neighbourhood Plan will have been prepared, working with residents and other ward representatives. Preparation will be made for seeking endorsement of the Plan within the Ward.	D&L
<p>Progress as of June 2017</p> <p>Good progress is being made on the Sele Neighbourhood Area Plan with multiple</p>		

meetings with the Community Steering Group to set community objectives, collect evidence and decide policy directions. A second round of consultation with the public will take place in July 2017.

The Town Council's work will begin in earnest on the Bengo Neighbourhood Area Plan, picking up from the work already done by Bengo residents.

This objective is on track

Comment as a consultee on individual planning applications.	The Planning Sub-Committee will have reviewed and commented on all Hertford Planning applications.	D&L
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Progress as of June 2017:

The Town Council provides timely comments on planning applications (through Planning Sub-committee) with the benefit of local insight and reflecting local residents' views.

This objective is on track

**OBJECTIVE: Effective Management of the Property, Facilities and Land Owned or Maintained by the Council**

Action Required	Success Criteria	Responsible Committee
Continue to manage Hertford Cemetery and closed churchyards, carry out necessary repairs and maintenance.	Positive customer and public feedback; effective maintenance undertaken.	CS

Progress as of June 2017:

Regular maintenance and repairs are carried out.

This objective is on track.

Carry out an assessment of the long term need for the provision of further burial spaces /new cemetery.	Assessment provides timing, number and potential location of future provision.	CS
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Progress as of June 2017:

On 28 November 2016 Community Services Committee considered a report detailing the current capacity of Hertford Cemetery for burial spaces and plots for the interment of ashes. Using data from the previous 15 years on the number of plots purchased per annum, the remaining capacity for burial plots is calculated at around 70 years and for interment of ashes it is 60 years.

The action is complete and the objective has been met.



Continue the effective provision and maintenance of 6 allotment sites within and around the Town.	Positive plotholder feedback; effective and timely maintenance undertaken; low levels of vacancies (KPI).	CS
Progress as of June 2017		
This objective is being met and is evidenced through the reporting to Committee on a quarterly basis of detailed data and information.		
Carry out regular and planned maintenance of the Castle grounds; the Skatepark at Hartham Common and Pinehurst Playing Field.	Positive customer and public feedback; effective maintenance undertaken.	CS
Progress as of June 2017		
This objective is being met and is evidenced through the reporting to Committee on a quarterly basis of detailed data and information.		
Draw up and implement an annual programme of maintenance to the Castle and Seed Warehouse ensuring good value for money.	Cost effective maintenance carried out in a timely manner.	FP&A
Progress as of June 2017		
A programme is being implemented and the objective is on track		
Maximise the use of the Castle and Millbridge Rooms as venues for hire whilst not impacting on the programme of Town Council events.	Hire of the Castle and Millbridge Rooms will have been maintained at the previous year's levels, or increased.	D&L
Progress as of June 2017:		
Venue hire at Hertford Castle has doubled year on year. The Mill Bridge rooms have also increased in popularity and bookings.		
This objective is on track		
Undertake or examine the feasibility of the Town Council undertaking local highways verge and signage maintenance as part of Hertfordshire County Council Highways Together Initiative.  Full scope of work will be set following a 3 month trial period.	Council decision made following the trial period around future scope of this activity. If approved may lead to improved response times for maintenance contributing to a more pleasant environment.	FP&A

Progress as of June 2017:

Two improvement schemes have been identified:

Maintenance of the shrub bed at Bluecoats – first trimming/clearing completed – further visits planned for the remainder of the calendar year

Clearance of bramble and weed at River Lea Navigation tow path on Folly Island – works scoped and quoted for. Due to take place in late June/early July 2017

This objective is on track

Develop and implement a strategy for the Council to improve its carbon footprint and sustainability. Areas of action could include paper use, level of recycling and energy suppliers.

Reduced carbon footprint through exemplary practice.

FP&A

Progress as of June 2017:

Officers contacted many power suppliers to examine the feasibility/cost of securing a higher level of sustainable/renewable power for the electricity supply to council buildings. At present no alternative suppliers have been identified

Very limited progress has been made on this matter. Further work needed.

**OBJECTIVE: Effective Governance**

**Action Required**

**Success Criteria**

**Responsible Committee**

Undertake regular reviews to Council policy and Constitution (this includes to all standing Orders and Financial Regulations). Develop new policies where required.

Town Council is effectively run and managed; meeting all statutory requirements and exhibiting good practice wherever possible other

FP&A

This is done on a regular basis including at Committee on 26 June 2017 when the Council's safeguarding policy was reviewed and a resolution was made to amend the policy.

This objective is on track.

Comment on relevant local and national policy consultations that may affect the business of the Council or impact on Hertford.

Town Council responds appropriately to issues affecting Hertford

FP&A

Progress as of June 2017:

This is done as and when required.

Review spending programmes (such as for New Home Bonus funding) as part of the annual budget setting process.	Spending programmes remain fit for purpose and result in positive outcomes.	FP&A
<p>Progress as of June 2017:</p> <p>New Homes Bonus allocations were made in October 2016 and March 2017.</p> <p>This objective is on track</p>		
Ensure all requirements of the Council's Standing Orders and Financial Regulations are met when spending public money.	Assurance provided on an annual basis by the Town Clerk.	FP&A
<p>Progress as of June 2017:</p> <p>Updates to Standing Orders and Financial Regulations were made by Full Council, following the recommendation of FP&amp;A Committee on Monday 11 July 2016.</p> <p>This objective is on track.</p>		
Continue to meet financial transparency requirements including regular publication of Council expenditure.	Assurance provided on an annual basis by the Town Clerk.	FP&A
<p>Progress as of June 2017:</p> <p>This is done on a quarterly basis to FP&amp;A Committee. The objective is on track.</p>		
Ensure recommendations made following internal and external financial audits are fully undertaken in a timely way	Town Clerk develops action plans and ensures their timely completion, reporting to Committee as appropriate.	FP&A
<p>Progress as of June 2017:</p> <p>This is done. This objective is on track.</p>		
Develop and implement training and development plans for Councillors and Staff.	Plans in place and training records held and reported to Personnel Sub Committee.	FP&A
<p>Progress as of June 2017:</p> <p>A full-year staff training plan was approved at Personnel Sub Committee on 30 May 2017.</p>		

<p>Training for Councillors is arranged on a more individual basis. This objective is on track.</p>		
<p>For all activity undertaken by the Council (including management of property, land and public events) ensure that up to date risk assessments and appropriate licences are in place and health and safety requirements are being adhered to.</p>	<p>Property and events are managed meeting within prevailing licensing and health and safety requirements.</p>	<p>FP&amp;A and D&amp;L</p>
<p>Progress as of June 2017:</p> <p>All risks assessment are reviewed regularly and periodically. Individual Event Management Plans are put in place for larger events such as Rock at the Castle where a multi-agency approach has been taken working with the Police, Fire and Rescue Service and East, Herts Council.</p> <p>This objective is on track.</p>		
<p>Adopt and monitor Key Performance Indicators for the provision of Council services. Take corrective action as required.</p>	<p>The effectiveness of the Council's performance is tracked and reported at Committee demonstrating how well the Council has delivered its services to residents</p>	<p>All Committees</p>
<p>Progress as of June 2017:</p> <p>This is done on a quarterly basis. This objective is on track.</p>		

<b>OBJECTIVE: Facilitate the Positive Development of Young People</b>		
<b>Action Required</b>	<b>Success Criteria</b>	<b>Responsible Committee</b>
Evaluate the feasibility and potential benefits of re-constituting the Hertford Youth Council	Active and successful Youth Engagement in place	CS
<p>Progress as of June 2017</p> <p>In November 2016 Community Services Committee resolved that the Town Clerk contact head teachers of schools in Sele Ward to implement an engagement with pupils on the Sele Neighbourhood Area Plan as a first step to effective further youth engagement</p> <p>The headteachers are planning to meet in the near future to discuss collaborative working on the SNAP.</p> <p>HTC Officers met with the headteacher of Sele School in early and agreed a number of activities that the pupils at Sele will contribute to in relation to the SNAP. For example in July 2017 the Sele School Student Voice will debate and feedback to the Council via the School their opinions and aspirations for the Sele area.</p> <p>This objective is being met with further work already planned</p>		
Examine with local schools accommodating students on planned work experience programmes	Improved preparation of young people ahead of taking up employment	FP&A
<p>Progress as of June 2017:</p> <p>Some progress made. In September 2016 a young person spent two weeks with the Council on work experience undertaking grounds maintenance. This was arranged following contact with Hertfordshire County Council.</p>		
Liaise with Hertfordshire County Council Youth Offending Service on feasibility of young people contributing positively to the work of the Council.	Undertake feasibility work and decide upon implementation	FP&A
<p>Progress as of June 2017:</p> <p>No progress to date.</p>		

<b>OBJECTIVE: Customer Service (Improvement Objective)</b>		
<b>Action Required</b>	<b>Success Criteria</b>	<b>Responsible Committee</b>

<p>Increase awareness amongst all Officers of what represents excellent customer service; embed best practice in all aspects of the customer service that the Council provides.</p>	<p>Increased awareness of how job role and responsibility directly impacts on customers</p>	<p>FP&amp;A</p>
<p>Progress as of June 2017:</p> <p>All staff have a customer service related goal in their personal objectives. Customer service training being arranged for the whole staff group.</p> <p>This objective is on track.</p>		

**REPORT TO THE TOWN COUNCIL – 10 JULY 2017****AGENDA ITEM 10 HERTS FIRE AND RESCUE – CONSULTATION ON POTENTIAL CHANGES TO GOVERNANCE****1. PURPOSE OF THE REPORT**

To provide the Council with a summary of the proposals within the Consultation document which outlines potential changes to the Governance of the Fire Service.

**2. INTRODUCTION**

The Fire Service in Hertfordshire is currently run by Hertfordshire County Council, however following the passing of the Police and Crime Act 2017, it is now a legal requirement for the three emergency services to work more closely together. Consequently, the Police and Crime Commissioner would like to bring the Police and Fire Service under the same roof.

**3. INFORMATION**

The Consultation document has been independently prepared and sets out the business case for proposed change. The Police and Crime Commissioner's job title would change to the Police, Fire and Crime Commissioner and would head the two services with the help of the Chief Fire Officer and the Chief Inspector. The Commissioner would set the strategy for the Fire Service but the Fire Service would continue to be run operationally by the Chief Fire Officer.

The report suggests the proposals could

- improve public safety and assist better joint working
- provide benefits such as collaborative training and joint operational activity
- allow better use of resources such as through a co-located control room
- lead to financial savings through joint procurement
- increase accountability through the directly elected Commissioner.

The report examines 4 options:

1. Do nothing.
2. The representative model, where the Commissioner would sit on the HCC Committee
3. The Governance model, where the Commissioner governs both services.
4. The Single Governance model, the Commissioner takes governance but appoints a single Chief Officer.

Of the four options above, the business case outlined in the document found that Option 3 was the most beneficial to the public.

### **3 RECOMMENDATIONS**

It is recommended that:

- a) The Council **considers** its response to the Consultation.

Report by: Tricia Carpenter, Civic Administration Manager



### **Blue-Light Collaboration: Bringing together Fire and Police**

The Constabulary and the Fire Brigade are two of the most valued public services we have in Hertfordshire. They do incredible work protecting the public and save many lives. They work together every day, sharing knowledge and expertise, and we must continue to support them in their efforts to protect us.

I want to see the two services working even more closely together, because there are great benefits to improving their existing relationship – not just for the emergency services more widely, but for the whole public.

Since January, Police and Crime Commissioners have been encouraged by the government to examine the options for taking over governance of their local Fire and Rescue Service.

Currently, Hertfordshire County Council runs the fire service as well as Adult Care services, Children’s Services, Roads, Waste, Libraries, Schools and Transport. The money spent on fire accounts for less than 4% of the council’s budget.

For me it makes sense to see Hertfordshire’s Fire and Rescue Service more closely aligned with the other dedicated emergency services. The government has also made it a duty for the services to collaborate more closely.

This is why I first stated my intention to investigate this proposal in 2016, and again in my Community Safety and Criminal Justice Plan, published earlier this year.

I believe these changes would create a more transparent, accountable, efficient and professional service.

I want the public to be able to influence how all our emergency services operate, setting the budget, and key priorities for our county’s safety. I think bringing fire under the same governance as the police will deliver a better service to the public, as all efficiencies will be invested into community safety – currently they are used to supplement other council services.

In December 2016, I commissioned an investigation to examine whether there is a good business case for bringing the governance of the Hertfordshire Fire and Rescue Authority under my responsibility.

I'm now publishing the results. It sets out what I think are significant benefits to moving to a model where police and fire sit under the same governing body:

- **Improved public safety** through collaborative training and joint operational activity, enabling better coordination and the streamlining of decision-making across the emergency services. This will improve response to road traffic accidents and other major inter-agency incidents.
- **A better use of resources**, such as a co-located control room and innovation through **shared police and fire estates**.
- **Greater protection of the fire budget**, meaning the taxes raised for fire are spent on fire, rather than being diverted to other services.
- Flexibility to determine the **most financially beneficial** option for back office services and corporate support, for example, vehicle maintenance.
- Collaborative procurement between services, **enabling savings** by maximising the collective buying power where operational requirements allow.
- **Increased accountability** from the public, with a directly elected person accountable for their actions.
- **A unique identity for both services**. This is **not** a merger and both services would remain independent, with a Chief Constable and Chief Fire Officer in charge of their own operational matters.

You can read the full business case on my website and see a summary which sets out the key findings – [www.hertscommissioner.org/fire](http://www.hertscommissioner.org/fire).

The public consultation will run for 8 weeks from the 19<sup>th</sup> June until the 14<sup>th</sup> August.

I want to know your views because I take account of what the public tell me is important to them.



**David Lloyd**  
Police and Crime Commissioner for Hertfordshire



# Fire Governance in Hertfordshire

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## *Business Case Summary*

This is a summary of the Local Business Case which the Commissioner is consulting upon. You can read the full case at [www.hertscommissioner.org/fire](http://www.hertscommissioner.org/fire)



## **Governance of Hertfordshire Fire and Rescue Service**

### **Business Case Summary**

A Public Consultation into changes in the governance of the Fire Service in Hertfordshire is taking place.

#### **What does governance mean?**

Governance is setting the priorities for an organisation, making sure things are run effectively and efficiently, and setting the budget.

Good governance has a positive effect on spending decisions, policies, practices and procedures, quality of service, leadership and behaviour.

#### **What happens in Hertfordshire at the moment?**

Currently, Hertfordshire County Council runs the fire service as well as Adult Care services, Children's Services, Roads, Waste, Libraries, Schools and Transport. The money spent on fire accounts for around 4% of the council's budget. The decisions relating to fire are made by a panel of councillors called the Cabinet. They consider all aspects of the council's business, of which fire is part of that wider mix.

## **What is being proposed?**

The Police and Crime Commissioner for Hertfordshire would like to bring the governance of police and fire services under the same roof.

A new law – the Policing and Crime Act of 2017 – has made this possible. It has also made it a legal requirement for all of the emergency services – police, fire and ambulance – to find ways of working more closely together.

The Fire Service in Hertfordshire would – under these proposals – continue to be led by a Chief Fire Officer team on an operational basis.

The Police and Crime Commissioner would become the Police, Fire and Crime Commissioner, setting the strategy for both services and holding both Chief Officers to account, as happens with the Constabulary at the moment.

There would still be a Chief Constable and a Chief Fire Officer running each service.

## **Why change?**

The Commissioner has published an independent report which recommends this change.

The report says doing this could improve public safety and allow more opportunities for better joint working.

This could include:

- **Improved public safety** through collaborative training and joint operational activity, enabling better coordination and the streamlining of decision-making across the emergency services. This will improve response to road traffic accidents and other major inter-agency incidents.
- **A better use of resources**, such as a co-located control room and innovation through **shared police and fire estates**.
- Flexibility to determine the **most financially beneficial** option for back office services and corporate support, for example, vehicle maintenance.
- **Greater protection of the fire budget**, meaning the taxes raised for fire are spent on fire, rather than being diverted to other services.
- Collaborative procurement between services, **enabling savings** by maximising the collective buying power where operational requirements allow.
- **Increased accountability** from the public, with a directly elected person accountable for their actions.
- **A unique identity for both services**. This is **not** a merger and both services would remain independent, with a Chief Constable and Chief Fire Officer in charge of their own operational matters.

### **Options considered**

As part of the business case, a number of options were presented to the Commissioner. They were:

1. To do nothing.
2. The Representation Model, where the Commissioner would sit on the Hertfordshire County Council committee in charge of the fire service.
3. The Governance Model, where the Commissioner would govern both services, but there would be a Chief Officer for each service.
4. The Single Employer Model, where the Commissioner takes governance of both services, and appoints a single Chief Officer to be in charge of both the Police and Fire services.

Options 1 and 2 did not deliver the benefits in terms of efficiency and improved public safety which the Governance Model does. Option 4, the Single Employer model, may have long-term benefits but it dilutes the independence of the fire 'brand' and would be difficult to implement.

Option 3 is the option which the business case suggests as the most beneficial to the public and to the emergency services.

The detailed financial arrangements will be subject to future agreement but the public will not pay any more as a result of the governance change.

## **About the Consultation**

The public consultation will run for 8 weeks from the 19<sup>th</sup>

June until the 14<sup>th</sup> August. Once responses have been considered, a decision will be made about whether to proceed. The final decision will be submitted to the Home Secretary for approval by the end of the year.

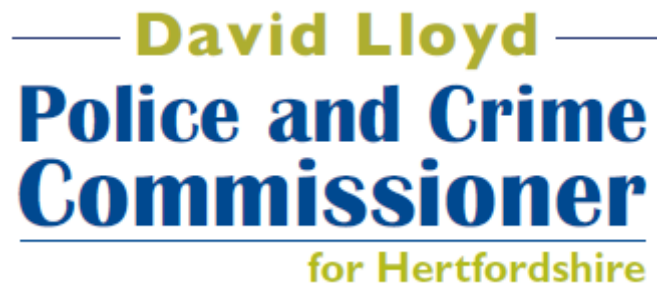
### **About the Police and Crime Commissioner**

David Lloyd is the elected Police and Crime Commissioner for Hertfordshire. He is accountable to the public of Hertfordshire and was re-elected in May of 2016 to serve a four-year term.

He:

- Sets the strategy for policing through his Community Safety and Criminal Justice Plan.
- Holds the Chief Constable to account for the delivery of the Plan and performance of the force on behalf of the public.
- Sets the Police budget and the part of the council tax which goes towards the force.
- Champions the rights of victims of crime and provides support services for them.
- Works with other organisations involved in criminal justice, community safety and mental health to get the best results for residents.





# Hertfordshire Police and Fire Governance Options

Local Business Case

Version No: 1.6

Issue date: 07/06/2017

## Version history

Version	Date issued	Brief Summary of Change	Owner's Name
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Version 1.4	05/06/2017	Fifth draft	PCC David Lloyd
Version 1.5	07/06/2017	Sixth draft	PCC David Lloyd
Version 1.6	16/06/2017	Seventh draft	PCC David Lloyd

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# 1 Executive Summary

## 1.1 Introduction

The Policing and Crime Act 2017 places a statutory obligation on emergency services to collaborate and enables Police and Crime Commissioners (PCCs) to take on responsibilities for fire and rescue services in their area, where there is a strong local case to do so (though the statutory obligation does not extend to this wider PCC role). In setting out the measures, the then Home Secretary Theresa May said, "that it is now time to extend the benefits of the Police and Crime Commissioner model of governance to the fire service when it would be in the interests of economy, efficiency and effectiveness, or public safety to do so"

Hertfordshire's PCC, David Lloyd, set out his commitment for closer collaboration and the development of shared leadership and capability at both a strategic and operational level between blue light services in his election manifesto, which was endorsed by the people of Hertfordshire during his re-election in May 2016 and incorporated in to his new Community Safety and Criminal Justice Plan in early 2017.

Whilst the duty to collaborate applies to all three emergency services and opportunities to collaborate with the East of England Ambulance Service (EEAS) should not be ignored, this document focuses on assessing whether a change in fire governance would enhance opportunities for joint working, assessing against four Critical Success Factors (CSFs):

- **Public Safety** – The change makes Hertfordshire safer, stronger and more resilient.
- **Economy** – The change optimises public value (i.e. services at a lower cost).
- **Efficiency** – The change produces increased services/benefits.
- **Effectiveness** – The change improves the services provided to local people and communities.

This document is broadly structured around the public sector business case five case model;

- Strategic Case (why do things need to change?).
- Economic Case (how does this proposal optimise public value?).
- Commercial Case (how would we ensure the preferred option results in a viable procurement and well-structured deal?).
- Financial case (how will the preferred option result in a funded and affordable deal?).
- Management case (how will this change be successfully delivered?).

## 1.2 Current Local Configuration

Hertfordshire Fire and Rescue Service (HFRS) is a part of Hertfordshire County Council's (HCC) Community Protection Directorate (CPD). HCC is therefore the Fire and Rescue Authority (FRA). The CPD is made up of:

- HFRS.
- Hertfordshire Trading Standards.
- Hertfordshire Resilience and Emergency Planning.
- Hertfordshire County Community Safety Unit (CCSU).



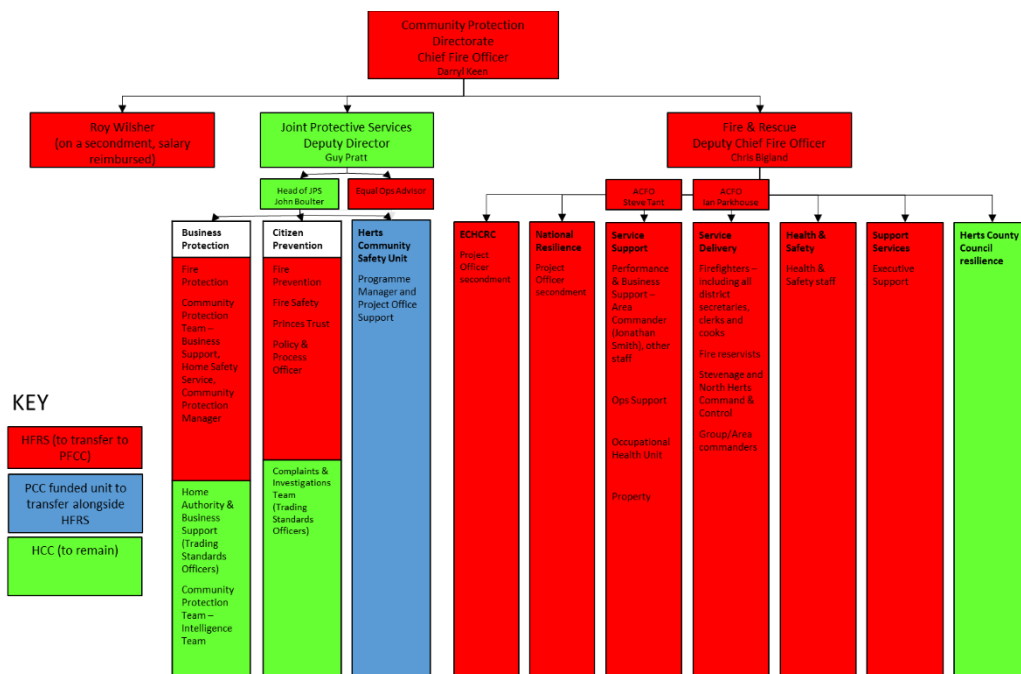
HFRS delivers services through five District Commands, which are formed by the pairing of neighbouring Community Safety Partnership areas. HFRS's back office is provided by HCC. The governance of HFRS is currently provided by HCC's Cabinet and Full Council.

There is already a wide range of collaboration between HCC, HFRS and the police in regards to community safety and prevention activity.

### 1.3 Services in scope

Because HFRS is fully integrated into the CPD, identifying which services should transfer under the governance or single employer option is not straightforward. Some services are clearly in scope such as the operational Firefighters on fire stations and support staff located at fire stations. All of the 'Fire and Rescue' departments under leadership of the Deputy Chief Fire Officer are in scope with the exception of Hertfordshire County Council Resilience department which carries out the local authority statutory obligations (as set out in numerous pieces of legislation including the Civil Contingencies Act 2004). Further discussion needs to take place around Joint Protective Services (JPS) however Trading Standards cannot be in scope. Other areas in JPS which have been identified as in scope include Fire Protection, the Community Protection Team, Home Safety Service, Fire Prevention, Fire Safety, Prince's Trust and Policy Officers. There are some functions whose employees' time is split between in scope services and out of scope services (such as back office staff, CPD business support services) who may or may not transfer.

The PCC would like the County Community Safety Unit (CCSU), a partnership unit jointly funded by the PCC and HCC, to transfer as well<sup>1</sup>. A Police Superintendent is the current Head of Unit, underneath which there are three departments with mixed HCC/Police funding<sup>2</sup> (57% of the £608,638 people budget is funded by Hertfordshire Constabulary). Considering its remit and funding, it is logically aligned to the other in-scope services.



<sup>1</sup> See Appendix 7.1.3 for more details regarding CCSU

<sup>2</sup> Strategy and development, Analytical and Horizon Scanning (Multi Agency Data Exchange) and Communications

For the purposes of this document, where 'HFRS' is referred to in regards to transfer, this includes commercial training and all additional sections of CPD and back office functions as shown on the diagram above.

## 1.4 Design Principles

The business case has been developed with the following principles in mind:

- Change of governance should be at no additional cost to the taxpayer.
- Public safety is paramount.
- There will be no major changes to services or back office functions in the short/medium term to allow for a smooth and considered transition.
- Back office services provided by HCC will continue at an agreed fee for at least 3 years with an assumption that this will allow time to market test and jointly explore efficiencies.
- No redundancies are planned in the short/medium term.
- Terms and Conditions for all staff would be preserved in the short/medium term.
- Acceptance of the business case will require further detailed discussion between the PCC and HCC to agree a financial package for the transfer acceptable to both parties.
- Implementation is expected to take place on 1<sup>st</sup> April 2018.

## 1.5 Governance options

There are four potential options open to the PCC for Hertfordshire in relation to HFRS governance:

- **Option 1 – Do nothing** – the PCC could choose not to take any action to change the formal governance arrangements for HFRS.
- **Option 2 – Representation model** – the PCC could apply to HCC to take a place on the Fire Authority, in this case Cabinet, with full voting rights regarding fire matters.
- **Option 3 – Governance model** – the PCC could go out to consultation in order to take over the role of HFRS's governing body
- **Option 4 – Single employer model** – the PCC could go out to consultation in order to take over the role of HFRS's governing body and appoint a single chief to become the employer of police and fire personnel.

## 1.6 Recommendations

This Local Business Case recommends that the PCC should take on the role of the Fire and Rescue Authority (**Option 3 – the Governance Model**), becoming directly accountable to the people of Hertfordshire for effective service delivery for both Police and Fire services. This option is most able to deliver improved public safety outcomes, as well as greater organisational effectiveness and better value for money for the people of Hertfordshire

In comparison to options 1 and 2, **the recommended Option 3:**

- Increases structural alignment between the two organisations, which is likely to lead to **increased operational collaboration** and an **increase in public safety**. Through better intelligence and information sharing, both organisations can gain a deeper level of understanding of vulnerabilities, risk and threats, and ultimately improve decision making. Option 3 can build on existing collaboration, with several

operational Memorandum of Understanding (MoU) in place outlining the joint strategy for dealing with particular incidents.

- **Enables interoperability** through increasing the likelihood of a co-located control room, collaborative training and joint operational duties, which in turn drive improvements in efficiency, effectiveness and public safety. Examples could include a joint response and streamlined decision making in road traffic incidents. This benefits both fire and police services. The Governance Model also lays the collaborative foundation for transition to the forthcoming Emergency Services Network.<sup>3</sup>
- To date the collaboration opportunities that have always existed have not been developed in a meaningful or systematic way. Much of the current and potential collaboration is based on 'goodwill' and reliant upon like-minded personalities to get organisations working together. The governance change generates **impetus** and **creates the structural framework** to drive change forward. Whilst many of the collaboration opportunities outlined could technically be delivered through current governance arrangements, the opportunities have not progressed sufficiently to date and there is nothing to suggest the pace of change would accelerate. A change in governance would provide the necessary step change to drive forward these opportunities in a strategic, more formalised and controlled way.
- Enhances the prospects of achieving **greater collaboration between the ambulance service** and the other two emergency services. If police and fire are under a single governance structure with both having clear focus on a public safety agenda it will greatly simplify the process of achieving a collaborative agreement with the third partner – the ambulance service
- Provides the platform to improve public safety from an **evidence based perspective**. CPD's current use of discretionary HFRS capacity to improve public safety aims (e.g. Safe and Well checks) should be applauded and would continue under the new model of governance. However, governance under the PCC could result in better use of such capacity, delivering better economic value and public safety outcomes for the citizens of Hertfordshire. Additionally the change of governance does not preclude HFRS supporting HCC activities if these deliver the best outcomes for Hertfordshire.
- Consolidates the police and fire **estate** under a single owner, the PCC, creating opportunity for capital investment, better workplaces for both fire and police, the development of community assets and financial savings. The creation of a significant estates portfolio enables a single estates strategy to be developed, which could result in a better use of the estate in both organisations to provide effective response and community engagement.

This is particularly pertinent to HFRS whose estate requires significant capital investment. As identified in the 2016 Peer Review *"The estate is not in good repair and does not provide a modern progressive environment for a new culture to grow. Capital investment needs to be considered and faster progress made... although complex and difficult to achieve, [this] could be a game changer for the service."*<sup>4</sup>

A joint estates strategy with police provides greater opportunities for innovation in shared estate use and reinvested benefits. There will be separate police accounts and fire accounts. There is no expectation that police would subsidise fire or vice

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<sup>3</sup> National Emergency Service Mobile Communications Service Programme (ESMCP)  
<https://www.gov.uk/government/publications/the-emergency-services-mobile-communications-programme/emergency-services-network>

<sup>4</sup> Hertfordshire Fire and Rescue Service Fire Peer Challenge (11-14 October 2016) p28  
<http://www.local.gov.uk/documents/10180/7847374/peer+challenges+-+fire+peer+challenge+-+Hertfordshire+Report/e5d9e100-ad73-4240-8ce5-b5cf6ebc78d1>

versa and as such any benefits derived from estate sales would need to be apportioned appropriately.

Whilst the One Public Estate (OPE) programme is being developed more broadly in Hertfordshire, this approach would enable benefits from better estate use to be delivered in a shorter timescale.

- Keeps both fire and police **roles and identities separate and distinct**, protecting the public trust in the fire brand.
- Allows both police and fire senior leadership teams to **strategically and operationally align** and reflect this in the Integrated Risk Management Plan (IRMP) and Police and Crime Plan.
- Allows for the flexibility to determine the **most economic provider** arrangement with regard to back office and corporate support (such as vehicle maintenance and equipment procurement). It is recognised that the HFRS back office is closely integrated with HCC's wider operations. The governance model does not prevent a continuation of these arrangements.
- Delivers direct and streamlined governance resulting in **increased accountability**. HFRS would be accountable to the Police, Fire and Crime Commissioner who would be directly and democratically accountable for the delivery of the Police, Fire and Crime Plan.
- Delivers indicative annualised revenue benefits of between **£1.3m-£4.4m** per year if all opportunities are realised.
- Additionally could deliver net capital receipts of between **£3.9m-£12.5m** once a joint capital asset strategy is defined.
- Delivers in total an estimated cash benefit of between **£10.9-£29.8m** over a ten year period (net present value).

Although there are additional benefits associated with the Single Employer Model (option 4) – such as further streamlined management – option 3 is the preferred choice at this time because:

- In option 4 there is a risk that HFRS would lose some independence and individual service identity. Such a risk is far lower in option 3 where the **neutrality of the Fire and Rescue brand is retained**. Most stakeholders recognised that there is a high level of public trust in the fire service, which enables better access to certain communities and sections of society than the police. This additional access is considered paramount to effectively delivering preventative activities with hard to reach and vulnerable sections of the community.
- There are likely to be some **significant transition costs** associated with full integration. Although transition costs are, of course, associated with all change, the Single Employer Model is likely to require additional transition when unifying terms and conditions, working and cultural practices; all of which could jeopardise the joint working already achieved. Option 3 is a more flexible model which allows for cultural differences and separate identities under a shared governance, but is likely to be less threatening and allows for greater adjustment of cultures over a period of time.

A longer term lens may identify option 4 – the Single Employer to be the natural evolution from option 3 – the Governance Model. The adoption of option 3 would not necessarily lead to a full single employer, but as time passes and interoperability becomes more fluid, option 4 may emerge as a more palatable shift to many stakeholders. At this time however, the cultural and organisational shifts required to achieve option 4 feel too complex and extreme a difference to be a current consideration.

It is proposed a Shadow Fire Authority is formed in January 2018 to oversee a smooth transition to the PCC in April 2018. This will also enable setting of budgets and alignment of the Integrated Risk Management Plan (due to be revised in early 2018) and the Community Safety and Criminal Justice Plan.

The table below summarises the assessment of each option against the Critical Success Factors.

Option	Public Safety	Economy	Efficiency	Effectiveness
1 Do nothing	No significant impact on public safety	Baseline figure – no significant savings	No significant improvement in efficiency	No significant improvement in effectiveness
2 Representation model	No significant impact on public safety	Baseline figure – no significant savings	No significant improvement in efficiency	No significant improvement in effectiveness
3 Governance model	Positive impact on public safety	Recurrent savings of £1.3-4.4m per year and one-off benefits between £3.9m-12.5m	Improvement in the efficiency of both Police and HFRS	Improvement in the effectiveness of both Police and HFRS
4 Single employer model	Positive impact on public safety	Recurrent savings of £2.3-5.4m per year and one-off benefits between £3.9m-12.5m	Improvement in the efficiency of both Police and HFRS	Potential damage to the effectiveness of HFRS in threat to fire neutrality

## 1.7 Strategic drivers for change

Governmental steer on the future configuration of the emergency services is clear. The Policing and Crime Act 2017 can be seen as the culmination of political focus on the benefits of more systematic blue light collaboration, a lack of transparent fire governance and a perception of the fire service as unreformed. Indeed, Sir Ken Knight's independent review<sup>5</sup> highlighted national opportunities to improve the efficiency of fire resource deployment and savings to be made by adopting leaner governance structures. This pressure is compounded by financial pressures where budgets across police, fire and local authorities have reduced substantially since the 2010 Comprehensive Spending Review.

HFRS finds itself at a strategic juncture where the decisions made today will form the path for many years to come. The Policing and Crime Act 2017 specifies not only closer working with police but ambulance as well. Currently, HFRS' collaborative effort has primarily been focused with fellow County Council departments, rather than looking towards blue light partners. The prospect of driving further collaboration between the emergency services is greatly enhanced if police and fire already share the same governance and have a closely aligned single focus on community safety.

Increasing local accountability and transparency is a key strategic driver for this change. Under existing arrangements HFRS is accountable to HCC as its FRA. The addition of fire responsibility to the PCC's portfolio would see improved visibility of fire as a policy area. An elected Police, Fire and Crime Commissioner (PFCC) would have an obligation and mandate specifically regarding HFRS rather than the broader brief Councillors currently have.

<sup>5</sup> 'The Knight review' <https://www.gov.uk/government/publications/facing-the-future>

During the development of this business case, HCC has clearly found isolating specific HFRS budgets/spend/contracts/costs difficult. This is a problem for HFRS as it is difficult for it to know how efficiently it is performing its fire duties if all the data is not readily available. This will become even more difficult in an era where greater collaboration is expected. Separating fire out and operating it as a single separate business under the PFCC will provide a far greater clarity to the service.

## 1.8 What the future would look like

Under the governance model, the PFCC would take responsibility for:

- A total budget of £237.7m (£199.9m Police and £37.8m Fire and Rescue), although fire and police budgets will remain separate.
- A total workforce of over 4400 Officers and staff.
  - Police: 3,600 Police Constables, staff and PCSOs, supported by more than 240 Special Constables, 350 DriveSafe Volunteers and 250 Police Cadets.
  - Fire and Rescue: Over 800 staff including 734 Firefighters and 75 service support staff<sup>6</sup>.
  - Community Safety Unit: 2 staff plus police funded individuals.
- A significant consolidated estates portfolio including 86 HFRS sites<sup>7</sup> (including 29 fire stations), plus vehicle, ICT and other assets.
- Opportunities to deliver improved co-responding to incidents.
- Better use of the estate in both organisations to provide effective response and community engagement.
- Integrated support services providing economies of scale.
- A co-located control room.

## 1.9 Key challenges of moving to Governance Model

The Governance Model (option 3) is a significant change and it is not without its challenges. It is important to acknowledge and manage these risks but it is the opinion of the PCC that these are in no way insurmountable and are certainly proportionate to the benefits of public safety and economy. The most pertinent include:

Key Challenges	Potential Mitigation
Negative impact on HCC's future social care levy due to reduction in gross turnover	Awaiting guidance from Department of Communities and Local Government (DCLG) in regards to discretionary negotiation power at a local level to ensure a deal satisfactory to both HCC and HFRS.
Cultural differences between police and fire services could give rise to tensions	Senior leadership buy-in and clear, consistent communication to all staff and officers about what is changing, what is staying the same and what is expected
Administrative burden on OPCC as it takes on a large organisation	CPD business support and HFRS-specific technical staff will all transfer as a whole, reducing the risk of administrative burden. For consistency and assurance, the proposal also assumes that back office functions performed by HCC

<sup>6</sup> Refer to Appendix 7.1.3 'Services in Scope' for more information

<sup>7</sup> Refer to section 5.3.7 'Asset Portfolio Overview' for more information

Key Challenges	Potential Mitigation
	central services continue for an agreed fee.
Loss of efficiencies and economies of scale already achieved through creation of CPD in 2011	The Trading Standards and Resilience services left in CPD are small enough to be added into another HCC portfolio such as 'Health and Community Services' to maintain efficiencies
Risk of Union action	Public support and a decision based on public safety opportunities will strengthen the position. Also, the assurance that no job losses are on the horizon should reassure. Option 4 poses a far higher risk of industrial action.
HFRS is so entwined within HCC that the true costs, assets and liabilities may be very difficult to pinpoint during detailed design	All parties will need to accept there is an element of risk and good faith in determining the transfer of budgets, assets and liabilities <sup>8</sup> and will mitigate this risk by continuing with the same back office provision for the next 3 years

## 1.10 Caveats and Assumptions

This Local Business Case (LBC) is based upon our understanding of HFRS as per data supplied by HCC. As HFRS is fully embedded in the CPD and shares a fully integrated shared HCC back office, HCC has experienced difficulties in extracting purely HFRS data. In particular budgets, spend, people and contracts have been problematic to obtain from HCC.

A full list of key assumptions can be found in Appendix 7.1.1. There are some key caveats and assumptions:

- The data which has been received is not complete. As a result, all figures are indicative and subject to detailed analysis as the business case is progressed.
- It will be important to agree early on which HCC staff are 'in scope' to transfer to the PFCC. The in-scope roles need to be fully agreed as part of detailed transition planning. More detail can be found in Appendix 7.1.3.
- Prior to any transfer, a warranty agreement will need to be in place which secures existing personnel and assets prior to the transfer.

## 1.11 How will the change be delivered?

This LBC assumes that the change will take effect on 1st April 2018, with a Shadow Fire Authority being formed on 1st January 2018. This is dependent on a range of activities being achieved before that date.

The implementation will be led by the PCC with support from the Office of the Police and Crime Commissioner (OPCC) and in full consultation with HCC. Where required, the OPCC will commission specialist professional advice and support in areas such as programme management, HR, estates and legal services.

A detailed transition plan is being developed which will identify which activities must be delivered to enable a smooth transition to the new governance model. Once the governance change has been implemented, individual business cases will be developed to progress the collaboration opportunities identified in this LBC.

<sup>8</sup> Reference Appendix 7.1.2, R4 Key Risks and control measures. There is a risk that liabilities could emerge after the transfer data.



## 1.12 Conclusion

The transference of the Fire and Rescue Authority (FRA) to the PCC under option 3 (governance model) presents the best service for Hertfordshire. It provides enhanced, transparent and effective governance under a directly elected Police, Fire and Crime Commissioner who can deliver significant and tangible benefits for the people of Hertfordshire by:

- **Increasing public safety** through working together, better intelligence and information sharing, resulting in improved decision making.
- Offering **improved interoperability** through a co-located control room, collaborative training and joint operational activity, enabling better coordination and the streamlining of decision-making across the emergency services. This will improve our response to major inter-agency incidents.
- Supporting the objective of broader emergency services collaboration by **simplifying the governance structure** and focusing it fully on the prime objectives of delivering public safety. Bringing police and fire together will provide an engine far more likely to deliver change than the current diffuse structure.
- **Raising the public profile** of HFRS by being governed by a dedicated PFCC directly elected for that purpose.
- **Enabling collaborative procurement** between services, offering substantial savings by maximising the collective buying power where operational requirements allow.
- **Creating opportunities** for better capital investment, the development of community assets, financial savings and innovation through shared police and fire estates.
- **Realising the indicative annualised revenue benefit** of between £1.3m-£4.4m per year if all opportunities are realised. Additionally, net capital receipts of between £3.9m-£12.5m could be realised once a joint capital asset strategy is defined. We estimate that the governance model will realise benefits of between £10.9-£29.8m over a ten year period (net present value)

The implementation of a new governance model will allow collaboration to go further and faster. It will set a clear, joined up strategic direction for blue light services in Hertfordshire and allow medium term operational and financial gains through best use of assets such as estates and fleet. It will also provide a simplified platform from which further emergency services collaboration can be achieved in future.



## 2 The Strategic Case

### Executive Summary

The purpose of the strategic case is to demonstrate how the proposed change of fire governance fits in with the national, regional and local policy context. It must also demonstrate how the proposal furthers a range of outcomes. For Hertfordshire, any change in governance must result in improved:

- **Public Safety** – the change makes Hertfordshire safer, stronger and more resilient
- **Economy** – the change optimises public value (i.e. services at best value).
- **Efficiency** – the change produces increased services/benefits
- **Effectiveness** – the change improves the services provided to local people and communities

This section identifies a wide range of opportunities and benefits that increased collaboration will provide. It represents a significant enhancement in the level of collaboration achieved to date and delivers significant public safety benefits for the people of Hertfordshire. It will allow both organisations to respond more effectively to the changing nature of demand, to develop a genuinely integrated approach to contact with the public and making better operational decisions. It also has the potential to deliver financial savings through making best use of resources such as estates.

### 2.1 THE CASE FOR CHANGE

The key drivers behind the case for change can be summarised as follows:

- Government policy
- Fire reform
- Financial pressure
- Operational drivers

#### 2.1.1 Government policy

The Policing and Crime Act 2017 can be seen as the culmination of political focus on the benefits of more systematic blue light collaboration, a lack of transparent fire governance and a perception of the fire service as unreformed.

Speaking on 24 May 2016, the then Home Secretary Theresa May said,

*“When I look at the Fire and Rescue Service see a service that has succeeded in spite of the framework it operates in, not because of it. A fire and rescue landscape still beset by poor governance and structures. A workforce lacking diversity and still bound by many of the old ways of working. A service that requires further reform to improve accountability, bring independent scrutiny and drive transparency. And efficiencies and savings which could be*

*made to improve the working lives of fire service employees and to reduce the burden on the taxpayer<sup>9</sup>.*"

These remarks were echoed by the Minister of State for Policing and the Fire Services, Brandon Lewis on 7 February 2017 who said,

*"I have been encouraged to see that reform is happening across the service. But I want reform to go further and faster... By overseeing both police and fire services, I am clear that PCCs can drive the pace of reform, maximise the benefits of collaboration and ensure best practice is shared...Better joint working can strengthen our emergency services, deliver significant savings to the taxpayer and – most importantly – enable them to better protect the public.<sup>10</sup>"*

The 'Policing Vision 2025', set out by the Association of Police and Crime Commissioners (APCC) and the National Police Chiefs Council (NPCC) in November 2016, also contains a number of areas where closer collaboration with local partners and other blue light services can improve public safety and deliver value for money. These include ensuring a 'whole system' approach to public protection and community safety, and a 'whole place' approach to commissioning preventative services in response to assessments of threat, risk and harm and vulnerability. It also highlights the opportunities for enabling business delivery through shared services.<sup>11</sup>

The Act places blue light services under a duty to collaborate. It specifically sets out a range of future governance options to be decided locally, when it is in the interests of economy, efficiency and effectiveness or public safety in that area. This duty is made much easier to deliver when the governance structures are simplified. National and international best practice recognises that effective governance is a key enabler of collaboration and of enhanced operational effectiveness. During the development of this business case, HCC has clearly found isolating specific HFRS budgets/spend/contracts/costs difficult. Separating fire out and operating it as a singular separate business under the PCC will give a far clearer boundary to the service and will provide an engine far more likely to deliver change than the current diffuse structure.

### 2.1.2 Fire reform

'Facing the Future' was published in May 2013 and is often referred to as the "Knight Review"<sup>12</sup>. It points to a number of areas of fire reform which included:

- The disparity between the cost of different fire and rescue services. Some cost almost twice as much per person as others.
- Opportunities to improve the efficiency of fire resource deployment (£123m identified from expanding on-call deployment models).
- £17m savings to be made by adopting leaner governance structures.
- Fire and Rescue Services spending to the budget rather than the risk profile.
- Challenges around interoperability.

Significantly, Knight concluded national level action was required to deliver the scale of change required to transform the fire and rescue service. He wrote, *"I am not convinced that local action alone will achieve the most efficient service or enable efficiencies much*

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<sup>9</sup> The Rt Hon Theresa May MP, Home Secretary speech on fire reform, 24/05/2016  
<https://www.gov.uk/government/speeches/home-secretary-speech-on-fire-reform>

<sup>10</sup> Brandon Lewis MP, Fire Minister's speech to Reform, 7/02/2017, <https://www.gov.uk/government/speeches/fire-ministers-speech-to-reform>

<sup>11</sup> <http://npcc.police.uk/documents/PolicingVision.pdf>

<sup>12</sup> <https://www.gov.uk/government/publications/facing-the-future>

*beyond what is already needed in the current Spending Review. Compounding this, local politics and the public's seemingly unconditional attachment to the Fire and Rescue Service can act as constraints on really pursuing the most efficient ways of working, holding on to out-dated configuration or location of fire stations and fire appliances rather than changing service delivery to improve overall outcomes."*

### 2.1.3 Financial pressure

Budgets across police, fire, ambulance NHS Trusts and local authorities have reduced substantially since the 2010 Comprehensive Spending Review. Prior to accounting for any increases in locally raised income, the National Audit Office estimates central fire funding to have reduced by 31% between 2010-2015 where governed by a county<sup>13</sup>. Central police grants reduced by 22% in real terms during the same period<sup>14</sup>. County Councils experienced a 40% reduction in central government funding during the same period.

These funding pressures continue to be felt locally. HCC needs to deliver a total of £97m of savings by 2019/20, of which £42m is still outstanding, to achieve a balanced budget (approximately 15% of the revenue budget). The police settlement in 2015 was better than expected, but Hertfordshire Police still requires 4% savings by 2020/21.

These savings need to be realised against a backdrop of changing demand for services, which can be characterised by an increase in complexity.

### 2.1.4 Operational drivers

There are a number of operational reasons driving change, including changing demand, an increasing need to tackle the root causes of demand and a national requirement for blue light interoperability.

#### **Fire and Rescue demand<sup>15</sup>**

Nationally, between 2005/06 and 2015/16 there has been a 52% decrease in the number of primary and secondary fires attended, although a 5% increase has been recorded over the past two years<sup>16</sup>. The number of false alarms has also reduced by 45% between 1999/00 and 2015/16. In a large part this can be attributed to the success the Fire and Rescue Service has had in prevention. The capacity created is increasingly being utilised for other purposes. Nationally, 29% of incidents attended by the Fire and Rescue Service were non-fire related, the largest categories being road traffic collision attendance, co-responding and effecting entry to property.

This picture is mirrored locally. HFRS experienced an overall 19% reduction in incidents between 2008/09 and 2015/16<sup>17</sup>. However, deliberate fires have increased by 27% in the past two years.

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<sup>13</sup> <http://researchbriefings.files.parliament.uk/documents/CBP-7482/CBP-7482.pdf>

<sup>14</sup> <http://researchbriefings.files.parliament.uk/documents/CBP-7279/CBP-7279.pdf>

<sup>15</sup> Reference Appendix 7.1.2, R6 Key Risks and control measures. Risk that unpredictable demand can change and drive additional activity

<sup>16</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/546094/fire-statistics-monitor-infographic-hosb0916.jpg](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/546094/fire-statistics-monitor-infographic-hosb0916.jpg)

<sup>17</sup> HFRS peer review operational self-assessment 2016

## Police demand

Policing demand has shown a similar trend to fire. Since 2010, crime as measured by the Crime Survey of England and Wales (CSEW), has reduced by a quarter. This headline masks changes in the nature and complexity of demand.

Demand may also be creeping back up, with police recorded crime increasing in Hertfordshire by 15% over the last 12 months.<sup>18</sup> Based on the UKcrimestats website, recorded crime from January to December 2016 (102,752) had increased by 15% (13,803) compared to January to December 2015 (88,949). Note that these are raw figures only and that the increase may be attributable to improved crime recording.

Moreover, analysis conducted by the College of Policing also indicates that the majority of police demand is not actually crime. In Hertfordshire, 45% of calls received do not relate to a police incident or crime. The College's analysis shows police resources are increasingly focused on demand which is more complex and resource intensive, such as protecting vulnerable people and complex safeguarding. The root causes of such demand require a much more integrated approach across agencies.

The inclusion of cyber enabled crimes within the CSEW (an additional 5.6m offences nationally, nearly half of all crime) will also create significant demand on police resourcing.<sup>19</sup> Effort and resource implications locally will be most felt around prevention, safeguarding the vulnerable and supporting victims. Increasing transparency and public scrutiny will require most forces to reprioritise and invest resource to improve the service to victims of these offences.

Of course recorded crime is just one aspect of demand placed on Hertfordshire Constabulary; preventative, proactive and multi-agency work are other examples. In addition, the prevention and early intervention work carried out by the police (listed in detail in the Community safety and prevention activity section of the Economic Case) is undertaken on a regular basis across Hertfordshire.

## Interoperability

The Joint Emergency Services Interoperability Principles (JESIP) was established in 2012 to improve the way police, fire and ambulance work together on the ground. The objectives of the programme were supported and sponsored by all the relevant professional bodies and government departments. JESIP established a number of principles to guide the joint ways of working:

- Co-locate
- Communicate
- Co-ordinate
- Jointly understand risk
- Share situational awareness

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<sup>18</sup> HMIC: Hertfordshire PEEL police efficiency report 2016. Some may be attributable to improved crime recording

<sup>19</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/crimeinenglandandwalesappendixtables> based on experimental statistics

JESIP uses a maturity matrix<sup>20</sup> (shown below) to illustrate the long term ambition. This provides a useful framework to support the requirement for more integrated ways of working to better serve the public.

### JESIP maturity Matrix:

	Level 1 (Chaotic/Intuitive)	Level 2 (Informal/Ad hoc)	Level 3 (Managed/Effective)	Level 4 (Optimal/Best Practice)
<b>Doctrine</b>	Single service doctrine	Joint doctrine exists but not widely accepted or understood	Universally accepted and understood joint doctrine on interoperable working	Joint doctrine on interoperable working fully embedded and aligned with all current and future single service and specialist doctrine
<b>Training</b>	Single service training	Some isolated examples of joint training but a highly inconsistent national picture	A nationally consistent approach to joint training, though not formally integrated into existing training programmes	Joint training fully embedded as the default position for the emergency services and integrated into existing training programmes
<b>Testing &amp; Exercising</b>	Single service testing and exercising	Some isolated examples of joint testing and exercising but a highly inconsistent national picture	A joint testing and exercising strategy developed and accepted by all services	A joint testing and exercising strategy fully embedded within all services
<b>Joint Organisational Learning</b>	Consistent failures to respond to lessons that have been identified	Some positive examples of responding to lessons identified, but a highly inconsistent national picture	A joint organisational learning strategy developed and accepted by all services	A joint organisational learning strategy fully embedded nationally

## 2.2 CURRENT BUSINESS STRATEGIES

There is close alignment between the published strategies of police, fire and HCC. The table below illustrates how the key themes from the respective strategies map across to each other.

<sup>20</sup> [http://www.jesip.org.uk/uploads/media/pdf/JESIP\\_Maturity\\_Matrix\\_v3.pdf](http://www.jesip.org.uk/uploads/media/pdf/JESIP_Maturity_Matrix_v3.pdf)

	Police <sup>21</sup>	Fire <sup>22</sup>	County Council <sup>23</sup>
<b>Prevention</b>	Reduce crime	Reduce emergencies, deaths and injuries. Work in partnership to support health and wellbeing Reduce unwanted calls Target our work	Even lower levels of crime, anti-social behaviour and domestic violence Provide people with the opportunity to thrive Further reductions in the number of deaths through increased fire safety work and safer roads
<b>Protection</b>	Public focus Keep people safe	Provide a safe and just trading environment, support the economy and reduce crime Resources aligned to risk	Support families with complex problems Children protected from abuse and neglect An end to the illegal sale of tobacco, alcohol and other dangerous products
<b>Respond</b>	Catch criminals Putting victims first	Quick and effective response Plan for major incidents	Effective measures in place to respond to emergencies
<b>Engagement</b>	Putting victims at the centre Offender pays	Put communities at the heart of what we do	Citizen focused Take part
<b>Efficiency and Effectiveness</b>	Business sense	Low cost, high performing Competent, professional workforce Reduce environmental impact	Every penny counts Getting things right Continuing to innovate

## 2.3 HERTFORDSHIRE OVERVIEW

Hertfordshire Constabulary and HFRS have coterminous boundaries and have collaborated effectively on an operational level for many years. The County Community Safety Unit co-locates staff from police, fire, probation, Trading Standards and the County Council at council premises; working together to tackle drug abuse, anti-social behaviour and domestic violence. Other examples of collaboration include operating joint community volunteer schemes, joint community safety initiatives and the opportunity to share governance arrangements, best practice and administration.

Police share premises with District Councils at three Community Safety Partnerships (Three Rivers, St Albans and Hertsmere). Agencies have achieved new levels of data sharing (e.g. Safety Net), which encourages the sharing of resources and back office functions.

Key information relating to Hertfordshire Constabulary, HFRS and the CPD is summarised below:

<sup>21</sup> Police strategy documents – Everybody’s Business and Herts Way

<sup>22</sup> CPD Directorate Action Plan 2016-17; HCC Fire Authority Integrated Risk Management Plan 2014-18

<sup>23</sup> Hertfordshire County Council Corporate Plan 2013-17

	Hertfordshire Constabulary	Hertfordshire Fire and Rescue Service(HFRS)	Hertfordshire CPD
Background	Hertfordshire Constabulary has a gross budget of £199.9m and an annual net revenue budget of approximately £182m. It employs over 3,600 Police Officers, staff and PCSOs, and is supported by more than 240 Special Constables, 350 DriveSafe Volunteers and 250 Police Cadets. It operates from 37 sites across Hertfordshire with an additional 15 police houses and 8 utility sites. The Headquarters is in Welwyn Garden City.	Hertfordshire Fire and Rescue Service (HFRS) had a total spend in 2015/16 of £44.5m. This included a one off pensions adjustment of £6.3m and capital depreciation and revaluation of buildings of £1m, therefore net spend was £37.2m. HFRS employs over 510 full-time, 224 on-call Firefighters and approximately 75 support staff. It operates 29 fire stations, which are crewed by a mix of whole-time, daytime and on call Firefighters. HFRS Headquarters is in Hertford, which is also a whole-time fire station.	We have been unable to ascertain the budget for 2016/17 although it is published as £37.5m <sup>24</sup> It is estimated that approximately 140 people work for CPD in addition to those in HFRS scope.
Service Delivery	Policing of the county is primarily delivered through response, neighbourhood and investigations capability structured into ten Community Safety Partnership areas aligned to districts and boroughs. Local policing is supported by specialist capabilities delivered at a force level or in collaboration with Bedfordshire and Cambridgeshire Police.	HFRS delivers services through five District Commands, which are formed by the pairing of neighbouring Community Safety Partnership areas. HFRS work closely with the wider CPD to deliver services. For example, HCC now delivers Safe and Well checks through HFRS, enabling it to save £350,000 on external providers. HFRS is part of the East Coast and Hertfordshire Control Room Consortium (ECHCRC). This is a group of four fire and rescue services which share the same infrastructure and, specifically, Norfolk and Hertfordshire have joint fall back arrangements in place. This is not expected to be a barrier to police/fire control room collaboration.	CPD was formed in April 2011 bringing together HFRS, Resilience, Trading Standards and the County Community Safety Unit (CCSU). It is split into two clear teams: Joint Protective Services (JPS) and Fire and Rescue. JPS includes Fire Protection, Fire Prevention, Trading Standards, and CCSU <sup>25</sup>
Financial Plan	In its Medium Term Financial Plan, Hertfordshire Constabulary will need to find £6.7m of savings by 2021/22. It currently holds reserves of £41.7m, which will be used to support the savings plan such that anticipated total revenue and capital reserves will be £3.5m by 2021/22.	In its Medium Term Financial Plan, the proposed budget for HFRS is static. However the budget versus expenditure position is more complicated and explained in more detail in the Economic Case.	Unknown

<sup>24</sup> HCC 2016/17 Budget and Council Tax factsheet [www.eastherts.gov.uk/media/29214/FHCC---Budget-and-Council-Tax-Factsheet-2016-2017%2FPDF%2FHCC\\_Budget\\_and\\_Council\\_Tax\\_Factsheet\\_2016-17.pdf&usg=AFQjCNGtPzIC5nGVyRWJe7dP3SyQOwIFGw&sig2=cWWPgsfUWWpLteCLHkPtmw](http://www.eastherts.gov.uk/media/29214/FHCC---Budget-and-Council-Tax-Factsheet-2016-2017%2FPDF%2FHCC_Budget_and_Council_Tax_Factsheet_2016-17.pdf&usg=AFQjCNGtPzIC5nGVyRWJe7dP3SyQOwIFGw&sig2=cWWPgsfUWWpLteCLHkPtmw)

<sup>25</sup> <https://www.hertfordshire.gov.uk/media-library/documents/fire/community-protection-corporate-plan-2013-2018.pdf>

	Hertfordshire Constabulary	Hertfordshire Fire and Rescue Service(HFRS)	Hertfordshire CPD
Cost Analysis	<p>Hertfordshire Police can be considered a relatively efficient organisation. Nationally, the police cost the tax payer £0.55 per day per person. In Hertfordshire this is £0.44 per day per person.<sup>26</sup></p> <p>In particular, Hertfordshire spends below the national and Most Similar Group average for public contact, custody, Criminal Justice, ICT, Estates and Joint Protective Services, mainly due to collaboration of many of these functions with neighbouring Police Constabularies Bedfordshire and Cambridgeshire.</p>	<p>CIPFA benchmark data show HFRS to be one of the lowest cost English FRs in the country at £32.04 per head of the population. This places HFRS eighth lowest nationally out of 43 English FRAs, lowest of 13 FRAs in the DCLG defined Family Group and fourth lowest out of 13 County Council FRAs. The most recent Fire Peer Challenge report (October 2016) praises HFRS for its culture of partnership and points to a number of benefits of integration in CPD. It also highlights the effectiveness of the HFRS brand in accessing vulnerable people and delivering preventative interventions.</p>	<p>The most recent CIPFA statistics show that there are five English counties which spend less than £2.80 net per head of population on Trading Standards. Hertfordshire net expenditure was £2.41 in 2011/12.</p>
Quality Review	<p>Her Majesty's Inspectorate of Constabulary (HMIC) graded Hertfordshire as "good" in both efficiency and legitimacy in the 2016 PEEL inspections, with the effectiveness rating of "requires improvement".</p>	<p>Interviews with stakeholders, the Hertfordshire Fire and Rescue Service Fire Peer Challenge 2016<sup>27</sup> and the Community Safety &amp; Waste Management Portfolio's Integrated Plan<sup>28</sup> all highlighted a comparative lack of investment in the fire estate and the efficiency of supporting IT systems over several years.</p> <p>"The estate is not in good repair and does not provide a modern progressive environment for a new culture to grow. Capital investment needs to be considered and faster progress made... although complex and difficult to achieve, [this] could be a game changer for the service"<sup>29</sup></p>	<p>Unknown</p>

<sup>26</sup> HMIC Hertfordshire Constabulary profile <https://www.justiceinspectores.gov.uk/hmic/hertfordshire/>

<sup>27</sup> Hertfordshire Fire and Rescue Service Fire Peer Challenge (11-14 October 2016) p4, 5 and 28

<sup>28</sup> INTEGRATED PLAN, PART B – STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES: Community Safety & Waste Management Portfolio p50

<sup>29</sup> Hertfordshire Fire and Rescue Service Fire Peer Challenge (11-14 October 2016) p28



	Hertfordshire Constabulary	Hertfordshire Fire and Rescue Service(HFRS)	Hertfordshire CPD
Assets	<p>The net book value<sup>30</sup> (at 31/3/16) of land and buildings is £108.3m of which £5.2m is surplus assets and £0.5m an investment asset. There are also furniture and equipment with a net book value of £4.9m and vehicles with a net book value of £3.3m. The force also holds a significant number of furniture assets which are fully written down but still in use.</p>	<p>The net book value of land and buildings is £89.4m. The Ambulance Service is co-located at 20 (69%) stations and HFRS has a significant training facility at Longfield, Stevenage. There are also further assets with a net book value of £5.1m, the majority being vehicles. Reserves are incorporated into HCC's reserves, with no current usable reserves (primarily earmarked and capital receipts) allocated to HFRS. Corporate support functions are provided to HFRS by HCC. For 2017/18 a central recharge budget of £2.9m has been allocated to cover Finance, HR, Payroll and Insurance amongst other activities. This is explored further in the Economic Case.</p>	<p>Some of CPD are located in HFRS HQ, others are in Farnham house and in HCC offices.</p>
Governance	<p>Hertfordshire Constabulary's Chief Constable is held to account by Hertfordshire's Police and Crime Commissioner and his office (OPCC). The OPCC is based in Harpenden and consists of 21 FTE. The Chief Fire Officer for Hertfordshire was formally the Chief Executive of the OPCC but has since moved to a new role at the National Fire Chiefs Council. A full time Chief Executive has been employed since 6<sup>th</sup> June 2017.</p>	<p>HFRS is governed by HCC's Cabinet and the portfolio holder for the Community Protection Directorate with policy developed through the Community Safety and Waste Management Cabinet Panel.</p>	<p>HCC's executive member for Community Safety is Terry Hone. His role is to represent CPD at Cabinet level, as well as work with the PCC and the Constabulary.</p>

<sup>30</sup> Reference Appendix 7.1.2, R5 Key Risks and control measures. Risk that the NBV is not reflective of the true condition of the estate

### 2.3.1 Current collaborative activity

There are already good examples of collaboration between fire, police and HCC. A number of examples of existing collaborations, taken from the Emergency Services Collaboration Working Group National Overview 2016, are detailed below.<sup>31</sup>

#### **Shared resource**

The strategic coordination between HCC, fire and police has been strengthened by the co-funding of a senior leadership position. Up until April 2017 the (now former) Director of CPD combined this role with the position of Chief Executive of the Office of the Police Crime Commissioner (OPCC) for Hertfordshire. This resulted in efficiency savings and better aligned the strategic direction and collaborative working of all organisations. Although Roy Wilsher has now stepped down from this post to take up his new position as Chair of the Chief Fire Officers Association's newly formed National Fire Chiefs Council, the close working between these organisations continues. In addition, two senior Fire Officers have completed secondments with the OPCC.

#### **County Community Safety Unit (CCSU)**

The CCSU sees County Council, Fire, Police, Probation and Trading Standards staff co-locate at council premises, where they work together to tackle domestic violence, anti-social behaviour, alcohol and drug abuse.

#### **Hertfordshire Home Safety Service (HHSS)**

HHSS is a county-wide service which provides advice, guidance and security solutions to victims of crime, those at risk from crime, and Domestic Abuse victims as well as solutions and equipment in respect of falls prevention, to make their homes safer and more secure.

The scheme is co-funded by HCC, the Police and Crime Commissioner and Hertfordshire Constabulary. It recognises the cross over with the groups identified at risk of fire death and those in need of care intervention. CPD provides the management and training related to the scheme.

#### **Engagement activity**

There are a number of examples of joint engagement activity. Local Intervention Fire Education (LiFE) is delivered by the fire service to young people with complex needs, who have offended or are at risk of offending. Referrals are made from the police, youth offending or safeguarding teams. Over 1,200 young people have so far benefited from the LiFE programme. Other examples include Crucial Crew, which is aimed at Year Six and project managed by the police with input from the fire service.

#### **Joint facilities**

At present there is some sharing of estate, although it would be fair to say this is not systematic. Police share premises with District Councils at three of the county's Community Safety Partnerships (Three Rivers since 2012, St Albans since January 2014 and Hertsmere since mid-2014). 20 of the 29 fire stations in Hertfordshire have East of England Ambulance assets co-located on site. There is also some sharing of training estate with Hertfordshire Constabulary regularly using Hertfordshire Fire and Rescue Service's Training Centre for

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<sup>31</sup> <http://hertscommissioner.org/fluidcms/files/files/pdf/Campaigns-%26-Initiatives/National-overview-v13-v2.pdf>

rehearsing emergency joint response to road traffic collisions, CBRN incidents, protester removal and pass out parades for police recruits.

### **Safe and Well pilots**

Since June 2016, HFRS has been working jointly with Public Health to focus attention on vulnerable people in their homes and ensure they are healthy and safe. Enhanced data sharing with health has enabled risk stratification and HFRS now undertake proactive visits to provide advice on a range of issues including, reducing fire and crime risk, how to stay well-nourished and hydrated and how to avoid social isolation. The scheme is due to be extended, meaning HCC can decommission similar services provided by third party contractors. It is proposed that this is enhanced in future to continue savings to social care budgets and potentially police budgets too.

### **Bedfordshire, Cambridgeshire and Hertfordshire Police Strategic Alliance**

Bedfordshire, Cambridgeshire and Hertfordshire Constabularies have formed the 'Strategic Alliance' with the express aim of continuing to improve public service outcomes whilst transforming through innovation, shared services, quality improvement and modern technology in the light of an on-going drive for greater efficiency. This is also known as BCH Collaboration.

Each constabulary has used a mix of collaboration and local change to deal with austerity. Joint Protective Services provides most specialist policing functions across all three forces. Most back office functions are within the scope of the collaboration programme and have either already been shared (e.g. Human Resources) or are in the process of being brought together. This is an important contextual detail when considering the possibility of integrating support functions with fire as it is already operated jointly with HCC. The Hertfordshire PCC would look to build upon existing BCH arrangements and explore further relationships with PCCs involved with the 'Seven Force Strategic Collaboration Programme'.

### **East Coast and Hertfordshire Control Room Consortium (EHCRC)**

Hertfordshire FRS is part of EHCRC. This group includes Hertfordshire, Humberside, Lincolnshire and Norfolk FRS. EHCRC members aim to move to standardised operating procedures. HFRS and Norfolk also have a buddying arrangement in place providing joint business continuity should one experience a failure. Again, this programme is an important consideration when exploring police and fire contact, command and control but would not be a barrier to collaboration.

### **Blue light collaboration**

A good example of blue light collaboration is the Memorandum of Understanding (MoU) in place for 'collapse behind door' incidents. It is agreed that fire and ambulance will adhere to a joint deployment strategy, reducing demand on police services and ensuring the most appropriate resource attends. This also includes "Operation Miss", a MoU between HFRS and Hertfordshire Police since June 2016 to ensure effective cooperation and collaboration when dealing with a confirmed or suspected cannabis house.

### **Investigation of Fire Scenes**

An agreement dated March 2016 between the Fire and Rescue Services and Police Constabularies of Hertfordshire, Bedfordshire and Cambridgeshire provides a framework for fire investigation in those counties. The MoU defines the key responsibilities and points of hand-over at a fire scene, and subsequent criminal investigations.

### 2.3.2 Future collaborative activity

In addition to the existing collaboration activity, at an operational level Hertfordshire Constabulary and HFRS have initiated a broader review of the opportunities to work together more closely. This is at an early stage but consists of the following ideas which are starting to be scoped out.

Opportunity	Opportunity
Incident Command and Minerva combining at Longfield (potentially using the building which currently hosts the control room)	Explore the possibility for a leadership and management training dual service academy
Explore the possibility of the entire police L&D team moving from Stevenage to Longfield	Assess the full National College of Policing learning product catalogue for potential crossover to HFRS
Explore the re-brand of Longfield to a JESIP Academy for all blue light services	Explore the possibility of CBRN/DIM arrangements. Investigate the possibility of HFRS taking over lead agency role for all MAIAT/CBRN SOR functions
Explore the possibility of HFRS taking greater/total responsibility for methods of entry and protestor removal	Vehicle maintenance
Uniform services	Explore opportunities for collaborated ICT services
Explore the potential for co-locating Community Safety Teams	Explore the potential for a joint Youth Engagement Strategy
Explore the potential for a joint Elderly and Vulnerable People Strategy	Explore the potential for a joint Volunteers and Advocates Strategy

### 2.3.3 Why hasn't there been more collaboration before?

It might be fair to argue that these collaboration opportunities have always existed yet there has been little appetite to develop them in a meaningful or systematic way. Much of the current and potential collaboration is based on 'goodwill' and reliant upon like-minded personalities to get organisations working together. Moreover, much of the collaboration which has occurred to date struggles to evidence its benefits, and therefore gain momentum, funding and expansion.

Based on KPMG's experience, the following factors are critical in hindering or enabling greater collaboration:

Barrier	Example
<b>The evidence paradox</b>	Operational and financial pressures promote status-quo
	Difficulty in tracking benefits for projects (particularly preventative ones), so evidence base insufficient
<b>Incentives not aligned</b>	Operational and financial incentives encourage silo working
	Risks of greater collaboration perceived as greater than the potential benefits
<b>Rigid operating environment</b>	None of the organisations have the capacity/capability to deliver the potential level of change required, or funding to invest in external support
	Existing estates and structures perceived as significant barriers

### 2.3.4 Benefits

Government has been clear that business cases for a change in fire governance will only be considered where benefits can be objectively demonstrated against four Critical Success Factors (CSFs):

- **Efficiency** – the proposal produces quantifiable efficiencies.
- **Effectiveness** – the proposal maintains or improves the services provided to local people and communities.
- **Economy** – the proposal optimises public value.
- **Public Safety** – the proposal makes Hertfordshire safer, stronger and more resilient.

The Economic case outlines these benefits for each proposed governance model across eight areas:

- **Community safety and prevention activity** – the non-blue light community engagement work that HFRS, HCC and the police undertake
- **Co-located Control Room** – the opportunity to combine the control room resources of both police and fire to encourage collaboration and provide a more coordinated blue light response
- **Interoperability** – benefits from closer police and fire collaboration on operational duties including shared responsibilities
- **Development of joint police and fire estate** – the management of the police and fire estate, opportunities to release capital tied up in the estate, address neglect of the fire estate and provide an opportunity to modernise it
- **Training and development** – the location, management and curriculum of HFRS and police training to further drive collaboration
- **Back office** – opportunities to drive efficiencies from finance, HR, procurement and other back office functions
- **Corporate support** – opportunities for benefits from vehicle maintenance, equipment and other support services for HFRS and police
- **Streamlined management and governance** – the impact of governance change on decision making, strategic and democratic leadership of police and HFRS, and improved accountability to the public

## 2.4 STRATEGIC RISKS

The following key risks will require careful management from transition through to post-implementation.

### 2.4.1 Fire brand

Most stakeholders recognise that there is a high level of public trust in the fire service and that this enables the fire service to effectively deliver preventative activities in a way that other organisations can't. In our interviews with stakeholders across Hertfordshire, the need to protect and retain the fire "brand" was seen as paramount.

### 2.4.2 Funding

This business case does not present a full understanding of the funding, assets and liabilities of HFRS. The finances of HFRS are closely intertwined with HCC. For example, a corporate recharge of £2.9m is made for back office services, but it is not known whether this represents

the true cost of such services. To illustrate further, a breakdown of the corporate recharge (see Appendix 7.2.1) shows approximately £50,000 for 'Finance'– effectively this represents one person to manage all the finances, contracts, payroll and so forth for circa 800 people and a ~£38m budget. We must assume this is inaccurate and further work is required.

The real challenge is to ensure that future costs, assets and liabilities can be better identified.

### 2.4.3 Industrial relations

Nationally, the Fire Brigades Union (FBU) have been relatively hostile to the prospect of fire governance transferring to PCCs. Published in December 2015, 'Fire and Rescue Service Matters' sets out a range of arguments against any governance change. The FBU continues to express concern. Speaking on 7 February 2017, Matt Wrack, the FBU General Secretary said:

*"Firefighters have been collaborating with other emergency services for years, but we remain very worried that PCCs now are going to be driving the pace of reform. PCCs don't know anything about how our professional, trained Firefighters work. They say there isn't going to be a blurring of roles between police and Firefighters, but our members need to be reassured that their independence from the police is going to be respected and protected. The public trust Firefighters and they rely on that trust to access peoples' homes. This trust is invaluable in the interests of public safety, and it cannot be put at risk".*

Local FBU representatives are aware of the business case and in principle are cautiously supportive, however they will be making a full submission during the consultation period. It was felt that members would be reassured by the fact that there are no planned redundancies and pleased to see some recognition that the fire estate requires significant investment. Their main concerns were that the fire budget should be maintained, that any risk to fire neutrality be carefully managed and that their members' (and non-member colleagues') terms and conditions be protected. Consultation with unions will be imperative to smooth transition.

### 2.4.4 Organisational culture

It is well documented that between 70 and 90% of corporate mergers and acquisitions fail to add the value expected at the outset<sup>32</sup>. A lack of cultural alignment is a big factor in this failure rate. A survey conducted by Aon in 2010 found that cultural integration issues were a factor behind a third of failed mergers<sup>33</sup>. A lack of alignment between police and fire cultures is a strategic risk. Therefore any changes need to be underpinned by a programme which promotes and embeds shared values, culture and behaviours.

## 2.5 CONSTRAINTS AND DEPENDENCIES

There are also a number of constraints and dependencies to consider against each option under review:

**Constraints:** Police and fire funding streams will continue to remain separate and separate financial statements will need to be prepared for both regardless of the governance models.

**Dependencies:** The governance options outlined in this paper will require local approval prior to approval from the Home Secretary. If local agreement cannot be reached between the PCC and the relevant local authority (i.e. HCC), further independent scrutiny will be required before any change can come into effect.

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<sup>32</sup> <https://hbr.org/2011/03/the-big-idea-the-new-ma-playbook>

<sup>33</sup> [http://www.aon.com/attachments/thought-leadership/M\\_A\\_Survey.pdf](http://www.aon.com/attachments/thought-leadership/M_A_Survey.pdf)

## 2.6 CONCLUSION

This section sets out powerful local and national drivers for change. It demonstrates that there will be continuing pressure to change and reform to meet shifts in operational demand, deal with vulnerability and public protection issues and continue to make best use of our resources. This section demonstrates that locally there are real opportunities to realise operational and financial benefits which will improve public safety and operational effectiveness.

In recent years, research into the collaboration between police and fire services has been building, highlighting the benefits of integrated working. In addition to this, governmental direction has been clear through the recent decision to bring the fire service in to the Home Office under a single Minister of State for Policing and the Fire Service. Even on a local level, the two services have been gradually aligning their strategies, with all of this evidence pointing towards further collaboration in the future; something that HCC would likely agree is positive and something that would happen further and faster under the governance of a PCC. The Home Office is shortly going to reintroduce the Fire Inspectorate, similar to HMIC, which will add more scrutiny and visibility to fire service activity; all of this is aiming to improve public safety and achieve best quality output within the financial envelope.

National and international best practice recognises that effective governance is a key enabler of collaboration and of enhanced operational effectiveness. For example, the experience of replacing police Authorities with PCCs has demonstrated a marked improvement in the quality and depth of scrutiny, visibility, speed of decision making, accountability and transparency.

### 3 The Economic Case

#### Executive summary

The recommended option is **Option 3 – the Governance Model**. In comparison to options 1 and 2, this model:

- Generates **impetus** to drive change forwards. Whilst many of the collaboration opportunities outlined could be delivered through current governance arrangements, they haven't, and a change in governance would provide the necessary step change to drive forward these opportunities in a strategic, more formalised and controlled way.
- **Enables interoperability** through increasing the likelihood of a joint control room, collaborative training and joint operational duties, which in turn drive improvements in efficiency, effectiveness and public safety.
- Provides the platform to improve public safety from an **evidence based perspective**. CPD's current use of spare HFRS capacity to improve public safety aims (e.g. Safe and Well checks) should be applauded. However, governance under the PCC could result in better use of such capacity, delivering better economic value and public safety outcomes for the citizens of Hertfordshire.
- Consolidates the police and fire **estate** under a single owner, the PCC, creating opportunity for capital investment, better workplaces, the development of community assets and financial savings. This is particularly pertinent to HFRS whose estate requires significant capital investment.
- Allows for the **flexibility** to determine the most economic provider arrangement with regard to back office and corporate support (such as vehicle maintenance and equipment procurement).
- Governance would be direct and streamlined resulting in **increased accountability**.
- We estimate that the governance model will realise benefits of between £10.9-£29.8m over a ten year period at Net Present Value.
- The indicative annualised revenue benefit as a result of the implementation of Option 3 – governance model, is between £1.3m-£4.4m per year if all opportunities are realised.
- Additionally, net capital receipts of between £3.9m-£12.5m could be realised once a joint capital asset strategy is defined.

Although there are additional financial benefits associated with the Single Employer Model (option 4), such as further streamlined management, it has the following risks:

- Option 4 could impact the **neutrality of the Fire and Rescue brand**, which enjoys a high level of public trust and enables better access to certain communities and sections of society than the police.
- There are likely to be **significant transition costs** in addition to option 3.
- It could be perceived as **more threatening to HFRS employees** compared to options 1 or 2 which may reduce the likelihood of benefits being realised.



### 3.1 DO CURRENT ARRANGEMENTS REPRESENT VALUE FOR MONEY?

As previously highlighted, the current HFRS expenditure is interlinked with some aspects of the broader HCC expenditure. The table below presents a reconciliation of the 2015/16 expenditure and the forecast budget for 2016/17 and 2017/18<sup>34</sup> for HFRS only<sup>35</sup>.

Budget item	2015-16 Actuals	2016-17 Budget	2017-18 Budget
Staff	£28,250,061	£29,279,801	£29,024,571
Other	£4,471,543	£4,134,148	£4,081,888
	<b>Other over £200k</b>		
	Digital Service	£1,106,182	
	Technical services	£562,912	
	Training	£419,615	
	Community fire safety	£278,058	
	Transport	£1,340,115	
	Other	£764,661	
Property	£430,568	£217,940	£222,190
Capital charges	£1,014,422	£0	£0
Central recharges	£2,858,518	£2,796,173	£2,957,056
Service property	£2,107,122	£1,998,516	£2,105,906
Fire pensions	£738,778	£707,938	£724,988
Fire pensions IAS19 adjustment	£6,309,234	£0	£0
Provision	£4,866	£0	£0
Income	£-1,615,091	£-1,331,563	£-1,347,584
	<b>£49,041,562</b>	<b>£37,802,952</b>	<b>£37,769,014</b>
Fire Pensions - Home Office Grant	£7,237,727	£7,130,233	£7,130,233
Capital Projects	£1,561,000	£2,924,000	£2,924,000
<b>TOTAL</b>	<b>£57,840,290</b>	<b>£47,857,185</b>	<b>£47,823,247</b>

It isn't possible to ascertain whether the current arrangements provide value for money. CIPFA benchmarks suggest an economic and efficient service. As part of the financial package discussions between HCC and PCC, more detail around the value of aspects such as back office recharges will be explored.

<sup>34</sup> Information provided by Claire Cook, 9 February 2017. Note this analysis differs from the published budget of £30m as it includes recharges to HCC

<sup>35</sup> Information provided by Claire Cook, 9 February 2017. Note this analysis differs from the published budget of £30m as it includes recharges to HCC

## 3.2 OPTIONS DESCRIPTIONS

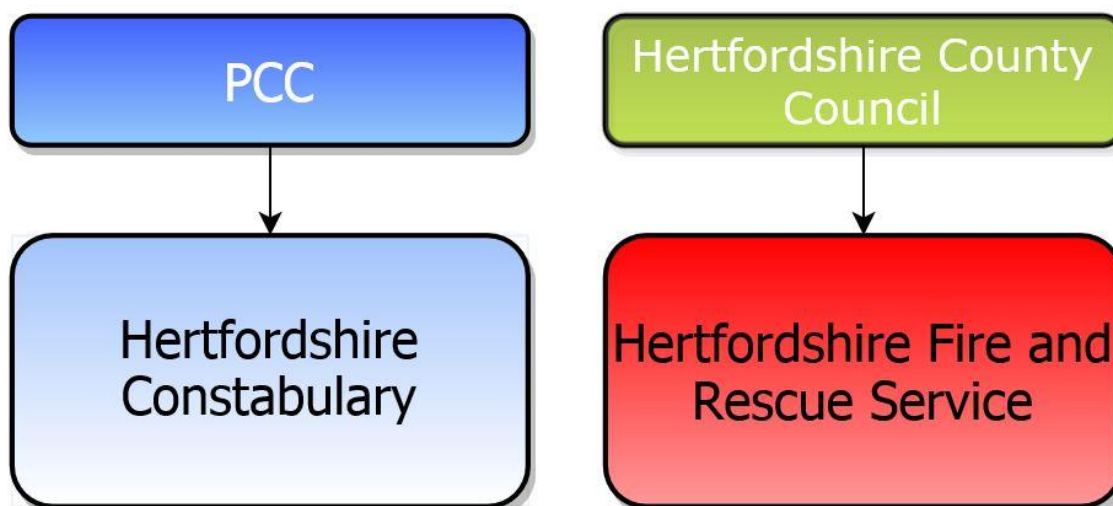
### 3.2.1 Option 1 – do nothing

The HFRS and Police would continue under their existing, separate, governance arrangements, with HCC continuing to act as the Fire Authority and Hertfordshire Constabulary's Chief Constable being held to account by the PCC. The Fire Authority role in Hertfordshire is undertaken by HCC's Cabinet and Full Council, which means that if they need to vote on Fire service matters, they do it as a collective group in public. The Cabinet member for the Community Protection Directorate then delivers day to day political governance. Additionally, HCC operates a Cabinet panel system where the portfolio holder chairs a public meeting with some back-bench councillors which formulates policy for consideration by Cabinet (or Full Council). All Cabinet or Full Council decisions can then be scrutinised by the Overview and Scrutiny Committee comprised of non-Cabinet members.

Many of the opportunities identified in this paper are theoretically achievable through this option, however, it is notable that many of the opportunities for enhanced integration or improvement between the Police and HCC/HFRS have yet to be realised – albeit in the context of very strong preventative work between the HCC and HFRS. Alignment of leadership through joint Police and Fire governance could, therefore, overcome some of the barriers outlined in section 2.3.3 *Why hasn't there been more collaboration before?*

#### Option 1 – Do Nothing

### Option 1: Do Nothing



### 3.2.2 Option 2 – representation model

The PCC could enhance collaboration through greater representation on HCC and committees associated with HFRS. In practice it could be envisaged that the PCC could request to join the County Council Cabinet as an Executive member specifically on the occasions that the Cabinet acts as the Fire Authority and HCC would have to consider this request. The Cabinet meets once a month (although specific fire matters are raised less frequently) and the Cabinet Panel meets five times a year. The new legislation allows for a PCC to serve in this capacity regardless of their status as an elected member (or not) of the local authority. However, due to the deeply embedded nature of HFRS in the wider County Council, it would be very difficult to determine the boundaries of which matters relate specifically and solely to fire causing confusion as to the extent of the PCC's voting rights.

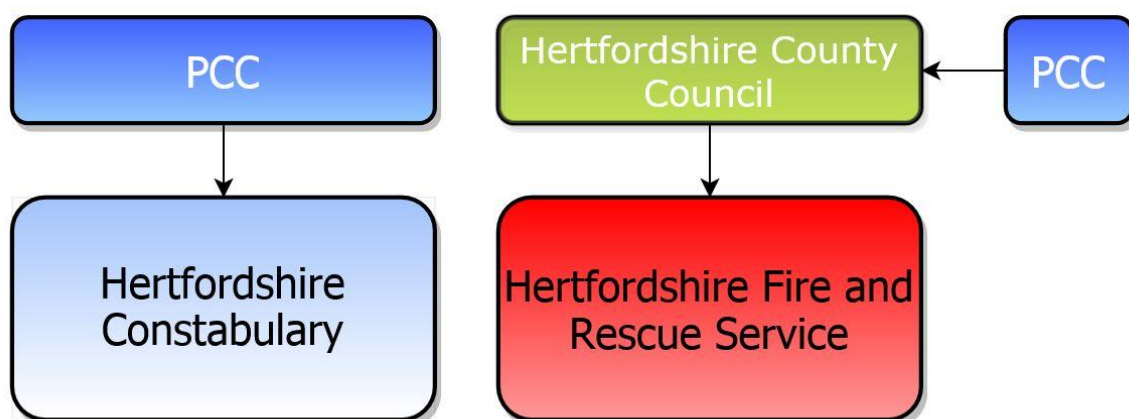
Within this committee, the PCC would be able to influence such matters as integration of police and fire operational resources and strategic management of a joint 'bluelight' estate, whilst also embedding the Police's strategic alignment more closely with the preventative and early-intervention focus of HCC / HFRS. The democratic nuances and voting rights of the PCC would be subject to further review, but a constitutional change would need to be designed for the avoidance of doubt around transparent decision making. Similarly, matters relating to code of conduct and declaring of interests would also need to be considered if this option is progressed. It is assumed that the PCC would be bound by HCC's protocols and regulations whilst serving in an Executive capacity, with potential referral to both HCC standards procedures and the Police and Crime Panel in the event that complaints or investigations are raised.

This option could foster closer collaborative working between PCCs and local fire and rescue services and potentially increase the transparency with which matters of fire governance were being consulted upon and considered.

However, despite the PCC's position in Cabinet, as a single contributor in a wider body of 10 members, any additional influence will be limited and it would be difficult to identify the specific fire part of any discussion, especially in relation to broader budget issues. Ultimately, the PCC would not be able to deliver on any pledge in the Integrated Risk Management Plan or align community safety priorities with his Community Safety and Criminal Justice Plan without the express support of the Cabinet and Council.

#### Option 2 – Representation Model

### Option 2: Representation Model

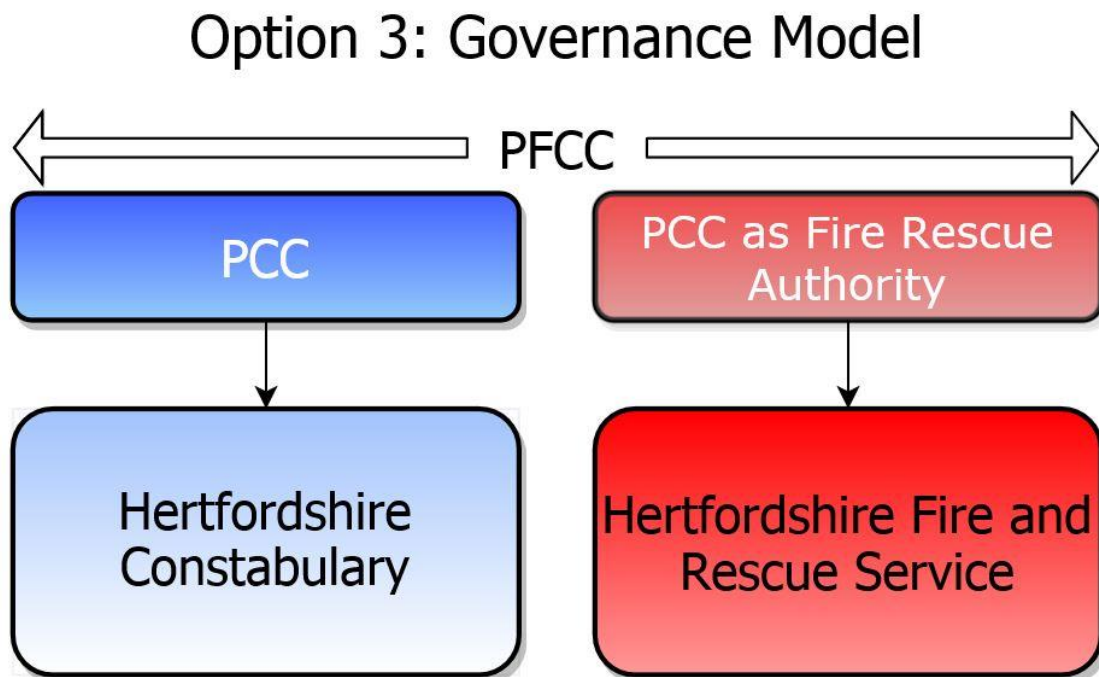


### 3.2.3 Option 3 – governance model

Under this model, the existing FRA will see its functions transferred to the 'PFCC', along with fire and rescue personnel, property, rights and liabilities. The PFCC will be the employer of all fire and rescue staff, but in practice would be expected to put in place a Chief Fire Officer with operational responsibility for the fire and rescue service. The Chief Constable will continue to employ all police staff and have control over Police Officers. Sections 326-329 of the Policing and Crime Act also provide Police and Crime Panels with powers to scrutinise the fire and rescue functions of a PCC.

Under this option, the Constabulary and HFRS will remain two distinct organisations. The option would create a separate corporation sole for the new Fire Authority (i.e. the PFCC). The configuration of support services HCC, HFRS and the PCC in this scenario.

#### Option 3 – Governance Model



### 3.2.4 Option 4 – single employer model

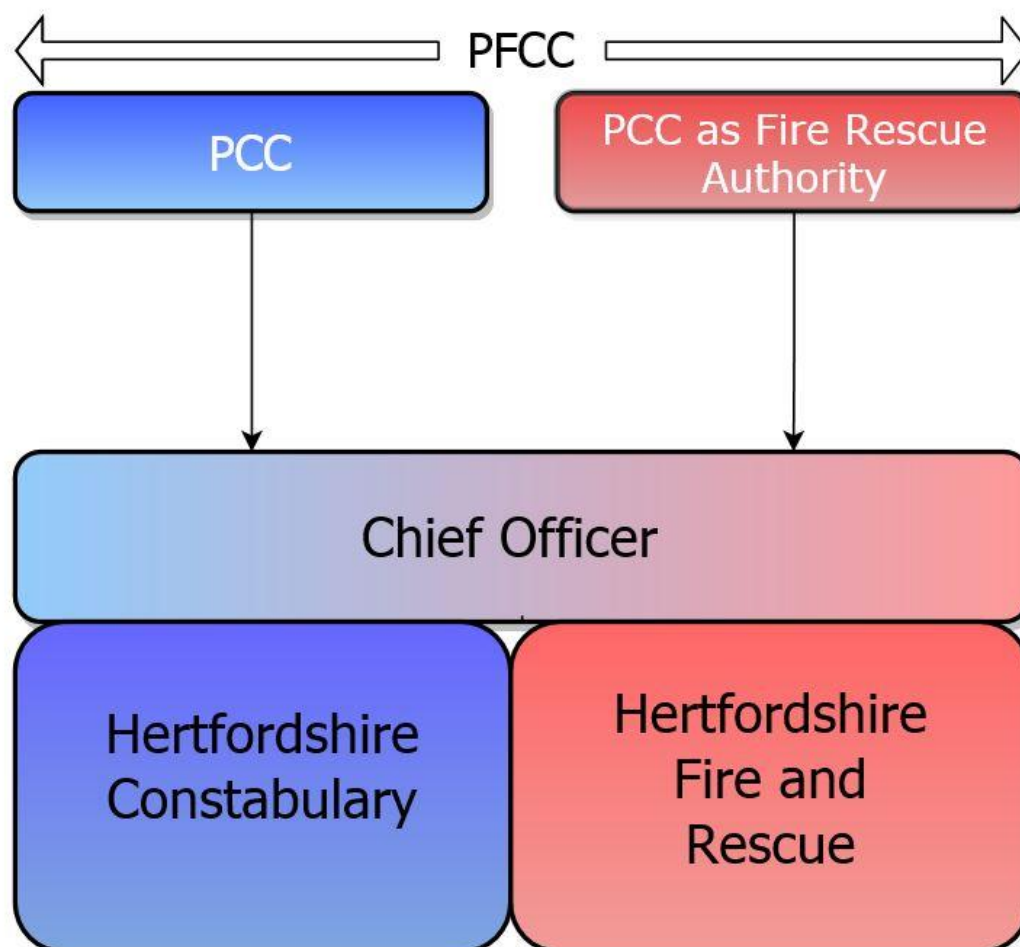
The PFCC takes on responsibility for HFRS and becomes the Fire Authority, delegating fire and rescue functions to a Chief Officer, who would employ both police and fire personnel. There would be a joint fire/police workforce and senior management team, which could increase the flexibility and adaptability of resource whilst fostering further opportunities for efficiency and integration.

In practice, the Chief Officer will appoint a Senior Fire Officer to lead fire operations and a Deputy Chief Constable to lead police operations, under their command. Legally, the Chief Officer would be known as the Chief Constable.

Under the single employer model, the Constabulary and HFRS would remain distinct front line services, albeit supported by increasingly integrated HR, ICT, finance, procurement, fleet management and other support services. The important distinction between operational policing and firefighting will be maintained. Section 37 of the Fire and Rescue Services Act 2004 will continue to prevent a police officer from being a Firefighter. Similarly, there is no intention to give Firefighters the power of arrest or any other core policing powers.

#### Option 4 – Single Employer Model

### Option 4: Single Employer Model



### 3.2.5 Conclusion

The difference between the four governance models, and their propensity to affect change can be summarised by comparing with the table in Section 2.3.3 *Why hasn't there been more collaboration before?*

It is only under governance models 3 and 4 that the likely reasons why greater collaboration has not occurred to date are addressed.

Barriers	Options 1 and 2	Options 3 and 4
<b>The evidence paradox</b>		
Operational and financial pressures promote status-quo	Discrete police and fire operational and financial pressures remain	Operational and financial pressures closely interlinked for both police and fire, encouraging collaboration
Difficulty in tracking benefits for projects (particularly preventative ones), so evidence base insufficient	Current lack of evidence based assessment in terms of relative value for money or impact on public between options is not challenged	The risks and benefits must be assessed by the PCC before a decision to reallocate resources is made
<b>Incentives not aligned</b>		
Operational and financial incentives encourage silo working	Separate police and fire leadership continue to set independent targets	Operational and financial targets can be set by the same body for both police and fire, ensuring collaborative working is prioritised
Risks of greater collaboration perceived as greater than the potential benefits	Threat to existing collaboration with HCC perceived without thorough assessment	Risks and trade-offs assessed to allow a decision to be made and mitigation put in place
<b>Rigid operating environment</b>		
None of the organisations have the capacity/capability to deliver the potential level of change required, or funding to invest in external support	Capacity and capability of police and fire does not change	Increased capacity due to efficiencies realised as a result of closer collaboration
Existing estates and structures perceived as significant barriers	Police and fire estates continue to have separate ownership with different strategic plans	Police and fire estates will be owned by the same governing entity, allowing for a single estates strategy and investment

## 3.3 OPPORTUNITY ASSESSMENT

In the section below, the four governance options have been assessed against the four CSFs: Economy, Efficiency, Effectiveness and Public Safety. Opportunities broadly fall into eight categories:

- Community safety and prevention activity
- Co-located control room
- Interoperability
- Development of a joint Police and Fire estate
- Training and development
- Back office
- Corporate support
- Streamlined management and governance

### 3.3.1 Community safety and prevention activity

The plan builds on the wide range of collaboration between HCC, HFRS and the Police with regard to community safety and prevention activity that already takes place. As a result of the decline in emergency fire and rescue incidents over several years, despite time set aside for completing all necessary training and equipment maintenance activity, there remains some additional discretionary capacity in a Firefighter's day which could be used in a variety of ways.

It is important to caveat that this Firefighter availability is based on Firefighter operational calls remaining at a relatively low level.<sup>36</sup>

Currently, the commitment to partnership begins with structural governance and filters down to individual Firefighter activities. To illustrate, the HFRS Chief Fire Officer (CFO) is also the Director of the Community Protection Directorate (CPD), which brings together HFRS, Resilience, Trading Standards (TS) and the County Community Safety Unit (CCSU). HFRS, Fire Protection, Fire Prevention, TS, and CCSU professionals work together as part of the Joint Protective Services (JPS) team.

The JPS team work in partnership with communities and other agencies to ensure the health, safety and welfare of children and young people, and also to reduce the burden on Hertfordshire communities of anti-social behaviour including: deliberate fire setting; attacks on emergency personnel; hoax emergency calls; unsafe driving; misuse of substances (e.g. alcohol, drugs, tobacco and solvents); and the use of unsafe products (e.g. knives, offensive weapons and fireworks). Clearly, these initiatives share direct synergies with police aims, objectives and activities.

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<sup>36</sup> FIRE0501 <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables> illustrates has remained at a relatively steady average of 6 fatalities per 1 million people in England for the past 8 years

# DRAFT

Another successful innovation is the Community Safety Unit (CCSU), which sees police, fire, probation, Trading Standards and County Council professionals co-located at council premises where they work together to tackle domestic abuse, anti-social behaviour and alcohol and drug abuse. It involves providing advice and giving strategic direction to partner agencies and commissioning and managing services, linking districts and countywide services. This joint team is the first unit of its kind in the country, and is a practical proof of concept how easily that joint working, joint aims and joint measurement of success can produce excellent services to the public.

The table below shows some existing areas in which police and fire conduct similar activity that could be closer integrated. Such further integration would provide potential economy (or efficiency) savings, but more importantly would enhance public safety by using each other's established communication channels to the vulnerable communities of Hertfordshire, mutually widening both audience and reach.

	Fire/HCC	Police
<b>Young people</b>	<p>HFRS carry out a number of youth engagement programmes including:</p> <ul style="list-style-type: none"> <li>• Prince's Trust</li> <li>• LiFE</li> <li>• Cadets</li> <li>• Work Experience</li> <li>• Thriving Families Programme</li> <li>• Crucial Crew</li> <li>• Duke of Edinburgh</li> </ul> <p>Additionally, a number of local projects take place within Districts including Firefit, schools engagement programmes, Cubs/Brownie badges etc.</p> <p>A Youth Engagement Team consisting of four personnel deliver programmes with assistance from volunteers, Task Force, District co-ordinators and station based personnel.</p>	<p>Youth work through the <b>Children and Young People Teams (CYP)</b>, which is on the Local Policing Command and consists of one Inspector, two and a half Sergeants, 12 PCSOs and 10 PCs. These posts are FTEs; the Constabulary funds an additional £118,000 per year as part of its statutory provision to provide a Youth Offending Team. The key aims of the team are to:</p> <ul style="list-style-type: none"> <li>• Provide a co-ordinated, targeted, supportive and restorative approach to engaging and working with Children and Young People.</li> <li>• Reduce first time entrants into, or escalation within the Criminal Justice system.</li> <li>• Increase victim satisfaction through reparative activities.</li> <li>• Achieve even better partnership working across all agencies.</li> </ul>



# DRAFT

Fire/HCC	Police
<p><b>Community Safety Units</b></p> <p><b>The County Community Safety Unit</b> based in Farnham House, Stevenage, is a joint team between HCC, Police and Fire and is the first of its kind in the UK. Its remit includes community issues such as crime prevention, drug and alcohol abuse and domestic violence. They create countywide plans<sup>37</sup> and have analytical capability and support a range of countywide Partnership Boards such as:</p> <ul style="list-style-type: none"> <li>• Vulnerable people, which includes domestic violence, safeguarding adults and child protection.</li> <li>• Offender Management, involving the support of Hertfordshire Probation Service.</li> <li>• Safer communities, which takes responsibility for work around anti-social behaviour and alcohol misuse.</li> <li>• County drug strategy.</li> </ul>	<p><b>Community Safety, Policy and Strategy Unit</b> is based in Welwyn Garden City Police HQ and consists of: one Superintendent, three Chief Inspectors, four Inspectors and 22 police staff.</p> <p>The Crime Reduction and Community Safety Department is responsible for a wide range of functions and responsibilities including; the Preventative Crime Strategy, Duties under the Equality Act, Hertfordshire's Special Constabulary, the Rural Operational Support Team (ROST), Accreditation and Police Community Volunteers and are also strategic leads for Neighbourhood Policing, Hate Crime, PREVENT, and Integrated Offender Management (IOM). Other functions include Children and Young People, Thriving Families, and drugs and alcohol as part of the County Community Safety Unit.</p>

<sup>37</sup> <http://www.hertfordshire.gov.uk/services/commsafe/commprotect/crimedrugs>

# DRAFT

Fire/HCC	Police
<p><b>Practical local Support</b></p> <p>A joint initiative with Public Health, HFRS has been piloting (and is now rolling out county-wide) <b>Safe and Well</b> visits, where Firefighters deliver safety, health and wellbeing messages to residents in Hertfordshire in their trusted capacity in the community. These visits are for the over 65s. Residents receive practical advice and interventions to promote health and wellbeing including: reducing fire risk in the home; crime risk reduction; how to keep homes warm; reducing risk from social isolation; reducing risk from poor nutrition; reducing risk from dehydration; reducing risk of being overweight by increasing physical activity and reducing risk of falls in the home. In a single visit the service can provide home security advice and fittings, rogue trading prevention advice, home fire safety advice and fall prevention work (fitting grab rails and removing obstacles).</p> <p>The benefits derived from greater collaboration and partnership between Fire and Rescue Services and Public Health are highlighted in recent publications which include 'LGA: Beyond Fighting Fires'<sup>38</sup> and 'Fire as a Health Asset' released on 1st October 2016<sup>39</sup>.</p>	<p>Hertfordshire Constabulary Safer Neighbourhood Teams (SNTs) are dedicated to a specific area/community. Their focus is local and bespoke, tackling and solving community problems and local priorities. Protecting vulnerable people is part of this remit and a number of schemes are run to engage with, support and make the necessary referrals. For example:</p> <ul style="list-style-type: none"> <li>• Watford SNT runs monthly <b>Our Safer Streets</b> events which involve local officers and partner agencies visiting households providing an opportunity to speak with their local team about issues affecting their area, obtain crime prevention advice and information, and sign up to Neighbourhood Watch. The visit also allows officers to identify anyone who may be vulnerable to crime and refer them to other services to help protect them.</li> <li>• <b>The Keep Safe scheme</b><sup>40</sup>, supports people with learning disabilities to get help during an emergency. This scheme brings local people and community facilities together to support people with learning disabilities, providing them with a place to make a phone call to speak to a parent, support worker or contact the emergency services. This could be for any reason from feeling threatened or being lost, to having witnessed a car accident or any other emergency incident.</li> </ul>

<sup>38</sup> LGA Beyond Fighting Fires: The role of the Fire and Rescue Service in improving the public's health  
[http://www.local.gov.uk/documents/10180/5873002/L15\\_149+Fire+case+studies\\_v07\\_40928.pdf/0dde8780-9c60-4a31-8f59-cd6c6594f6e7](http://www.local.gov.uk/documents/10180/5873002/L15_149+Fire+case+studies_v07_40928.pdf/0dde8780-9c60-4a31-8f59-cd6c6594f6e7)

<sup>39</sup> Consensus Statement on Improving Health and Wellbeing between NHS England, Public Health England, Local Government Association, Chief Fire Officers Association and Age UK  
<https://www.england.nhs.uk/ourwork/ltc-op-eolc/older-people/fire/>

<sup>40</sup> [https://www.herts.police.uk/hertfordshire\\_constabulary/keep\\_safe.aspx](https://www.herts.police.uk/hertfordshire_constabulary/keep_safe.aspx)

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Fire/HCC	Police
<p><b>Volunteers</b></p> <p>78 volunteers in HFRS and 23 in Trading Standards. In addition there are a further 70 people who volunteer their time to contribute to initiatives such as CHIPS (Community Horse Patrols) and the JPS Advocacy Scheme. Volunteers contribute over 8,500 hours each year.</p> <p>They are managed by a Volunteer and Outreach manager with a support manager in place. They work on a double District based system with each double district having a lead volunteer. They are recognised at an annual awards evening.</p>	<p>Police volunteers/community active persons who at the moment, only the police communicate with:</p> <ul style="list-style-type: none"> <li>• 350 DriveSafe Volunteers (the aim of this programme is casualty reduction which links directly to fire strategic aims)</li> <li>• 240 Special Constables</li> <li>• 250 Police Cadets</li> <li>• 116,000 homes through Neighbourhood Watch (26% of Herts homes)</li> </ul>

In order to assess the relative merits of the different uses of Firefighter time, evidence based analysis should be conducted to ensure that the activity Firefighters complete in their available time is the most effective, contributes most directly to public safety and represents the best value for money

To illustrate the usefulness of such analysis, the below **proof of concept** compares the relative value delivered by Firefighters using their discretionary capacity to conduct Safe and Well visits on behalf of HCC, or whether to respond to incidents such as Concern for Safety calls received by the police.

### Safe and Well ~ vs ~ Concern for Safety proof of concept

It has been estimated that having Firefighters carry out Safe and Well visits will save HCC £350,000 per year. This is equivalent to £40.66 per visit.<sup>41</sup> The cost to send Firefighters on Safe and Well visits, however, is calculated at approximately £437,000 per year.<sup>42</sup> There is therefore an additional opportunity cost of £87,000 to send Firefighters to Safe and Well visits.<sup>43</sup>

In this instance it would appear Firefighters' discretionary capacity could be used more cost effectively by arranging for another group (such as fire volunteers) to carry out Safe and Well visits, and use Firefighter time for other purposes.

As an example of an alternative use of Firefighters' discretionary capacity, Concern for Safety incidents cost the police approximately £56.00 to attend each incident. In this example, were Firefighters utilised to respond to some incidents the police would normally attend, there could be a 38% improvement in efficiency.<sup>44</sup>

<sup>41</sup> £350,000 total/8,607 (the number of Home Visits, information provided by HFRS)

<sup>42</sup> Cost of 5 Firefighters (hourly wage of £13.53) to carry out 8,607 Safe and Well visits each taking 45 minutes.

<sup>43</sup> Saving of £350,000 less cost to send Firefighters of £437,000 equals £87,000.

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Further analysis would need to assess the downstream impacts such as referrals to other services within HCC.

N.B. This proof of concept is provided as an **example only** and is not intended to suggest Safe and Well be replaced by Concern for Safety responses without thorough investigation.

This **example** is intended to illustrate that there could potentially be better opportunities from an economic and efficiency perspective of using available Firefighter time to respond to incidents traditionally handled by the police, rather than those managed by the council, freeing up police capacity to tackle new and emerging threats such as cyber, CSE and terror. However, as illustrated above, there are plenty of community (i.e. non incident) based initiatives which show significant synergies. Firefighters are now multi skilled emergency response professionals. Increasing their call portfolio would better utilise this expertise.

HCC are concerned that the Safe and Well service would be less effective if not carried out by Firefighters. The trusted brand allows them access to more vulnerable members of society. A potential solution could be to develop a team of trained technicians who operate under an adopted Firefighter brand; offering a more inexpensive alternative to deploying highly specialised Firefighters and ultimately offering more value for money. There is an opportunity to redeploy Firefighters who can no longer meet the required fitness standards which was one of the key concerns from the recent national pensions dispute.

Local FBU consultation on this matter highlighted the Union's support for Safe and Well visits as a preventative measure. They stressed the importance of their continuation as the population ages and the risk of fire increases proportionally<sup>45</sup>. With this in mind however, the local FBU were not opposed to examining ways in which such initiatives could dovetail with similar blue light activities as long as fire neutrality was protected.

The table below shows the expected benefits in terms of changes to Community Safety and Preventative activity against the four CSFs and the impact the governance option has on the opportunity:

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<sup>44</sup> Were Firefighters used for Concern for Safety incidents they would save £56.00 per incident rather than £40.66 per Safe and Well visit, a difference of £15.34, or 38%.

<sup>45</sup> The CFO published its "Ageing Safely" strategy specifically focused on protecting an aging population from the risk of fire in the home. And sites that deaths and injuries from fire is expected to rise in proportion to eh increases in numbers of older people. Almost twice as many people over the age of 50 die in dwelling fires in the UK each year compared to those under 50. [http://www.cpa.org.uk/cpa-lga-evidence/Chief\\_Fire%20Officers\\_Association/CFOA\(2011\)-AgeingSafely-ProtectinganAgeingPopulationfromtheRiskofFireintheHome.pdf](http://www.cpa.org.uk/cpa-lga-evidence/Chief_Fire%20Officers_Association/CFOA(2011)-AgeingSafely-ProtectinganAgeingPopulationfromtheRiskofFireintheHome.pdf). Recent studies have projected that between 2015 and 2025, the number of people in England and Wales aged 65 years and older will increase by 19.4%; an aging population. Source: [http://www.thelancet.com/journals/lanpub/article/PIIS2468-2667\(17\)30091-9/fulltext?elsca1=flpr](http://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(17)30091-9/fulltext?elsca1=flpr)

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
1	Residents receive practical advice and interventions to promote health and wellbeing including: reducing fire risk in the home; crime risk reduction; how to keep homes warm; reducing risk from social isolation; reducing risk from poor nutrition; reducing risk from dehydration; reducing risk of being overweight by increasing physical activity; and reducing risk of falls in the home. In a single visit the service can provide home security advice and fittings, rogue trading prevention advice, home fire safety advice and fall prevention work (fitting grab rails and removing obstacles).	Firefighters are currently being trained throughout 2017 to carry out Safe and Well visits. HCC expects that as a result, they will no longer need to pay for home visits by volunteers, and council staff (£350,000 pa)	HCC are actively engaged in finding uses for available Firefighter time.	The benefits are likely to be most tangibly felt in Adult Social Care, however helping older residents to keep safe and well clearly supports aims across the public sector including primary care and ambulance services (e.g. fewer injuries/admittances), police (fewer victims of crime) and fire (safer homes, fewer call outs).	There are currently high levels of collaboration around preventative work, particularly between HFRS and HCC, but also with the Police.  Further joint working is entirely possible but as yet no firm plans are in place, although intention is strong for both police and fire stakeholders. There is currently no assessment of the most cost effective use of Firefighters' discretionary capacity, which makes it difficult to track benefits.
2	As Option 1	As Option 1	As Option 1	As Option 1	These initiatives do not require PCC representation on Cabinet to move forwards.

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
3	Opportunities for Firefighters to support police colleagues address root causes of demand. It is well recognised much policing demand is generated by individuals and families with complex needs <sup>46</sup> .	With responsibility for HFRS, the PCC could carry out analysis to identify most economic use of Firefighter time, as shown in the proof of concept above. This could allow at least £480,000 <sup>47</sup> of effort saved every year (if Firefighters carry out Concern for Safety rather than Safe and Well visits). For this to occur the Safe and Well visits would need to be replaced (cost: £350,000), still resulting in a remaining benefit of <b>£130,000</b> . Whether this will be cashable benefit (as it would with stopping home visits), or in freed police or other staff time, will depend on the activities considered.	See economy	See efficiency	With a shared leadership from the PCC and shared official targets, the scope of activity that Firefighter available time is considered for could be expanded to include activities traditionally covered by the police, benefiting HFRS, the police and the community. For example, Safe and Well visits could be combined with Our Safer Streets events. Furthermore, collaboration with the Safer Neighbourhood Teams would further increase footfall on similar initiatives.
4	As Option 3	As Option 3	As Option 3	As Option 3	As Option 3

## Conclusion

There could potentially be better opportunities from an economic and efficiency perspective of using available Firefighter time to respond to incidents traditionally handled by the police rather than those managed by the council. However, as illustrated above, there are plenty of community (i.e. non incident) based initiatives which show significant synergies. A joint governance solution would allow for both organisations to coordinate a cohesive approach to engaging with the public, sharing information, understanding and responding to vulnerabilities within Hertfordshire communities together. Although HFRS already provides this joint service for HCC (through Safe and Well visits) they largely focus on Adult Social Care. As evidenced by the successful CCSU, the influence of the police widens the remit to include all vulnerable adults, young

<sup>46</sup> Reference Appendix 7.1.2, R6 Key Risks and control measures. Risk that unpredictable demand can change and drive additional activity

<sup>47</sup> Calculated by substituting 8,607 safe and well checks at £40.66 per visit for 8,607 concern for safety incidents at £56 per incident

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people and offenders. The scope to capitalise on the fire service's unique neutrality and expertise is far wider when applied jointly with police. Options 1 and 2 do not offer significant change in order to fully explore and capitalise on this opportunity. **Options 3 and 4** in comparison would ensure maximum public safety benefit and value for money was obtained from Firefighter available time through evidence based analysis, maximising effective use of resources to make Hertfordshire communities safer. The specific benefit of option 3 is that both organisations retain their organisational identities and discrete roles.

## 3.3.2 Co-located control room

The HFRS control room is currently based at the Longfield site. They provide a 24 hour service with approximately 6 staff on duty at any time, plus day duty staff (Watch Commander), and a Control Room Manager. In 2016, an estimated 24,000 calls were received to HFRS control room, of which 9,550 resulted in an operational dispatch. This represents a 10% uplift on previous years' totals. The opportunity involves relocating these HFRS control operators into the newly-developed Hertfordshire Constabulary Contact Centre at Stanborough Rd where there is sufficient space and facilities to accommodate fire operators and associated management. As a comparator, the Constabulary Force Control Room received over 135,000 999 calls and 450,000 101 calls in 2015/16. There would be a transition cost of decommissioning and computer and system transfer, however this could be balanced by the reinvestment/reuse of the current building at Longfield (see training and development opportunity and development of Longfield as a JESIP site).

The table below shows the expected benefits in terms of a co-located control room against the four CSFs and the impact the governance option has on the opportunity:

	Public Safety	Economy	Efficiency	Effectiveness	Impact of Governance option
1	No impact on public safety	No additional economic value	No improvements in efficiency	The Police's control room has a mental health hub that could be of use to HFRS were collaboration between the two control rooms to be developed.	Despite clear appetite across HCC, HFRS and police leadership, the fact that this has yet to be progressed with any momentum suggests that without a change in governance, it is unlikely that sufficient impetus would be generated to drive the successful creation of a co-located control room.

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of Governance option
<b>2</b>	As Option 1	As Option 1	As Option 1	As Option 1	Despite the PCC's position in Cabinet, too little has changed from Option 1 to alter the likelihood of a shared control room.
<b>3</b>	<p>The creation of a co-located control room, and the consequent improvements in operational effectiveness could positively impact public safety.</p> <p>One example would be quicker and better coordinated responses to emergency calls that require multi-agency response.</p>	<p>Moving from two sites to one site would produce savings in maintenance and running costs. It is likely that this will not be a cashable benefit, but instead will enable the building within Longfield to be repurposed in line with the interoperability opportunity and the vision for a JESIP academy.</p>	<p>As a result of a shared control room space, response coordinators could have closer collaboration between both police and Firefighter operators/dispatchers, allowing for the more efficient allocation of resources for response calls that either HFRS or police could respond to. This could then form the basis for further collaboration between services on joint operations.</p> <p>These effectiveness benefits could be further compounded should a Joint Chiefs' (Fire and Police) HQ building be similarly co-located at Stanborough Rd, encouraging further close collaboration at a senior level</p>	<p>A co-located control room would underpin close collaboration and interoperability between police and fire, in line with JESIP principles.</p> <p>The shared control room could then become an enabler for a new level of interoperability, beginning with joint strategies e.g. joint dynamic risk assessments, joint tactical plans etc.</p>	<p>There is appetite amongst police, HFRS and HCC for a co-located police and fire control room.</p> <p>The significant difference with Option 3 is that this move can be part of a wider estates strategy and as such there is an opportunity to offset costs through transforming how Longfield is used</p>



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	Public Safety	Economy	Efficiency	Effectiveness	Impact of Governance option
4	As option 3, but with the potential to deliver greater interoperability benefits.	<p>This option increases the possibility of cross training operators to be able to take calls from either emergency service and deploy accordingly.</p> <p>At current call levels, the police's existing control room would be able to fully absorb the workload of the fire control room, releasing capacity. Savings of approximately <b>£850,000 per year</b><sup>48</sup> which could be realised or reinvested</p>	As option 3 but potentially even greater opportunities for joint operations through a joint Police, Fire and Crime Plan.	If police and fire became jointly trained there would be additional resources available in case of call surges which adds an additional level of contingency.	Option 4 is very similar to Option 3, with the added complexity created by the need to introduce new terms and conditions and contracts for ex-fire staff to form one single organisation.

## Conclusion

Despite clear consensus across stakeholders that a co-located control room would be an economic and beneficial opportunity to pursue, this idea has not progressed sufficiently to date and there is nothing to suggest the pace of change would accelerate without some significant change. A change in governance would provide the necessary impetus to drive forward these opportunities in a strategic, more formalised and controlled way as the fire and police estates would be subject to a joint estates strategy. This would enable strategic decisions about building usage to occur and capital investment be made where it is needed most <sup>49</sup>

Local FBU representatives support the co-location of control room staff in police premises, in principle, as long as they are not expected to receive or dispatch police calls, or vice versa. Their main concern was that the staff should be kept fully informed and that the transition be carefully managed.

<sup>48</sup> Assuming no redundancies, but not replacing natural attrition. Costs based on 24 Control Room Firefighter call takers (24 x £29k pa), 4 Leadership positions (4 x £34k pa) and 1 Clerk (£17k pa)

<sup>49</sup> Reference Appendix 7.1.2, R2 Key Risks and control measures. Staff members may have subjective reasons why a change in work location would not be acceptable. Such eventualities need to be managed carefully.

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## 3.3.3 Interoperability

The Joint Emergency Services Interoperability Programme (JESIP) is rooted in a requirement for emergency services to work together more effectively in an operational context, particularly in response to major incidents. JESIP sets out five principles for improved joint working: Co-location, Communication, Coordination, Joint Understanding of Risk and Shared Situational Awareness.

Although these principles were designed to help structure a joint response to major incidents, these same principles when interpreted more broadly form excellent foundations for more day to day interoperability between emergency services. JESIP defines interoperability as “the extent to which organisations can work together coherently as a matter of routine<sup>50</sup>”. Additionally the College of Policing states that “interoperability can be achieved by an organisation or discrete parts of the same organisation exchanging operational information and using it in their decision making<sup>51</sup>”. As such, closer working, information sharing, and improving knowledge about how each organisation works is all part of developing interoperability.

The table below shows the expected benefits in terms of interoperability against the four CSFs and the impact the governance option has on the opportunity:

	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
1	Potential for more rapid, skills specific emergency response (rather than service focused). This is based on MoUs for specific incidents being developed.	Potential increase in economy when resource deployment is analysed across emergency services as a whole. This is based on MoUs for specific incidents being developed.	Potential efficiency saving through ensuring the most efficient mix of emergency service resource is deployed. This is based on MoUs for specific incidents being developed.	Ensuring the most effective mix of emergency service resource is deployed. This is based on MoUs for specific incidents being developed.	Entirely possible to achieve joint deployment for specific call types under a Memorandum of Understanding (MoU). Proof of concept already in place for 'collapse behind door' calls where both fire and ambulance adhere to a joint deployment strategy. An example of a quick win in this area could be arson, where currently two separate investigations (fire and criminal) occur consecutively. It should be noted that MoUs are, by design, self-limiting and require very specific criteria.

<sup>50</sup> Joint Doctrine: the interoperability framework, JESIP [www.jesip.org.uk](http://www.jesip.org.uk)

<sup>51</sup> Skills for Justice, Emergency Services Interoperability Research Wave 2, 2014 <http://www.jesip.org.uk/uploads/media/pdf/JESIP%20Workforce%20Survey%202%20-%20Full%20Report.pdf>

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
<b>2</b>	As Option 1,	As Option 1,	As Option 1,	As Option 1,	As Option 1. Assuming that no representative from the ambulance service was required to join Cabinet in order to sign off 'collapse behind door' MoU, there is no evidence to suggest that increased representation by the PCC would be required to establish something similar with police
<b>3</b>	<p>Considering the rural nature of parts of Hertfordshire, there is an opportunity to ensure county coverage by using both police and fire vehicles to be evenly spread throughout Hertfordshire. As such, an emergency service vehicle would be close throughout the county.</p> <p>Similarly, a more holistic view on emergency service fleet could be taken during capacity surge.</p>	Potential increase in economy when resource deployment is analysed across emergency services as a whole.	Potential efficiency saving through ensuring the most efficient mix of emergency service resource is deployed.	<p>As a result of the joint estate, single control room and aligned performance indicators the police and HFRS will be able to manage a closer working response to emergencies.</p> <p>Practical examples of this include:</p> <ul style="list-style-type: none"> <li>• Joint investigation for things like arson and hazardous incidents</li> <li>• Floods response is a good example of where police and HFRS could benefit from closer collaboration</li> <li>• Coordination around road traffic accidents</li> </ul>	Under Option 3, the definition of joint deployment could widen beyond type-specific MoUs into wider strategies such as: sharing of early situational awareness/joint dynamic risk assessments/joint response plans. Enablers such as a 'co-located control room' and/or co-location of Command Teams would facilitate this further.

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
4	As Option 3	As Option 3	As Option 3	As Option 3	<p>As Option 3, but as the organisations would be under a single command structure, they would share entire strategies and plans. Such a level of integration would be incredibly innovative and involve a significant amount of change and retraining for employees.</p> <p>In the long term, a joint fleet between fire/police could even be an option (as developed in Northamptonshire). Examples could include RTCs or a joint mobile command vehicle. However this could have a negative impact on fire's perceived neutrality.</p>

## Conclusion

If no change was made to governance (option 1), interoperability is a possibility but is likely to remain limited in scope. There is little additionality which would be achieved through the PCC's additional representation (option 2). **Options 3 and 4** expand these opportunities of interoperability through the PCC's Police, Fire and Crime Plan in the first instance, potentially followed by joint response plans (where appropriate) and performance indicators to ensure they are working towards the same aims.

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## 3.3.4 Development of joint police and fire estate

The existing Police estate consists of 37 sites with a net book value (NBV) of £108.3m. The existing Fire estate consists of 29 sites with a NBV of £89.3m.<sup>52</sup>

Independent and internal reviews have recognised that the HFRS estate requires significant investment to make it fit for purpose.<sup>53</sup> Additionally, stakeholders interviewed have indicated that there is not significant co-occupancy between fire and HCC employees.

A transfer of governance, as proposed under options 3 and 4, could enable a more strategic view of the broader estate to be taken. It is reasonable to assume a joint estates strategy would increase the number of co-occupied police and fire 'Community Safety Hubs', whilst reducing the overall size of the estate. This would raise capital receipts to invest in the development and modernisation of the estate. This could also have the benefit of improving working conditions and provide the opportunity to make community facilities available. As a result of the reduced size of the estate, maintenance costs would also be reduced.

The adjacent table illustrates the joint value of the estate and the potential capital and recurrent costs that could be released in the long term should 5% or 25% of the estate be

% reduction in estate	5% (Base)	25% (Stretch)
<b>Police sites</b>	37	37
<b>Fire sites</b>	29	29
<b>Total sites</b>	66	66
<b>Merger of sites</b>	3	17
<b>Remaining sites</b>	63	49
<b>NBV of Police estate</b>	£108.3m	£108.3m
<b>NBV of Fire estate</b>	£89.4m	£89.4m
<b>Total NBV of estate</b>	£197.7m	£197.7m
<b>Average NBV of stations reduced</b>	£9.9m	£46.5m
<b>Average cost to accommodate reduced stations (£2m per station)</b>	£6.2m	£34.0m
<b>Capital released from estate</b>	£3.9m	£12.5m
<b>Spend on estate maintenance (£6.5m Police, £2.1m Fire)</b>	£ 8.6m	£8.6m
<b>% reduction in estate maintenance</b>	5%	25%
<b>Recurrent maintenance saving</b>	£0.4m	£2.1m

<sup>52</sup> Reference Appendix 7.1.2, R5 Key Risks and control measures. Risk that the NBV is not reflective of the true condition of the estate

<sup>53</sup> Hertfordshire Fire and Rescue Service Fire Peer Challenge (11-14 October 2016) p4, 5 and 28; INTEGRATED PLAN, PART B – STRATEGIC DIRECTION AND FINANCIAL CONSEQUENCES: Community Safety & Waste Management Portfolio p50

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combined.<sup>54</sup> Benefits realised would have to be paid to the appropriate fund and re-invested accordingly. These outline calculations are based on broad assumptions, which would need to be robustly tested and developed once a more accurate valuation and estates review takes place.

Hertfordshire's One Public Estate (OPE) states that "the emergency services are keen to identify blue light opportunities for rationalisation including operations, training and back office services...a proposal to integrate police and fire services under a Police and Crime Commissioner might facilitate this<sup>55</sup>", clearly acknowledging how the governance change is in line with OPE development. Within Hertfordshire's OPE delivery plan, there is a project at the beginning of the lifecycle regarding the Elstree Way Corridor regeneration, a new fire station, social services provision and 200 residential units. Any governance change of HFRS in no way precludes fire's involvement in OPE or any existing plans. In fact, as Hertfordshire's PCC is a key partner within the OPE and police sites are already part of wider OPE plans, an ability to jointly consider fire and police estates is likely to accelerate progress.

Hertfordshire Constabulary's current estates strategy cites an intention to develop a shared fire/police estates strategy, exploring a number of opportunities including the development of a joint Headquarters site as the iconic centre for collaborative Hertfordshire public services, with an emphasis on a deeper relationship with HFRS.

HCC's specific capital programme for HFRS's current estate is below. The 2016 Peer review stated the estate was "not in good repair and does not provide a modern progressive environment for a new culture to grow."<sup>56</sup> HCC's maintenance backlog is mainly focused on replacement boilers and such like. There is no mention of any new facilities or significant capital investment.

Capital Spending Line, £'000	Latest Approved Budget 2016-17	Revised 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21
Maintenance Backlog	<b>£160</b>	£40	£80	£15	£60
Fire & Rescue Officer Vehicles	<b>£540</b>	£0	£0	£0	£0
F&R Equipment Replacement Programme	<b>£143</b>	£0	£0	£0	£0

<sup>54</sup> There are currently 17 sites in Hertfordshire (25% of the total estate) that have both a Police and Fire station. It is for this reason that the upper limit in the proof of concept is set at 25%. Five and ten percent are also included for illustrative purposes.

<sup>55</sup> HCC provided document: HCC Service and Assets Delivery Plan, Dec 2016

<sup>56</sup> Hertfordshire Fire and Rescue Service Fire Peer Challenge (11-14 October 2016) p28 <http://www.local.gov.uk/documents/10180/7847374/peer+challenges+-+fire+peer+challenge+-+Hertfordshire+Report/e5d9e100-ad73-4240-8ce5-b5cf6ebc78d1>

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Breathing Apparatus Replacement Programme	<b>£0</b>	£0	£0	£0	£0
F&R ICT Equipment	<b>£57</b>	£163	£0	£0	£0
F&R Vehicle Replacement	<b>£2,154</b>	£493	£0	£0	£0

The table below shows the expected benefits in terms of estates against the four CSFs and the impact the governance option has on the opportunity:

	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
<b>1</b>	No impact on public safety	No additional economic value	No improvements in efficiency	<p>If political will is strong enough without any governance dialogue, 'drop in' desks could be established.</p> <p>For example, police 'drop in' desks could be set up in Kings Langley Fire Station, Markyate Fire Station and Much Hadham Fire Station, none of which have a police station in the immediate vicinity.<sup>57</sup> This would require a MoU between the police and HFRS and possible IT costs to secure the fire network for police systems.</p>	The control of the estates remain as-is. Therefore the opportunity for joint capital investment and consequent financial benefits is limited.
<b>2</b>	As Option 1	As Option 1	As Option 1	Brokering and maintaining MoUs may be easier if the PCC has representation	As Option 1

<sup>57</sup> Initial Scoping & Options for Police & Fire and Rescue Service Collaboration within Hertfordshire paper – July 2016

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
				on Cabinet.	
3	<p>The co-location of police and fire estates could further improve the impact on public safety in addition to that made by a co-located control room and joint operations.</p> <p>For example, Safer Neighbourhood Teams could be moved independently into fire stations and start joint looking at Integrated Offender Management, missing persons and other local issues where there is a crossover between the two.</p>	<p>In a joint police and fire estate, there is the possible opportunity to co-locate police and fire stations at 17 sites in Hertfordshire, where there are currently separate fire and police Stations geographically close to each other.<sup>58</sup></p>	<p>Following the transfer of ownership of the fire estate, HFRS would no longer be under any obligations to provide fire Station space to the Ambulance service as set out in the NHS Reorganisation Act 1973. Appropriate agreements would need to be reached with the ambulance service.</p>	<p>Under Option 3 no MoU would be required as the PCC would have control of the whole estate.</p> <p>The joint ownership of the police and fire estate could also allow for the creation of a Joint Chiefs' building encouraging further close collaboration at a senior level.</p>	<p>Under Option 3 ownership of/responsibility for the fire estate would pass over to PCC control. The police and fire estate could be planned as a whole leading to scope for greater flexibility and capital investment.</p> <p>While Option 3 would necessitate the transfer of the fire estate, this could be implemented in a phased approach, allowing for the orderly transfer of titles, letting responsibilities, maintenance contracts etc.</p> <p>The specific accounting treatments required of the transfer will need closer inspection. There may be a need for agreements between HCC and the PCC to manage the impact of the loss, such as partial payment from the PCC to HCC upon the sale of an asset, for example.</p>
4	As Option 3	As Option 3	As Option 3	As Option 3.	<p>As a single organisation, potentially with joint fleet and joint deployment to specific calls, it should be considered that the estate needs and usage may also change.</p> <p>For example, if a joint HFRS/police vehicle was</p>

<sup>58</sup> Initial Scoping & Options for Police & Fire and Rescue Service Collaboration within Hertfordshire paper – July 2016, Appendix A Local and National Scoping document



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Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
				deployed to RTCs, they may need a patrol base rather than a fire station

## Conclusion

Governance options 1 and 2 would do little to encourage capital investment in the police and fire estate. However, under options 3 and 4, moving the two estates into a single joint estate under the ownership of the (then) Police, Fire and Crime Commissioner (PFCC) would allow the PFCC to invest capital in the fire estate and, where appropriate, release up to £12.5m from the joint estate and reduce maintenance costs by up to £2.2m per year.

### 3.3.5 Training and development

Close collaboration around training and development between HFRS and the police underpins the benefits from increased interoperability. 'Skills for Justice' on behalf of JESIP analysis states that "the lack of joint training and exercising appears to be the biggest single barrier to interoperability."<sup>59</sup> Developing the HFRS site at Longfield into a JESIP academy, which could be used as a multi-agency training site, would be facilitated far more easily by adopting governance Options 3 or 4. This is because under options 1 and 2, ownership of the police and fire estates would remain split, limiting opportunities for joint capital investment. Under options 3 and 4 ownership of the estate would be consolidated meaning that a jointly owned JESIP site is far more likely.

Furthermore there is the possibility that Longfield could evolve into a multi-agency learning and development centre used on a regional and national basis, which could generate revenue for HFRS and the police. Commercial Training is based at Longfield and if it becomes a Ltd company there are significant revenue generating opportunities.

The table below shows the expected benefits in terms of training and development against the four CSFs, and the impact each governance option would have on the opportunity.

	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
1	Up skilling of Police Officers and Firefighters will have a	There will be a cost incurred as a result of the JESIP	Dedicated training space for both police and fire frees up	Awareness of issues, and training Police Officers and	Much of the collaboration around training and

<sup>59</sup> Skills for Justice, Emergency Services Interoperability Research Wave 2, 2014 <http://www.iesip.org.uk/uploads/media/pdf/JESIP%20Workforce%20Survey%20%20-%20Full%20Report.pdf>

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
	<p>downstream impact on improving public safety. Joint training further embeds the JESIP principles of interoperability. For example, JESIP training for all blue light services to use the same radios.</p>	<p>renovation at Longfield. This is currently estimated at approximately £12m, although funding arrangements have not yet been agreed and will need further exploration. JESIP site could be used to generate revenue by renting out to other constabularies. Catalogue review could leverage economies of scale and increased bargaining power to reduce costs.</p>	<p>other spaces across both police and fire facilities. Joint leadership would allow for better curriculum planning, ensuring courses are the most appropriate and absent places filled.</p>	<p>Firefighters would not otherwise have access to, could be introduced. For example, hazardous chemical training currently only provided to Firefighters could be extended to include Police Officers. A joint catalogue review could identify the most effective and useful courses.</p>	<p>development does not require a governance change and much activity is currently underway in this area. For example a Memorandum of Understanding exists with police and work has started to consolidate joint working and initial exercises have been planned with police around chemical suicides. The development of the JESIP training site at Longfield is one such example.</p>
2	As Option 1	As Option 1	As Option 1	As Option 1	Collaboration around training is not dependent on Cabinet for a decision
3	As Option 1	A review of catalogue training packages could be undertaken to assess for potential crossover. Potential economies of scale if fire and police select the same learning product	As Option 1 As explained in section 3.3.4 'Development of joint police and fire estate', where the fire and police estates are combined, asset utilisation could be thought through at a strategic level, driving more efficient use of training facilities.	As Option 1	As Option 1, however, as with the estate, in order for police and fire to justify capital investment, shared ownership of the estate is required. Opportunity for Longfield to become a revenue generating beacon for JESIP.
4	As Option 1	As Option 3	As Option 3	As Option 1	As Option 3

## Conclusion

Option 3 would drive forwards interoperability through collaborative training and development, with the additional opportunity for HFRS and the police to raise revenue from the Longfield JESIP site, particularly as Commercial Training is also based at Longfield and if it becomes a Ltd company there are significant revenue generating opportunities.

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## 3.3.6 Back office

The existing back office function of HFRS is provided by HCC and is part of its wider back office function. This integration enables HFRS and HCC to benefit from perceived economies of scale and efficiencies. However, it makes it difficult to identify the specific cost of HFRS's back office. HCC estimates the corporate overhead cost of supporting HFRS is £2.9m. These functions are so embedded, that extraction of HFRS's back office, if required, would be complex.

Under Options 1 and 2, no extraction of HFRS's back office would be required as *no governance is transferred*. Under options 3 and 4 a service agreement between HCC and the PCC would need to be introduced in the short to medium term so that disruption to HCC and HFRS is minimised. Following thorough analysis of the existing back office arrangement, and a review of several future options, a decision could be made on whether to continue contracting HCC to provide back office function for HFRS or whether other options may be better value for the public.

### Benchmarking analysis

Initial benchmarking analysis against public sector organisations with fewer than 1,000 FTEs suggests that HFRS's current back office central recharge from HCC of £2.9m per year is approximately £474,000 higher than the benchmarked average, and £1.4m higher than the best performing organisations.<sup>60</sup> These estimates will require full validation.

This analysis would suggest that, regardless of governance changes, further efficiencies could be found in HFRS's back office recharge.

The table below shows the expected benefits in terms of back office functionality against the four CSFs, including the impact each governance option would have on the opportunity.

	Average	75th percentile	25th percentile
Budget for HR per employee	£2,333	£2,898	£1,563
Number of employees	518	518	518
Cost of HR	£1,208,665	£1,501,102	£809,701
Total cost of finance as % of revenue	1.54%	2.30%	1.06%
HFRS budget	£30,000,000	£30,000,000	£30,000,000
Cost of finance	£462,000	£690,000	£318,000
Total cost to perform procurement as % of revenue	0.86%	2.46%	0.26%
HFRS budget	£30,000,000	£30,000,000	£30,000,000
Cost of procurement	£258,000	£738,000	£78,000
Total IT budget as a % of revenue	1.52%	2.72%	0.73%
HFRS budget	£30,000,000	£30,000,000	£30,000,000
Cost of IT	£456,000	£816,000	£219,000
<b>Benchmark cost of back office</b>	<b>£2,384,665</b>	<b>£3,745,102</b>	<b>£1,424,701</b>
<b>HCC central recharge (estimated by HCC)</b>	<b>£2,859,000</b>	<b>£2,859,000</b>	<b>£2,859,000</b>
<b>Saving</b>	<b>-£474,335</b>	<b>£886,102</b>	<b>-£1,434,299</b>

<sup>60</sup> KPMG benchmarking, based on a sample group of 15 public sector organisations with fewer than 1,000 employees. Benchmarking based on HFRS full time equivalent numbers only, not including wider CPD functions now in scope for transfer. Full validation of these indicative estimates will be required but would be envisaged as part of market testing.

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
1	No impact on public safety	No additional economic value	No improvements in efficiency	No impact on effectiveness	The existing back office arrangements are likely to remain unchanged under Option 1.
2	No impact on public safety	No additional economic value	No improvements in efficiency	No impact on effectiveness	As Option 1
3	No impact on public safety	Benchmarking analysis conducted against comparator organisations suggests that savings of approximately £474k could be made per year by reducing the back office cost to the average of those benchmarked.	<p>It is proposed that under Option 3, HFRS's back office (which includes functions such as Finance, HR, IT, Procurement etc.) remain managed by HCC for a period of at least 3 years.</p> <p>A shared service agreement between the PCC and HCC with an appropriate fee would need to be introduced to manage this relationship.</p> <p>Alternatively, HFRS's back office function could be extracted fully from HCC and would need integrating with the Constabulary as part of the existing BCH collaboration.</p> <p>The back office extraction could be implemented in a phased approach.</p>	Better view of risk in areas as a result of a single analytics team	The change in governance proposed under Option 3 would provide the impetus to carry out a detailed assessment of the existing back office arrangement with HCC, and an evidence based consideration of alternative options.
4	No impact on public safety	As Option 3 but would require investment in IT, data migration and other transition costs.	<p>As Option 3, but necessary HR and IT updates will be required (such as to the police ERP system) to reflect the transfer of staff from HCC to the PCC</p> <p>As a single employer, a number of changes will be made to back office practices including:</p> <ul style="list-style-type: none"> <li>• Introducing a single payroll run for both fire and police staff (now part of the same organisation).</li> <li>• New Terms and Conditions in contracts.</li> <li>• New hierarchies in ERP system.</li> </ul>	Better view of risk in areas as a result of a single analytics team	As Option 3

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## Conclusion

Back office functionality should remain with HCC for a period of at least three years under option 3 to allow HFRS's back office to be reviewed and alternative options considered. It is possible that further efficiencies can be found in the £2.9m recharge paid by HFRS to HCC each year to the benefit of both organisations and to the public.

### 3.3.7 Corporate support

Corporate support refers to the activity carried out to support HFRS's operational duties, such as vehicle and equipment maintenance and procurement of protective clothing and health and safety products. Under Option 3, HFRS could benefit from the economies of scale that the BCH collaboration currently have access to, reducing the overall cost of corporate support. Options 3 and 4 would permit this access.

The total third party spend for Hertfordshire Police and HFRS equates to £46.7m\* on an annualised basis (\*excluding credits received). There are a number of similar categories across both functions, although these are not immediately comparable due to the different labelling approaches applied by each function.

In order to provide a comparison, we have regrouped the categories into high level groupings and then taken the top 15 category items based on HFRS spend (99% of the HFRS total) and applied a 2% base and 5% stretch target to simulate the theoretical savings that could be achieved through combined purchase and shared service arrangements. Taking 'vehicles' and 'fuel' as examples, there could be savings through group negotiated fuel card management, contract maintenance and vehicle insurance. Further category and contract analysis would need to be considered at the next stage. The table below shows the top 15 category items based on HFRS spend.

High Level Category (Top 15 based on HFRS spend)	Police	HFRS	Combined Spend	Potential saving 2% base	Potential saving 5% stretch
Vehicle	£278,747	£918,376	£1,197,123	£23,942	£59,856
ICT – Hardware, telecoms, software and systems	£3,449,203	£667,991	£4,117,194	£82,344	£205,860
Health, Safety and Environmental	£13,662	£545,083	£558,745	£11,175	£27,937
Uniforms	£590,000	£477,580	£1,067,580	£21,351.60	£53,378.99
Unmapped		£415,272	£415,272		

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High Level Category (Top 15 based on HFRS spend)	Police	HFRS	Combined Spend	Potential saving 2% base	Potential saving 5% stretch
Financial	£1,725	£405,058	£406,783		
Building & property	£1,200,555	£386,488	£1,587,043	£31,741	£79,352
HR		£372,183	£372,183		
Fuel	£927,563	£191,436	£1,118,999	£22,380	£55,950
Children, residential and fostering		£168,095	£168,095		
Catering	£30,404	£143,306	£173,710	£3,474	£8,685
Facilities, Security & Cleaning	£41,926	£82,278	£124,204	£2,484	£6,210
Utilities	£1,182,989	£41,275	£1,224,265	£24,485	£61,213
Furniture	£55,782	£36,049	£91,830	£1,837	£4,592
Payroll	£178,773	£26,448	£205,221	£4,104	£10,261
<b>Total of top 15</b>	<b>£7,951,328</b>	<b>£4,876,918</b>	<b>£12,828,246</b>	<b>£229,318</b>	<b>£573,296</b>
Total Spend	£41,188,022	£4,949,934	£46,137,955		
% of total	19%	99%	28%	0.5%	1.2%

Additionally, the amalgamation of the pension support could deliver savings. The administration of the police, Firefighters Pension Scheme and Local Government Pension Scheme is not constrained and can be administered as the local authority determines. Modest savings may be made if the Hertfordshire Firefighter Pension Board combines with other Firefighter pension boards in England. The order of magnitude of any saving is estimated to be around £10,000 – £50,000 per annum.

The table below shows the expected benefits in terms of corporate support against the four CSFs, and the impact each governance option would have on the opportunity.

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
1	No impact on public safety	No additional economic value	No improvements in efficiency	No impact on effectiveness	As with the opportunity for a co-located control room, there is clear appetite across HCC, HFRS and police leadership for greater collaboration around corporate support, which includes procurement, vehicle maintenance, third party contracts etc. However, the lack of any clear progression to date suggests that without a change in governance, it is unlikely that sufficient impetus would be generated to drive the successful collaboration in this area.
2	No impact on public safety	No additional economic value	No improvements in efficiency	No impact on effectiveness	Despite the PCC's position in Cabinet, too little has changed from Option 1, limiting the likelihood of shared corporate support
3	No impact on public safety	Opportunities for cost reduction by consolidating operational third party spend. A base projection saving 2% on the top 15 contracts would result in a £229k saving per annum and a stretch target of 5% would result in £573k per annum. Consolidation of pensions administration may result in cashable savings. Full year savings of £50,000 have been estimated	Pooling of resources to ensure maximum service efficiency and exploitation of BCH economies of scale.	Procurement legislation is complex and shared resources in this area will improve resilience. This would be welcomed if this opportunity was able to included improvement to the aging fire ICT provision.	The change in governance would allow the PCC to examine various contractual opportunities for joint contracts e.g. Fleet maintenance and fuel.

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of governance option
4	No impact on public safety	<p>A single employer could introduce joint branding for police and fire, allowing for contractual economies of scale for non-specialist resources such as:</p> <ul style="list-style-type: none"> <li>• Uniforms</li> <li>• Vehicles</li> <li>• Some equipment</li> </ul>	As Option 3	Joint branding of fleet (example: Northampton Fire and Rescue) presents a risk to fire neutrality, something that several stakeholders interviewed expressed concerns about	<p>The possibility of joint branding for police and fire would need to be carefully considered with appropriate consultation.</p> <p>Plans may need to be made to ensure Fire neutrality is not compromised.</p>

## Conclusion

The economies of scale and consequent financial savings currently enjoyed by BCH could be leveraged by HFRS were options 3 or 4 to be adopted. This would require a detailed analysis of spend by category. Choosing option 3 and not 4 in this instance could guarantee the neutrality of the fire brand.



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## 3.3.8 Streamlined management and governance

Under options 1 and 2, there would be minimal change to the governance and management structures of HFRS from the status quo; options 3 and 4, however, offer far more significant change.

Increasing local accountability and transparency is a key strategic driver for this change. Under existing arrangements HFRS is accountable to HCC as its FRA. The addition of fire responsibility to the PCC's portfolio would see improved visibility of fire as a policy area; an elected PFCC would have an obligation and mandate specifically regarding the HFRS, rather than the broader brief Councillors have.

The National Audit Office has previously praised the improved transparency and speed of decision making as a result of the introduction of PCCs compared to police authorities, and noted the increase in public engagement with their local PCC.<sup>61</sup> It can therefore be expected that equivalent improvements in transparency and speed of decision making, along with greater public engagement with HFRS, would arise from governance options 3 and 4. Additionally, the Home Affairs Select Committee has found "PCCs have provided greater clarity of leadership for policing within their areas, and are increasingly recognised by the public as accountable for the strategic direction of their police force."<sup>62</sup>

The impact of improved governance and accountability will be closer collaboration between the two services, ultimately leading to improvements in public safety. It is only Options 3 and 4 that offer this substantial improvement from the status quo.

Additionally, under Option 3, a PFCC would have the ability to set a separate and distinct precept for fire, thereby protecting the Fire and Rescue budget from competing demands and at the same time being able to respond to local changes. This has been raised as a key issue by stakeholders, including the FBU.

The table below shows the expected benefits in terms of streamlined management and governance against the four CSFs, and the impact each governance option would have on the opportunity.

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<sup>61</sup> <https://www.nao.org.uk/report/police-accountability-landscape-review-2/>

<sup>62</sup> <http://www.reform.uk/wp-content/uploads/2015/06/HTRAC-Crime-and-policing.pdf>

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of Governance option
1	Existing arrangements between HCC and HFRS provide a range of (quantified) examples of effective prevention and early intervention. It is anticipated that these joint strategies would continue given the strong backing from HCC members and the existing partnership through the Health and Wellbeing Board.	N/A	The existing model of HCC as the 'parent' organisation for HFRS provides efficiencies in terms of business support and professional services; albeit with a risk to HFRS budgets through cross-subsidy of council funding pressures. Under this model these arrangements would continue.	An equivalent regulator to the HMIC will be introduced to regulate fire services in the future. Under Option 1's governance structure, HCC will have to respond and manage alone.	N/A
2	Negligible impact on public safety, although through increased prominence of PCC views on HCC/HFRS decisions, there is an opportunity for enhanced joint working across the local public sector and clearer transparency in decision making.	There will be a cost associated with the PCC's time to attend Cabinet, although this is not likely to be large.	As the PCC would only have limited additional power in exchange for time spent attending Cabinet, it is likely that Option 2 will actually reduce the efficiency of the PCC's office. It would, however, provide better opportunities for the PCC to influence integration and efficiency of the wider public sector (across police, HCC and HFRS specifically.)	Negligible impact – PCC time taken to attend Cabinet with minimal powers would restrict any changes arising through 'hard power', but there is potential for improvement in service design and effectiveness through 'soft' networks.	N/A

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Public Safety	Economy	Efficiency	Effectiveness	Impact of Governance option
<p><b>3</b> No negative impact on public safety as all stakeholders proposed that the existing strong partnership and range of excellent preventative initiatives between HCC and HFRS would be resilient enough to survive such a governance change – albeit through different commissioning or meeting arrangements rather than through the same HCC executive.</p> <p>The extent to which public safety is improved will depend on a number of factors, such as future political determination on the direction of HFRS resources or the benefits that could arise from closer 'blue light' integration.</p>	<p>There will be an increase in the workload of the OPCC. However, it is expected that the existing capacity in the OPCC and additional CEO role from June 2017 will be sufficient to incorporate the additional duties without the need to recruit additional staff.</p>	<p>Time of Cabinet members will be freed for use on other issues and/or re-configuration of HCC portfolios and directorate senior leadership arrangements.</p>	<p>As noted on the page above, it is widely agreed that PCC's improve both speed and transparency of decision making.</p> <p>In the last few years, there have been very few occasions in which issues have been escalated for Cabinet approval. Some stakeholders interviewed believed that this may have impacted on the profile and transparency of HFRS decisions.</p>	<p>N/A</p>

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	Public Safety	Economy	Efficiency	Effectiveness	Impact of Governance option
<b>4</b>	As Option 3	<p>Cashable benefit from the creation of a Senior Chief Officer under the PCC, equivalent to approximately <b>£150,000 per year<sup>63</sup></b> which could represent a saving to either police or fire budgets.</p> <p>The Police and Crime Act 2017 states that the role of Chief Officer can be held by either the former police or fire chief, that it is for the PCC to appoint 'the best person for the job'.</p> <p>Effect on OPCC staff as per option 3.</p>	As Option 3	As Option 3	N/A

## Conclusion

A change in governance to Option 3 would see responsibility for HFRS transfer to a PFCC which would be more democratic, faster at making decisions and more transparent in doing so. Furthermore, it is expected that existing strong collaboration between HFRS and HCC would endure.

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<sup>63</sup> Source HCC pay data

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## 3.4 INDICATIVE REVENUE AND CAPITAL BENEFITS

The table below summarises the indicative revenue and capital receipts that might be expected under each option. The benefits at this stage are illustrative and each opportunity will require a business case prior to progression. The examples provided below should not be read as defined and agreed proposals, however they do indicate additional financial benefits can be achieved through a change in governance.

Transition and implementation costs are not included below but are included in the discounted cash flow calculations presented in the financial case.

Revenue benefits	Option 1	Option 2	Option 3	Option 4
Opportunity 1a – Improved utilisation of fire service discretionary capacity			£130,000	£130,000
Opportunity 1b – Co-located control room				£850,000
Opportunity 2b – Joint estate (3 sites)			£400,000	£400,000
Opportunity 2b – Joint estate (17 sites)			£2,200,000	£2,200,000
Opportunity 3 – Back office savings (lower)			£474,335	£474,335
Opportunity 3 – Back office savings (higher)			£1,434,299	£1,434,299
Opportunity 4 – Contract negotiation (2%)			£229,318	£229,318
Opportunity 4 – Contract negotiation (5%)			£573,296	£573,296
Opportunity 5 – Pensions administration			£50,000	£50,000
Opportunity 6 – Reduction in management				£150,000
<b>Revenue benefits (lower)</b>	<b>£-</b>	<b>£-</b>	<b>£1,283,653</b>	<b>£2,283,653</b>
<b>Revenue benefits (upper)</b>	<b>£-</b>	<b>£-</b>	<b>£4,387,595</b>	<b>£5,387,595</b>

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## 3.5 SUMMARY AND ECONOMIC CASE CONCLUSION

In summary, the four governance options and their performance against the four Critical Success Factors:

Option	Public Safety	Economy	Efficiency	Effectiveness
<b>1 Do nothing</b>	No significant impact on public safety	Baseline figure – no significant savings	No significant improvement in efficiency	No significant improvement in effectiveness
<b>2 Representation model</b>	No significant impact on public safety	Baseline figure – no significant savings	No significant improvement in efficiency	No significant improvement in effectiveness
<b>3 Governance model</b>	Positive impact on public safety	Recurrent savings of £1.3-4.4m per year and one-off benefits between £3.9m-12.5m	Improvement in the efficiency of both Police and HFRS	Improvement in the effectiveness of both Police and HFRS
<b>4 Single employer model</b>	Positive impact on public safety	Recurrent savings of £2.3-5.4m per year and one-off benefits between £3.9m-12.5m	Improvement in the efficiency of both Police and HFRS	Potential damage to the effectiveness of HFRS in threat to fire neutrality

Options 1 and 2 would not yield substantial benefits in terms of the four CSFs, nor would they provide the drive necessary to enable change.

Option 4 is likely to yield the largest financial benefits and provide impetus for change. However, the additional difficulty to implement, disruptive changes to culture required and the potential to jeopardise fire neutrality mean that Option 4 is less likely to be supported by senior leadership.

**It is therefore recommended that Option 3 be pursued** as it is the option best suited for HFRS and the people of Hertfordshire in that it:

- Generates **impetus** to drive change forwards. Whilst many of the collaboration opportunities outlined could technically be delivered through current governance arrangements, the opportunities have not progressed sufficiently to date and there is nothing to suggest the pace of change would accelerate. A change in governance would provide the necessary step change to drive forward these opportunities in a strategic, more formalised and controlled way.
- **Enables interoperability** through increasing the likelihood of a co-located control room, collaborative training and joint operational duties, which in turn drive improvements in efficiency, effectiveness and public safety. Examples could include a joint response and

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streamlined decision making in road traffic incidents. The Governance Model also lays the collaborative foundation for transition to the forthcoming Emergency Services Network.<sup>64</sup>

- Provides the platform to improve public safety from an **evidence based perspective**. CPD's current use of discretionary HFRS capacity to improve public safety aims (e.g. Safe and Well checks) should be applauded. However, governance under the PCC could result in better use of such capacity delivering better economic value and public safety outcomes for the citizens of Hertfordshire. Additionally the change of governance does not preclude HFRS supporting HCC activities if these deliver the best outcomes for Hertfordshire.
- Consolidates the police and fire **estate** under a single owner, the PCC, creating opportunity for capital investment, better workplaces, the development of community assets and financial savings. The creation of a significant estates portfolio enables a wide estate strategy to be developed, which could result in a better use of the estate in both organisations to provide effective response and community engagement. This is particularly pertinent to HFRS whose estate requires significant capital investment. As identified in the 2016 Peer Review

*"The estate is not in good repair and does not provide a modern progressive environment for a new culture to grow. Capital investment needs to be considered and faster progress made... although complex and difficult to achieve, [this] could be a game changer for the service."*<sup>65</sup>

A joint estates strategy with police provides greater opportunities for innovation in shared estate use and reinvested benefits.

- Consolidate the £4.7m of operational and capital expenditure of HFRS with the £41.7m of equivalent PCC expenditure, access to wider BCH agreements and Collaborative Law Enforcement Procurement (CLEP) programme. This will facilitate streamlining of the significant supply base and a reduction in cost rates.
- Allows for the **flexibility** to determine the most economic provider arrangement with regard to back office and corporate support (such as vehicle maintenance and equipment procurement). It is recognised that the HFRS back office is closely integrated with HCC's wider operations. The governance model does not prevent a continuation of these arrangements.
- Governance would be direct and streamlined resulting in **increased accountability**. HFRS would be accountable to the Police, Fire and Crime Commissioner, who would be directly and democratically accountable for the delivery of the Police, Fire and Crime Plan.
- The indicative annualised revenue benefit as a result of the implementation of Option 3 – governance model, is between **£1.3m-£4.4m** per year if all opportunities are realised.
- Additionally, net capital receipts of between **£3.9m-£12.5m** could be realised once a joint capital asset strategy is defined.

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<sup>64</sup> National Emergency Service Mobile Communications Service Programme (ESMCP) <https://www.gov.uk/government/publications/the-emergency-services-mobile-communications-programme/emergency-services-network>

<sup>65</sup> Hertfordshire Fire and Rescue Service Fire Peer Challenge (11-14 October 2016) p28 <http://www.local.gov.uk/documents/10180/7847374/peer+challenges+-+fire+peer+challenge+-+Hertfordshire+Report/e5d9e100-ad73-4240-8ce5-b5cf6ebc78d1>

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Although there are additional benefits associated with the Single Employer Model (option 4) – such as further streamlined management – option 3 is the preferred choice at this time because:

- In option 4 there is a risk that HFRS would lose some strategic independence and individual service identity. Such a risk is far lower in option 3 where the **neutrality of the fire and rescue brand is retained**. Most stakeholders recognised that there is a high level of public trust in the fire service which enables better access to certain communities and sections of society than the police. This additional access is considered paramount to effectively delivering preventative activities with hard to reach and vulnerable sections of the community.
- There are likely to be some **significant transition costs** associated with full integration. Although transition costs are, of course, associated with all change, the Single Employer Model is likely to require additional transition when unifying terms and conditions, working and cultural practices etc., all of which could jeopardise the joint working already achieved. Option 3 is a more flexible model which allows for cultural differences and separate identities under a shared governance, but is likely to be less threatening and align cultures over a period of time.



## 4 The Commercial Case

### Executive Summary

In order to ensure a smooth commercial transaction, potential implications must be considered in a number of areas including contracts, the transference of property, rights and liabilities, pensions, HR and ICT.

It is recognised that any collaboration project will have a significant impact on numerous departments and a large number of staff in the affected organisations. This will require specific expertise in the affected areas, such as consultancy support within estate assessments, legal implications, ICT investment strategy, operating model design, business process design and change and benefits management. Particular support may be required for employee consultation to ensure compliance with employment legislation and cultural alignment.

In addition to the costs associated with governance, consultation, programme management and delivery of the change programme, there may be a number of other potential costs such as:

- Legal fees
- Capital costs for asset conversion to allow dual usage
- Pensions transfer costs (key issue is valuing the deficit and ensuring this remains correctly attributed)

Although we have been unable to obtain sufficient financial data to definitively calculate how HFRS' transference of governance would impact HCC, we can make some assumptions.

- Contractually, the transition may impact the buying power of HCC, potentially causing a small increase in supplier rates.
- It may cause back office staff allocation issues at HCC.
- Should IT system infrastructure support pass to the PCC, HCC may also be affected by a small loss on economies of scale with Serco.
- Finally, there could be financial consequences for HCC as a result of balance sheet shrinkage; these include budget, insurance and reserves based effects.

Elaboration of all of these impacts are made throughout the report under sections titled 'How will this affect HCC? Careful and considered negotiations between the PCC and HCC will be required to ensure the decisions are made holistically and in the best interests of the public purse, for public safety, offering the best deal for the people of Hertfordshire.

### 4.1 HR

#### 4.1.1 Overview

Under the governance model, HCC's existing FRA functions will be transferred to Hertfordshire's PCC, who will become the Police, Fire and Crime Commissioner (PFCC). The PFCC will take over the role of HFRS governing body and become another Corporation Sole. As part of that process, HFRS staff, property, rights and liabilities will transfer to the PCC.

Despite the PFCC becoming the employer of all HFRS staff, the Constabulary and HFRS will remain two separate legal entities, and the PFCC will employ a Chief Fire Officer who will have operational responsibility for HFRS. Hertfordshire Constabulary's Chief Constable will

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continue to employ all police staff and Police Officers and the distinction between operational policing and firefighting will be maintained.

HFRS forms part of HCC's Community Protection Directorate (CPD), which also contains staff providing other functions such as Data Services, Transport and Logistics, Health and Safety and, importantly, Trading Standards. It is planned that in addition to the pure HFRS functions, the functions of the CPD will transfer to the PCC, with the important exception of the Trading Standards and HCC Resilience functions, which for regulatory reasons must remain within HCC. It is acknowledged that the exact scope of CPD functions subject to transfer and the associated FTEs need to be agreed.

## 4.1.2 Transfer of staff

On the basis that the governance model will result in the transfer of all of the existing HFRS employees, property, rights and liabilities to the PCC, as well as some other CPD functions, there will be a 'standard/business' Transfer of Undertakings (Protection of Employment) (TUPE) transfer of staff (rather than a transfer by way of service provision change). TUPE applies to public and private sector undertaking engaged in economic activities, whether or not operating for gain.

TUPE specifically excludes the 'reorganisation of a public administration or the transfer of administrative functions between public administrations'. There is very little guidance or case law on what actually amounts to a public administration or administrative functions, but it is likely that the operational requirements of HFRS are more than administrative. As a result, the transfer of the HFRS might be affected by way of statutory order (under the Secretary of State's power to put in place a TUPE-equivalent protection where a transfer falls outside the scope of TUPE).

In any event, there will be a transfer of staff in the public sector, and so the Cabinet Office Statement of Practice: Staff Transfers in the Public Sector (COSOP) will apply. COSOP provides that the principles of TUPE should be followed for public sector transfers, and that staff should transfer on no less favourable terms and conditions than if TUPE applied. Although COSOP represents policy only, it is invariably followed in transfers between public sector bodies, and not to do so could raise questions of a public body acting ultra vires.

## 4.1.3 Which staff will transfer?

The definite scope of who will transfer has yet to be firmly agreed. Subject to negotiation and agreement with HCC, all those employed by HCC and assigned to the organised grouping of resources or employees which make up the HFRS and the wider transferring functions of the CPD will transfer to the PCC.

The operational Firefighters on fire stations (including Flexible Duty Officers and Principal Officers) and support staff located at fire stations will be in scope. In addition, many HCC CPD office based staff will also transfer if they are dedicated to the transferring functions. The following CPD sub-functions/headings are expected to be in scope: Business Protection, Citizen Prevention, ECHCRC, National Resilience, Service Support, Service Delivery, Health & Safety, Commercial Training and Support Services.

Conversely, any HCC staff who do not work in the CPD or who work in the CPD but on pure HCC matters, or within the Trading Standards or HCC Resilience functions of the CPD, will not transfer. The following sub-functions/headings and the staff working in them are listed as: Business Protection, Citizen Prevention and Hertfordshire County Council Resilience ("out of scope services").

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In addition to the above, there are some functions whose employees' time is split between in scope services and out of scope services:

- Back office staff.
- Joint Protective Services Deputy Director.
- Herts Community Safety Unit.
- Trading Standards staff.

## 4.1.4 Back office staff

The CPD is provided with a number of back office functions by HCC, such as finance, HR and IT. These staff do not sit within the CPD itself. It is clear that some of the staff providing these services do so on a 'dedicated' basis, but that some are provided on a 'shared' basis (i.e. those providing the service do so for a number of departments across HCC, not just the CPD). HCC are unable to provide a percentage breakdown of the time spent on CPD work by back office staff. Based on anecdotal information it is a fair assumption that some staff will spend only part of their time on CPD matters.

As a result of the uncertainty as to the split of time spent on in scope services and out of scope services by such back office support staff, it is not clear who, if anyone, is in scope to transfer. Therefore there is a risk that after the transfer there will either be an over-establishment of back office support staff transferring to the PCC, or, conversely, that there will be an under-establishment with no or little support available<sup>66</sup>.

Either scenario will lead to practical difficulties: If there is an over-establishment of back office support, this may lead to the need for headcount reductions by the PFCC. Such headcount reductions will need to be undertaken fairly and reasonably and be properly budgeted for as part of the planning process. Conversely, an under-establishment of staff may have an operational impact if the PFCC is not able to operate on 'day one'.

In either event, there is a need for further information and proper due diligence in relation to the transfer of back office staff. The suggested solution is to continue the current arrangements for the provision of back-office services by HCC to the PFCC on an outsourced basis. This could avoid either over or under establishment, and in theory could easily mirror the support currently provided. It would also mean that there would be no TUPE transfer of this service or the staff attached to it because responsibility for providing the service would remain with HCC. Again, proper due diligence on a HR and commercial basis will need to be undertaken and the resulting TUPE position clearly explained to staff.

## 4.1.5 Joint Protective Services Deputy Director and Herts Community Safety Unit

The information provided shows that the Joint Protective Services Deputy Director and the Hertfordshire Community Safety Unit also provide services to the CPD. As with the back-office functions, some of the staff provide these services on a 'shared' basis. Therefore, the same risks that apply with regards to the back-office staff will apply to the staff providing these functions and further information and proper due diligence will need to be undertaken.

## 4.1.6 Trading Standards

Initial indications showed that Trading Standards staff might split their time between Trading Standards work and other functions. However, evidence from organograms provided by HCC shows that the Trading Standards teams are distinct from other CPD staff and are

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<sup>66</sup> Reference Appendix 7.1.2, R1 Key Risks and control measures

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clearly identified in the Business Protection and Citizen/Prevention teams. They will not transfer on that basis.

## 4.1.7 Where will staff be based?

Operational Firefighters will continue to work on stations. Subject to HCC approval, office based CPD staff will remain at their current HCC premises for the foreseeable future.

In the future, there may be plans for control room staff and certain senior leadership positions to move from Stevenage to Welwyn Garden City and possibly for HFRS HQ to move to Hertfordshire Constabulary HQ at Welwyn Garden City.

## 4.1.8 What employee terms and conditions will apply?

CPD staff will transfer on their existing terms and conditions of employment. It is worth noting that operational Firefighters are on Grey Book terms and other HCC CPD staff are on Green Book terms.

## 4.1.9 Employee information and communications and employee relations

### Recognition agreements

In respect of Grey Book staff, the FBU, RFU and FOA are recognised and that status will transfer to the PFCC. Further, for back office staff, Unison is recognised and that status will also transfer to the PFCC.

### Employee relations generally

The FBU has spoken out against the policy reasons driving this transfer and since it represents a significant shift in public policy, the employment aspects of the transfer are likely to attract significant scrutiny from the unions. Employee relations should be managed in an open, transparent and sensitive manner.

### Information and consultation

HCC and the PCC's information and communications obligation will need to be managed carefully and sensitively. The transfer represents a real change for staff, and what this will mean for employees will need to be communicated to employees fully and in a timely manner via trade unions and other staff forums, to ensure the relevant employees fully understand how this will affect them. From a practical perspective, this will ensure a smooth process and efficient operation on day one post-transfer.

The relevant guidance to the change of governance for fire (The Association of Police and Crime Commissioner Chief Executives' (APACE) Police and Fire Business Case Guidance for OPCC Chief Executives) states that early consultation on the business case should take place, before statutory obligations under TUPE would usually be relevant. This is important to factor into plan.

TUPE (or TUPE-like) information and consultation must also take place. Whether there will be a need for consultation will depend on the detail of what is planned, particularly regarding back office staff. In any event it will need to take place 'in good time' before transfer.

## 4.1.10 Impact of HR changes on HCC

### Employee relations

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As set out above, employee relations should be managed in an open, transparent and sensitive manner with both HCC and the PCC working together. The transfer represents a real change for staff and will need to be communicated to employees fully and in a timely manner via trade unions and other staff forums, to ensure the relevant employees fully understand how this will affect them. This is even more important in light of the fact that the FBU has spoken out against the policy reasons driving this transfer, meaning the employment aspects of the transfer are likely to attract significant scrutiny from the unions.

## Operations

As with the PCC, as a result of the uncertainty as to the split of time spent on in-scope services by back office staff, there is a risk that following the transfer, HCC will be left with either an over-establishment or under-establishment of back office support<sup>67</sup>. The former could lead to the need for headcount reductions by HCC; and the latter may cause operational difficulties. This makes it important to have an open discussion about these services and explore the potential outsourcing option.

## 4.2 PENSIONS

HFRS staff currently participate in one of two broad pension arrangements – the Firefighters Pension Scheme (the “FFPS”) or the Local Government Pension Scheme (“LGPS”) – or none. Under both the governance model and the single employer model, both schemes will need to continue to be offered by the PCC after the transfer of staff.

There are costs and risks associated with providing pension benefits. These can be categorised as those associated with the funding of benefits, accounting treatment, workforce management and administration. Whilst the majority of these costs and risks will remain with HCC under both Options 1 and 2, and transfer directly over from HCC to the PCC under both Options 3 and 4, there are some low level potential savings (associated with administration and governance) and also some additional risks (associated with the funding of the LGPS and workforce management), which come from Options 3 and 4.

### 4.2.1 Pension Membership

A summary of membership is shown in the table below.

The 596 HFRS staff who are active members of the FFPS have an average age of 41.0 years and an average salary of £32,297 per annum. The 143 HFRS staff who are members of the LGPS have an average age of 45.9 years and an average salary of £25,672 per annum. There are also 143 staff who are not currently a member of a pension scheme, with an average salary of £26,111 per annum. Of these, 106 may be eligible for FFPS membership and 37 for LGPS membership (numbers may be lower if members have maximum accrual already and have been opted out for this reason).

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<sup>67</sup> Reference Appendix 7.1.2, R1 Key Risks and control measures

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HFRS staff pension scheme membership <sup>68</sup>	Number	Average age (years)	Average salary (£ pa)	Total salary (£ pa)
FFPS active members	596	41.0	32,297	14.8m
LGPS active members	143	45.9	25,672	3.3m
Non-pension members	143	46.6	26,111	1.9m
<b>Total</b>	<b>882</b>	-	-	<b>20.0m</b>

## 4.2.2 Firefighters Pension Scheme (FFPS)

The FFPS is a statutory scheme which must be offered to all Firefighters who are employed by an FRA on terms under which he or she may be required to engage in firefighting. Firefighters who have previously been engaged in firefighting but who are now performing non-firefighting duties are also allowed to remain a member.<sup>69</sup> The FFPS in fact comprises of four different schemes, defined by the level of benefits offered and date of joining. For example, the Firefighters Pension Scheme 2015 is the occupational pension scheme available to operational Firefighters first appointed on or after 1 April 2015. Here we refer only to FFPS as a whole.

Currently, as the FRA, HCC is required to offer the FFPS to eligible HFRS staff.

Under both the governance model and the single employer model, we have assumed that the PCC will become the FRA and therefore would have to continue to offer the FFPS to eligible HFRS staff. There will be no change in benefits for transferred staff and no break in pensionable service.

Under the terms of transfer assumed, the PCC is required to re-enrol employees into the FFPS at the point of transfer, who are currently non-pension members. There is a risk that an additional cost of pension benefits will arise, if these members do not opt-out after enrolment. Some members will choose to opt out due to already having accrued maximum service or for tax reasons. This point is covered further below under “funding”<sup>70</sup>.

## 4.2.3 LGPS scheme

Hertfordshire County Council is both the administering authority and a “scheduled body” within the Hertfordshire County Council Pension Fund – a fund in the LGPS. As a scheduled body, the council is required to offer all non-firefighting HFRS staff membership of the LGPS.

The PCC (and the Chief Constable) are also scheduled bodies within the Hertfordshire County Council Pension Fund. Therefore, under scenarios 3 and 4, the PCC would be required to continue to offer the LGPS to non-firefighting staff.

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<sup>68</sup> Staff data provided by HCC. N.B. Average salary figures exclude salaries marked as #N/A, zero or below £3,000.

<sup>69</sup> The FFPS in fact comprises of four different schemes, defined by the level of benefits offered and date of joining. For example, the Firefighters Pension Scheme 2015 is the occupational pension scheme available to operational Firefighters first appointed on or after 1 April 2015. Here we refer only to FFPS as a whole.)

<sup>70</sup> Reference Appendix 7.1.2, R8 Key Risks and control measures. Risk that additional funding may be required in the short/long term if current non-members who are re-enrolled do not subsequently opt-out

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Under the terms of transfer assumed, the PCC is required to re-enrol employees into the LGPS at the point of transfer, who are currently non-pension members. There is a risk that an additional cost of pension benefits will arise if these members do not opt-out after enrolment<sup>71</sup> however this is broadly the same financial risk as exists currently and members should rightfully be encouraged to opt in. Some members will need to be opted out due to already having accrued maximum service or for tax reasons. This point is covered further below under “funding”.

## 4.2.4 New Fair Deal & Best Value Direction

The “New Fair Deal” and “Best Value Direction” requirements apply to provision of benefits to staff transferring from local government to an independent provider. As the new employer will be the PCC, we do not believe these would normally apply. However, under the assumption that staff in scope would be transferred under TUPE, if any staff are outsourced there would be a requirement to continue to provide access to the current pension schemes for affected staff.

## 4.2.5 Funding of pension benefits

### Firefighters Pension Scheme

The FFPS is an unfunded scheme, meaning no assets are held to meet future pension liabilities. Contributions to fund pension benefits as they accrue are due from HCC and the level of these is set nationally by central government and subject to triennial revaluation.

HCC is also required to contribute lump sum payments in respect of Firefighters who retire on ill-health grounds (these charges are spread over three years from the date of retirement) and other approved early retirements during the year (for example in cases of redundancy or efficiency grounds). This lump sum meets the additional cost of enhanced terms not allowed for in the accrual of benefits.

Any difference between incoming contributions in respect of accruing benefits and outgoing payments in respect of benefits in payment is met by the government through a “top-up” payment at the end of the year.

In 2015/16, the contributions paid by HCC into the FFPS to cover the cost of accruing pension benefits were £2.8 million, and those paid to cover ill-health retirements were £87,000 (source: HCC accounts page 185). There were no contributions in respect of approved early retirements.

Whilst the cost of accruing pension benefits could be considered fairly stable in the short to medium term, the cost of ill-health and early retirements is volatile and highly dependent on workforce experience over the year. The government remains conscious of the increasing costs of pensions benefits, and the cost of benefits accruing in the Firefighters Pension Scheme 2015 is lower than in previous versions of the scheme and aims to contain costs.

Under both the governance model and the single employer model, these on-going costs would become the responsibility of the PFCC.

There is no realistic opportunity to reduce the expected level of funding costs for current members in the FFPS since the benefits are statutory and contribution rates are set by central government.

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<sup>71</sup> Reference Appendix 7.1.2, R8 Key Risks and control measures. Risk that additional funding may be required in the short/long term if current non-members who are re-enrolled do not subsequently opt-out



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There is a risk that an additional cost of providing benefits in the FFPS arises after transfer to the PCC under options 3 and 4, due to employees who are not currently pension scheme members being enrolled again on transfer and choosing to stay in the scheme and accrue benefits.

We estimate that this additional cost could be up to around £0.1 million per annum (source: broad estimate based on member data from HCC and 2015/16 contributions from HCC accounts, based on 25% remaining). In practice, however, this is likely to be lower as not all members who are enrolled will remain members and we recommend this is quantified in more detail as part of the next stage of work.

## LGPS

The LGPS is a funded scheme and holds assets to meet its long term liabilities. Contributions are payable by participating employers both to meet the cost of benefits for their members as they accrue, and also to meet any deficit arising in respect of past service (because the assets held are not now deemed enough to cover the expected level of payments out). Unlike the FFPS, therefore, the employer underwrites the risk that the cost of pensions when paid out will be higher than the contributions in respect of accrual paid in now.

As the administering authority, HCC is responsible for setting the contribution rates payable by the different employers who are bodies in the fund, including themselves. This would continue even if HFRS is transferred to the PCC. HCC must do this in collaboration with the fund's actuary, currently Hymans Robertson LLP, and set these in a three yearly cycle. The most recent valuation was as at 31 March 2016 and this set the rates and adjustments for the three year period from 1 April 2017.

As an employer, HCC must fund any benefits paid out to their staff on ill-health retirement and early retirement that is in addition to those allowed for in the funding rates set.

From 1 April 2017, the contribution rate paid by HCC into the LGPS is 20.6%<sup>72</sup>. For HFRS staff only, this equates to approximately £0.7 million<sup>73</sup>. No information is provided for any contributions paid in respect of early or ill-health retirements, although these will be highly volatile year to year and dependent on specific workforce experience over the year.

Under both the governance model and single employer model, a bulk transfer of assets and liabilities is likely to occur from HCC to the PCC in respect of the HFRS LGPS membership.

If this is the case, the PCC will take on the long term funding responsibility for both future service and past service of these LGPS members.

The terms of that transfer will need to be decided, however HCC have indicated that they would expect that the liabilities would be less than 100% funded in this situation and the PCC would take a share of the deficit on transfer. Therefore it is realistic to assume that the PCC may be required to pay contributions in respect of new accrual, and also to fund a deficit in respect of service accrued whilst HFRS staff were working for HCC<sup>74</sup>.

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<sup>72</sup> 18.7% accrual, 1.9% deficit contributions) (source: 2016 Actuarial Valuation Report for Hertfordshire County Council Pension Fund)

<sup>73</sup> Broad estimate based on contribution rate and salary levels above. Contributions payable in respect of HFRS staff only not given in HCC's LGPS accounts)

<sup>74</sup> Reference Appendix 7.1.2, R9 Key Risks and control measures. Risk that LGPS funding deficit is transferred from HCC to PFCC. Nb If there is a change in employer for HFRS staff in the LGPS, there will be a transfer of assets and liabilities in respect of these employees from HCC to the PCC. Although the LGPS deficit in respect of these staff will remain the same on a particular set of assumptions, it may be that the PCC becomes responsible for a deficit accrued during the time when HCC was the employer. It may also be that a payment to fund the deficit is triggered earlier than would have been required previously, unless a funding plan is agreed otherwise. This will need to be carefully examined as part of the next stage of work.



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The level of assets or liabilities within the LGPS in respect of HFRS staff only is unknown, therefore at this stage quantification of the size of the potential LGPS deficit to be transferred across to the PCC under Options 3 and 4 cannot take place.

We recommend that the PCC looks to quantify the potential deficit to be transferred and plans how to negotiate the funding terms on LGPS transfer as part of the next stage of work.

It is not clear whether the HFRS staff who are transferred will be assessed by the LGPS Actuary as a separate population when determining funding rates, or absorbed within the current Chief Constable or PCC populations. It does not necessarily need to be driven by the employer; that is, a pool could be created to join the two populations even under the governance model, or a separate population could be formed even if under the single employer model. We recommend this is considered further as part of the next stage of work.

From 1 April 2017, the contribution rate currently paid by the PCC into the LGPS is 17.8% (17.8% accrual, nil deficit contributions), and by the Chief Constable, is 18.3% plus £122,000 per annum deficit contributions<sup>75</sup>. Therefore, there may be a slight reduction in on-going funding rates for HFRS staff, depending on which rate is chosen and whether the Actuary reassesses this at the date of transfer or the date of the next valuation at 31 March 2019.

We do not know what funding approach will be taken by the LGPS Actuary for the transferred LGPS members under Options 3 and 4, hence we cannot quantify any potential savings or additional costs associated with the LGPS funding rates (both for past service and future service). As identified above, we recommend this is looked at in more detail in the next stage.

It should be noted that, under Options 3 and 4, even if the LGPS liabilities transferred are fully funded at the date of transfer and on the current funding basis, the long term risk that conditions change and the past service benefits require further funding in the future would be transferred from HCC to the PCC

Since there are other staff within HCC who remain members of the LGPS, we do not anticipate that there will be a cessation debt payable if HFRS transfers to the PCC.

There is a risk that an additional cost of providing benefits in the LGPS arises after transfer to the PCC under options 3 and 4, due to employees who are not currently pension scheme members being enrolled again on transfer and choosing to stay in the scheme and accrue benefits.

We estimate that the additional cost could be around £50,000 per annum<sup>76</sup>. In practice, however, this is likely to be lower as not all members who are enrolled will remain members and we recommend this is quantified in more detail as part of the next stage of work.

## 4.2.6 Firefighters Pension Scheme

The FFPS is accounted for on a cash basis by recognising the contributions paid each year in the Income and Expenditure Statement. A more detailed disclosure, including a reconciliation of movement in the liabilities in the scheme, are shown in a note to the accounts.

The HFRS liability shown in the HCC accounts at 31 March 2016 is £425,700,000 (source: HCC 2015/16 accounts). However, note that this is not carried on the balance sheet and is not

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<sup>75</sup> Source: 2016 Actuarial Valuation Report for Hertfordshire County Council Pension Fund)

<sup>76</sup> Source: broad estimate based on member data from HCC and current funding rate from 2016 Actuarial Valuation Report for Hertfordshire County Council Pension Fund, based on 25% remaining

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representative of the actual commitment to the scheme, due to the Government top-up in operation, as described above.

## 4.2.7 LGPS

The LGPS is accounted for in line with IAS19 (Employee Benefits). A liability is carried on the balance sheet and the service cost recognised in the Income and Expenditure is a measure of the benefit accrual over that year.

We do not know the level of assets or liabilities within the LGPS in respect of HFRS staff, therefore we are unable at this stage to quantify the size of the liability that would transfer to the PCC.

## 4.2.8 Budgeting

In the HCC budget for 2016/17 there is a 2015/16 expenditure item under "Fire Pensions" for £738,778, which relates to administration and ill-health pensions (source: email from HCC dated 5 May 2017).

There is an item "Fire pensions IAS19 adjustment" for £6,309,234, and a separate line "Fire pensions – Home office grant" for £7,237,727.

We have not received any supporting data and have therefore been unable to identify where these two figures come from and how they relate to the amounts shown in the HCC 2015/16 accounts.

## 4.2.9 Early and ill-health retirement strain

Any early retirement or ill-health pensions put into payment must be funded by the employer at the point of retirement, beyond the level already included in the funding contributions. Based on the information provided, this appears to be the case for both the Hertfordshire LGPS and FFPS as they stand.

Early and ill-health retirements could cause a spike in costs, and this risk would be transferred to the PCC under Options 3 and 4. There may be additional risk if the police practice for the LGPS is not the same as the current HCC practice. We recommend this is looked at further at the next stage<sup>77</sup>.

## 4.2.10 Pension Administration

The potential combining of HFRS and Hertfordshire's Police functions offers an opportunity to consider the amalgamation of the pension support Hertfordshire provides to its pension scheme members, since the administration of the police, FFPS and LGPS pension schemes is not constrained and can be administered as the local authority determines.

Some local authorities administer their schemes in-house, others have outsourced to external contractors and some have contracted with other local authorities to combine pension administration delivery. Currently Hertfordshire utilises a variety of suppliers to deliver the pensions of its employees: the Hertfordshire Police Pension Scheme is administered by Kier and Logica (through a contract with Bedfordshire County Council), the Hertfordshire Firefighter Pension Scheme is administered by the Local Pension Partnership and SERCO, and the LGPS scheme is administered by HCC and SERCO.

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<sup>77</sup> Reference Appendix 7.1.2, R10 Key Risks and control measures. Risk of additional funding requirement at point of redundancy/ill-health retirement

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Hertfordshire Constabulary recently outsourced its pension administration contract to Kier at approximately £93,000 pa. Kier (formerly Mouchel) is well established in providing pension administration services to the public service and currently administers 24 police schemes, 2 Firefighter schemes and one LGPS. Additionally the pension payroll function (i.e. paying pensioners) is contracted to Logica through a sub-contract of Bedfordshire County Council at a cost of £23,000 pa.

The total cost of police pension administration for 2016/17 is estimated at £116,000, which equates to £33.75 per member. The total cost of administering the Hertfordshire FFPS (excluding the Serco payroll) is £19,422 pa which equates to £12.66 per member pa. Including the estimated £10,300 payroll costs would increase per member administration costs to £19.38.

HFRS currently operate a single pension board. This is in common with other Firefighter pension boards as there are currently no joint pension boards for Firefighter Pension Schemes in England.

There is an opportunity for HFRS to consider establishing a joint pension board with other Firefighter Pension Schemes that share the same administrator as has been the case for Hertfordshire Police. Such a joint board would undoubtedly offer savings to the governance budget, although this may be modest in the wider cost of the scheme. Sharing the management of the scheme (a pre-requisite for joint boards) may prove more difficult, but worthy of consideration nonetheless.

It seems reasonable to assume that there may be savings to be made should the various police and Firefighter pension scheme administration contracts be streamlined and let to one supplier. However, given that both the administration of the police and Firefighter pension schemes are already outsourced, it is unlikely that any savings will be significant, though they may be worth pursuing. Additionally, modest savings may also be made if the Hertfordshire Firefighter Pension Board combines with other Firefighter pension boards in England. The order of magnitude of any saving is estimated to be around £10,000 – £50,000 per annum.

## 4.2.11 Impact of Pension changes on HCC

### **FFPS**

At the point that the Fire Authority status passes from HCC to the PCC, HCC will cease to be required to pay contributions into the FFPS covering the cost of the accrual of benefits and the cost of ill-health retirements and early retirements. Given the current funding arrangements, in particular the government top-up described, we do not anticipate HCC having any further liability in respect of the HFRS staff in the FFPS after the transfer of staff occurs.

In 2015/16, the contributions paid by HCC into the FFPS to cover the cost of accruing pension benefits were £2.8 million and those paid to cover ill-health retirements were £87,000 (source: HCC accounts page 185).

It will also cease to be responsible for funding the administration of the FFPS. The total cost of administering the Herts FFPS (excluding the Serco payroll) is currently £19,422 pa.

### **LGPS**

Under both the governance model and single employer model, we anticipate that a bulk transfer of assets and liabilities will occur from HCC to the PCC in respect of the HFRS LGPS membership. There is a possibility that a deficit will be transferred in respect of these staff.

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The terms of that transfer will need to be decided and we do not know the level of assets or liabilities currently within the LGPS in respect of HFRS staff only, therefore at this stage we are unable to quantify the size of the potential LGPS deficit to be transferred across to the PCC.

It may be that a one-off contribution is required from HCC to fund any deficit at the point of transfer. However, it may be that a funding plan is put in place, or that no funding payment is paid. We recommend this is looked at in detail as part of the next phase of work.

Once the transfer is completed, the funding and long term risk of the pension liabilities in the LGPS in respect of HFRS staff costing more than assumed will lie with the PCC and no longer with HCC.

HCC will continue to have other staff in the LGPS and to be the Administering Authority for the Hertfordshire Fund; however, due to the reduced membership, administration costs may be reduced slightly.

## Workforce management

If any early-retirements or redundancies take place before the transfer of HFRS staff, HCC could be required to fund these at the point of payment.

## 4.3 CONTRACTUAL IMPLICATIONS

PCC-style FRAs will retain the same powers of competence as existing FRAs, including powers to enter into commercial arrangements and exercise powers indirectly incidental to their functions. They will continue to have powers to trade and to enter into joint ventures.<sup>78</sup> Contracts associated with the delivery of policing will remain held by the PCC. Contracts associated with the delivery of Fire and Rescue Services will remain held by the FRA, however the FRA will be transferred to the PCC. This arrangement will preserve the “distinct legal identity of the Fire and Rescue Service by creating the PCC-style FRA as a separate corporation sole, rather than transferring the functions to the PCC.”<sup>79</sup>

The operational distinction between policing and fire remains intact; the police are still not allowed to be a Firefighter, and the warranted powers of Police Constables cannot be delegated to fire personnel.

Moreover, the police and fire precepts must be paid to the PCC separately and will form two separate budgets in order to provide clarity and transparency in funding.<sup>80</sup>

### 4.3.1 Impact of contractual changes on HCC

The splitting out of contracts which are used by both HCC and HFRS may impact the buying power of HCC and result in a small increase in supplier rates. Whilst the third party spend of HFRS is small in comparison to HCC, we have not been provided information that clarifies contracts that are used by both HFRS and HCC, and it is recommended these services are reviewed and discussions to mitigate price increases take place.

## 4.4 IT SYSTEMS AND INFRASTRUCTURE

The IT Systems and Infrastructure for HFRS is provided partly by HCC central services and partly by HFRS specific resources based at HFRS HQ<sup>81</sup>. The key arrangements are:

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<sup>78</sup> Police and Crime Act 2017 Section 307 <http://www.legislation.gov.uk/ukpga/2017/3/schedule/1/enacted>

<sup>79</sup> Ibid section 282,

<sup>80</sup> Ibid section 289

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- The main IT support for the server and PC estate is provided for HFRS by HCC and there is an IT Service Level Agreement (SLA) in place.
- Other IT server rooms, servers, communications equipment, and hardware and software are managed and supported by the HFRS IT team based at HFRS HQ. There are two server rooms managed by the FRS Team, one at HFRS HQ in Hertford and the other at the Longfield Site in Stevenage.

## 4.4.1 IT Assets

Due to the disparate IT team's setup between HFRS and HCC, it is very difficult to get a central consolidated view of IT in place, including a complete listing of all IT assets (including servers and PCs) and IT related service contracts. There are a large number of IT system contracts overseen by HFRS IT that require renewal on an annual basis. No asset management tool is currently in use at HFRS to record and monitor IT assets, and no particular function has been responsible for maintaining an asset list. However it was noted that approximately 1,828 assets were identified as having reached end of life. A high level cost breakdown indicates that this could represent a replacement IT liability of between £100k and £300k.

## 4.4.2 Network operating systems and topologies

Most of the IT network support was provided by HCC IT Services. Although HFRS do pay for a small number of broadband links, all other network costs for HFRS are paid for by HCC as part of the IT SLA or is part of the expenditure for the East Coast Programme. As a result there may be increased costs or savings depending on the possible re-negotiating of the IT Service Level Agreement by the PCC.

## 4.4.3 Server Room Condition

There are three IT server rooms in Hertford and Stevenage, operated by HFRS IT and one managed by HCC, housing three racks of HFRS servers

There are a number of weaknesses at present at the two server rooms maintained by HFRS IT Team, including no automated fire suppression systems, no water detection systems, no humidity sensors, no fireproof doors and no fire extinguishers.

There is a possibility that the servers could transfer to Longfield, Stevenage, resulting in the decommissioning of the HFRS HQ server room. Should the two server rooms remain at Hertfordshire FRS, the enhancement costs could be significant due to the implementation of automated fire suppression systems. This cost could be between £200k and £400k.

## 4.4.4 IT Strategy

HFRS has documented its 3-year IT strategy in a document tagged 'Road Map 2016', which highlights HFRS Group's IT plan to support the business through the implementation of specific IT projects. The road map is currently in its second year of implementation and includes the following key projects:

- East Coast Programme: This programme is being run in conjunction with three other fire authorities and is set to go live in June 2017.
- ESMCP/ESN Programme: Otherwise known as the Airwave Replacement programme and is a government driven programme which is currently in the design stages with approx. 5-10% of completion. It is scheduled to go live in Hertfordshire FRS in 2018/19.

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<sup>81</sup> Reference Appendix 7.1.2, R7 Key Risks and control measures. Risk that the team structure will mean it's very difficult to obtain a central consolidated view of ICT

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- HIVE Project: The HIVE Project is an in house developed application which is planned to replace the existing training management application. This is part of the HFRS plan to provide adequate training information as part of regulatory requirements.
- Reporting Server and Backup Project: This project is aimed at consolidating the disparate databases currently existing at HFRS into a single reporting server. This project is currently at a 25% completion status.
- Universal Solution: Aims to move certain administrative tasks to HCC IT so as to ease the burden on HFRS IT and allow them to focus on more business sensitive activities. Clearly this project would require review should the governance transfer occur

There is the potential for significant further expenditure to ensure the IT projects are completed successfully and timely. At present, future costs to complete all IT projects are difficult to estimate but this could be between £300k and £600k.

### 4.4.5 Impact of ICT changes on HCC

HCC currently coordinate most of the IT infrastructure support for HFRS, but post the potential transfer, there is uncertainty over future system support. There is a question mark over whether the PCC would negotiate separately with Serco, or whether HCC would maintain an overarching relationship. Should the PCC negotiate separately, there would be a possible loss for HCC on Serco economies of scale, although this would likely be minimal given that HFRS only have a small proportion of Serco users (410). There should be little impact for HCC in terms of IT staff transferring, given the current HFRS IT staff have little involvement with the broader HCC.

## 5 The Financial Case

### Executive summary

The indicative annualised revenue benefit as a result of the implementation of Option 3 – governance model, is between **£1.3m-£4.4m** per year if all opportunities are realised.

Additionally, net capital receipts of between **£3.9m-£12.5m** could be realised once a joint capital asset strategy is defined.

We estimate that the governance model will realise benefits of between **£10.9-£29.8m** over a ten year period (net present value)

In order to implement the change in governance, a change programme, as set out in section 6, *The Management Case*, will be required.

The financial case follows the guidance provided by the Association of Policing and Crime Chief Executives but examines the anticipated cash flow impact of the governance model first. The financial case also considers:

- Impact on budgets; A summary of key financial statements is shown, evaluated across the medium term financial planning period
- Impact on financial statements
- Funding requirements and precept considerations
- Assets earmarked for transfer
- Accounting implications

### 5.1 ANTICIPATED COSTS AND BENEFITS OF THE GOVERNANCE MODEL

The two tables below show the anticipated costs and benefits of implementing the governance model. A lower and upper level of anticipated benefits has been modelled. Assumptions regarding the costs and benefits are detailed following the tables.

In summary, the benefits over a ten year period at net present value (2018/19-2028/29) are **£10.9m** in the lower case and **£29.8m** in the upper case. It has been assumed funding of direct revenue costs and capital refurbishment costs can be met from existing reserves.

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## Lower Case Cash flow

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>Total</u>
<b>Transition Costs</b>	(£341,800)										(£341,800)
<b>Remedial Costs</b>											
<b>Costs Associated With Opportunities</b>											
Opportunity 1 - Improved utilisation of fire service discretionary capacity											£0
Opportunity 2a - Rationalisation of estate (3 sites)		(£2,000,000)	(£2,000,000)	(£2,000,000)							(£6,000,000)
Opportunity 2b - Rationalisation of estate (maintenance)											£0
Opportunity 3 - Back office savings											£0
Opportunity 4 - Contract negotiation (2%)											£0
Opportunity 5 - Joint admin of FFPS and Police Pension Scheme	(£100,000)										(£100,000)
<b>Investment (Outflow)</b>	<b>(£441,800)</b>	<b>(£2,000,000)</b>	<b>(£2,000,000)</b>	<b>(£2,000,000)</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>(£6,441,800)</b>
<b>Savings</b>											
Opportunity 1 - Improved utilisation of fire service discretionary capacity		£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£1,170,000
Opportunity 2a - Rationalisation of estate			£3,300,000	£3,300,000	£3,300,000						£9,900,000
Opportunity 2b - Rationalisation of estate (maintenance)			£133,333	£266,667	£400,000	£400,000	£400,000	£400,000	£400,000	£400,000	£2,800,000
Opportunity 3 - Back office savings	£141,126	£134,070	£474,000	£474,000	£474,000	£474,000	£474,000	£474,000	£474,000	£474,000	£3,593,196
Opportunity 4 - Contract negotiation (2%)	£229,318	£229,318	£229,318	£229,318	£229,318	£229,318	£229,318	£229,318	£229,318	£229,318	£2,063,862
Opportunity 5 - Joint admin of FFPS and Police Pension Scheme	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£450,000
<b>Benefits (Inflow)</b>	<b>£0</b>	<b>£550,444</b>	<b>£3,976,721</b>	<b>£4,449,985</b>	<b>£4,583,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£19,977,058</b>
<b>Cash Position In Year</b>	<b>(£441,800)</b>	<b>(£1,449,556)</b>	<b>£1,976,721</b>	<b>£2,449,985</b>	<b>£4,583,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£1,283,318</b>	<b>£13,535,258</b>
<i>Present Value at 3.5% (Green Book Recommended)</i>	<i>0.96618</i>	<i>0.93351</i>	<i>0.90194</i>	<i>0.87144</i>	<i>0.84197</i>	<i>0.81350</i>	<i>0.78599</i>	<i>0.75941</i>	<i>0.73373</i>	<i>0.70892</i>	
<b>DCF</b>	<b>(£426,860)</b>	<b>(£1,353,176)</b>	<b>£1,782,889</b>	<b>£2,135,020</b>	<b>£3,859,031</b>	<b>£1,043,980</b>	<b>£1,008,676</b>	<b>£974,567</b>	<b>£941,610</b>	<b>£909,768</b>	<b>£10,875,506</b>
<b>Cumulative cash flow</b>	<b>(£426,860)</b>	<b>(£1,780,036)</b>	<b>£2,854</b>	<b>£2,137,874</b>	<b>£5,996,904</b>	<b>£7,040,884</b>	<b>£8,049,561</b>	<b>£9,024,127</b>	<b>£9,965,738</b>	<b>£10,875,506</b>	

The lower case is anticipated to require **£6.4m** of revenue and capital investment. It is anticipated to deliver gross savings of **£20m**. Benefits of **£10.9m** are anticipated to be delivered over the ten year period on a net present value basis (2018/19-2028/29).



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## Stretch Case Cash flow

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>Total</u>
<b>Transition Costs</b>	(£341,800)										(£341,800)
<b>Costs Associated With Opportunities</b>											
Opportunity 1 - Improved utilisation of fire service discretionary capacity											£0
Opportunity 2a - Rationalisation of estate (17 sites)		(£4,000,000)	(£4,000,000)	(£4,000,000)	(£4,000,000)	(£4,000,000)	(£4,000,000)	(£4,000,000)	(£4,000,000)	(£2,000,000)	(£34,000,000)
Opportunity 2b - Rationalisation of estate (maintenance)											£0
Opportunity 3 - Back office savings											£0
Opportunity 4 - Contract negotiation (5%)											£0
Opportunity 5 - Joint admin of FFPS and Police Pension Scheme	(£100,000)										(£100,000)
<b>Investment (Outflow)</b>	<b>(£441,800)</b>	<b>(£4,000,000)</b>	<b>(£4,000,000)</b>	<b>(£4,000,000)</b>	<b>(£4,000,000)</b>	<b>(£4,000,000)</b>	<b>(£4,000,000)</b>	<b>(£4,000,000)</b>	<b>(£4,000,000)</b>	<b>(£2,000,000)</b>	<b>(£34,441,800)</b>
<b>Savings</b>											
Opportunity 1 - Improved utilisation of fire service discretionary capacity		£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£130,000	£1,170,000
Opportunity 2a - Rationalisation of estate			£5,812,000	£5,812,000	£5,812,000	£5,812,000	£5,812,000	£5,812,000	£5,812,000	£5,812,000	£46,496,000
Opportunity 2b - Rationalisation of estate (maintenance)			£258,824	£517,647	£776,471	£1,035,294	£1,294,118	£1,552,941	£1,811,765	£2,070,588	£9,317,647
Opportunity 3 - Back office savings		£141,126	£134,070	£1,434,299	£1,434,299	£1,434,299	£1,434,299	£1,434,299	£1,434,299	£1,434,299	£10,315,289
Opportunity 4 - Contract negotiation (5%)		£573,296	£573,296	£573,296	£573,296	£573,296	£573,296	£573,296	£573,296	£573,296	£5,159,664
Opportunity 5 - Joint admin of FFPS and Police Pension Scheme		£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	£450,000
<b>Benefits (Inflow)</b>	<b>£0</b>	<b>£894,422</b>	<b>£6,958,189</b>	<b>£8,517,242</b>	<b>£8,776,066</b>	<b>£9,034,889</b>	<b>£9,293,713</b>	<b>£9,552,536</b>	<b>£9,811,360</b>	<b>£10,070,183</b>	<b>£72,908,600</b>
<b>Cash Position In Year</b>	<b>(£441,800)</b>	<b>(£3,105,578)</b>	<b>£2,958,189</b>	<b>£4,517,242</b>	<b>£4,776,066</b>	<b>£5,034,889</b>	<b>£5,293,713</b>	<b>£5,552,536</b>	<b>£5,811,360</b>	<b>£8,070,183</b>	<b>£38,466,800</b>
<i>Present Value at 3.5% (Green Book Recommended)</i>	<i>0.96618</i>	<i>0.93351</i>	<i>0.90194</i>	<i>0.87144</i>	<i>0.84197</i>	<i>0.81350</i>	<i>0.78599</i>	<i>0.75941</i>	<i>0.73373</i>	<i>0.70892</i>	
<b>DCF</b>	<b>(£426,860)</b>	<b>(£2,899,090)</b>	<b>£2,668,117</b>	<b>£3,936,515</b>	<b>£4,021,319</b>	<b>£4,095,886</b>	<b>£4,160,810</b>	<b>£4,216,660</b>	<b>£4,263,975</b>	<b>£5,721,105</b>	<b>£29,758,437</b>
<b>Cumulative cash flow</b>	<b>(£426,860)</b>	<b>(£3,325,950)</b>	<b>(£657,833)</b>	<b>£3,278,683</b>	<b>£7,300,002</b>	<b>£11,395,888</b>	<b>£15,556,698</b>	<b>£19,773,358</b>	<b>£24,037,333</b>	<b>£29,758,437</b>	

The upper case is anticipated to require **£34.4m** of revenue and capital investment. It is anticipated to deliver gross savings of **£72.9m**. On full delivery, **£29.8m** is anticipated to be delivered over the ten year period at Net Present Value (2018/19-2028/29).

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## 5.2 COST AND BENEFIT ASSUMPTIONS

The following transition costs are anticipated.

Transition costs	One off investment
Pensions advice regarding LGPS transfer	£100k
Estates survey	£75k
Accounting preparation	£57k
Legal advice	£109.8k
<b>Total</b>	<b>£341.8k</b>

The costs and benefit assumptions related to each opportunity are as follows:

### 5.2.1 Opportunity 1 – Improved utilisation of fire service discretionary capacity

As detailed in the economic case, discretionary fire service capacity could be utilised to deliver better economic value. The example provided in the economic case highlights a potential benefit by using discretionary fire service capacity to attend police concern for safety incidents.

It has been assumed that implementation effort and costs would form part of a business as usual project and change management activity, and there is no direct cost associated with the delivery of the recurring benefit.

### 5.2.2 Opportunity 2a – Development of a joint estate

As detailed in the economic case, joint strategic estates planning offers the potential to co-locate and reduce the overall size of the estate portfolio subject to the requirements of the Integrated Risk Management Plan (IRMP).

The lower scenario assumes a merger of three sites, one per year from 2020/21 onwards. Based on the net book value, it is assumed each site would realise £3.3m in receipts (£9.9m in total). In order to facilitate the vacation of these sites, it is assumed three fire sites would require investment to enable the co-location of fire and police employees. It has been assumed £2m is sufficient for planning, building works and the physical logistics of the moves. These costs are incurred the year before any benefits can be realised.

The upper scenario assumes a merger of 17 sites, two per year from 2020/21 onwards. Based on the net book value, it is assumed each site would realise £2.9m in receipts (£49.5m in total). In order to facilitate the vacation of these sites, it is assumed 17 sites would require investment to enable the co-location of fire and police employees. It has been assumed £2m is sufficient for planning, building works and the physical logistics of the moves. These costs are incurred the year before any benefits can be realised. Within the ten year period, it is assumed the costs of amending the 17<sup>th</sup> site are included, but the associated benefits fall outside of the time period.

### 5.2.3 Opportunity 2a – Development of a joint estate (maintenance)

It has been assumed a reduction in the joint estate would also result in an associated reduction in estates maintenance.

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The lower scenario assumes a reduction of three sites, one per year from 2020/21 onwards. Based on estates maintenance spend, each site would result in a saving of £133,000 per annum. Once the three sites have been disposed of, this delivers recurring savings of £400,000 per annum. It has been assumed there are no implementation costs as this activity forms part of business as usual procurement and contract management.

The upper scenario assumes a reduction of 17 sites, one per year from 2020/21 onwards. Based on estates maintenance spend, once all 17 sites have been disposed of, this delivers recurring savings of £2.2m per annum. It has been assumed there are no implementation costs as this activity forms part of business as usual procurement and contract management.

## 5.2.4 Opportunity 3 – Back office savings

As detailed in the economic case, high level benchmarking indicates efficiencies can be delivered in the back office.

The lower scenario assumes that average annual savings of £474,000 can be delivered. It is assumed HCC will continue to provide back office for a three year period and subject to negotiation with HCC, this contract would be tapered to reduce spend by 5%. It assumes the contract is renegotiated or re-tendered in 2020/21 to deliver the full £474,000 savings in 2021/22.

The upper scenario assumes upper annual savings of £1.4m can be delivered. It is assumed HCC will continue to provide back office for a three year period and, subject to negotiation with HCC, this contract would be tapered to reduce spend by 5%. It assumes the contract is renegotiated or re-tendered in 2020/21 to deliver the full £1.4m savings in 2021/22.

It has been assumed there are no implementation costs as this activity forms part of business as usual procurement and contract management.

## 5.2.5 Opportunity 4 – Contract negotiations

As detailed in the economic case, consolidation of police and fire external spend may result in cashable savings through increased volume and ability to negotiate savings.

The lower scenario assumes a 2% reduction in relevant spend. This forecasts a £229,318 saving which can be delivered from 2019/20.

The upper scenario assumes a 5% reduction in relevant spend. This forecasts a £573,296 saving which can be delivered from 2019/20.

It has been assumed there are no implementation costs as this activity forms part of business as usual procurement and contract management.

## 5.2.6 Opportunity 5 – Merging of fire and police pensions administration

As detailed in the economic case, consolidation of pensions administration may result in cashable savings. Full year savings of £50,000 have been estimated based on KPMG experience.

It has been assumed £100,000 of external spend on advice is required to realise these benefits. The expenditure is incurred in 2018/19, with benefits being realised from 2019/20.

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## 5.3 IMPACT ON BUDGETS

With the Fire and Rescue Service fully embedded in the Community Protection Directorate, a three year projection for the HFRS alone was not easily accessible from HCC. The following three year projection utilises 2016-17 budgetary data, removing accounting items (primarily IAS 19 Transactions and Depreciation) and items that are expected to be fully funded (Home Office Pensions Grant), to produce an anticipated revenue requirement across the three year planning period. This clearly would be subject to future budget planning and may not reflect the full savings which might be achieved through efficiencies.

Revenue Expenditure	Budgeted 2017-18 £K	Forecast 2018-19 £K	Forecast 2019-20 £K
Staff	<b>£29,025</b>	£29,315	£29,608
Fire Pensions (Ill Health/Fees)	<b>£725</b>	£739	£754
Property Planned Maintenance/Other	<b>£69</b>	£70	£72
Stores	<b>£153</b>	£156	£159
Utilities	<b>£1,639</b>	£1,705	£1,773
GM Property Charges	<b>£467</b>	£476	£485
Fleet & Vehicle Related Costs	<b>£1,143</b>	£1,166	£1,190
Travel Costs	<b>£142</b>	£145	£148
Equipment and Office Supplies	<b>£1,627</b>	£1,660	£1,693
IT Related Spend	<b>£1,025</b>	£1,046	£1,066
Training	<b>£266</b>	£271	£277
Central Recharges	<b>£2,823</b>	£2,823	£2,823
MRP/Financing Costs	<b>£0</b>	£0	£0
<b>Gross Revenue Requirement</b>	<b>£39,104</b>	<b>£39,572</b>	<b>£40,048</b>
Catering Income	(£24)	(£24)	(£25)
Commercial Training Income	(£220)	(£224)	(£229)
Fees General	(£245)	(£245)	(£245)
Grants and Contribution Income	(£267)	(£272)	(£277)
Other Income	(£238)	(£238)	(£238)
Permits and Licences	(£20)	(£21)	(£21)
Property Income	(£455)	(£465)	(£474)
<b>Net Revenue Requirement</b>	<b>£37,635</b>	<b>£38,083</b>	<b>£38,539</b>
<b>Funded by:</b>			
Central Govt Grant (RSG)	(£4,911)	(£3,495)	(£2,730)
Central Govt Grant (Baseline)	(£8,988)	(£9,277)	(£9,607)

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Contribution from Reserves	£0	£0	£0
Deficit/(Surplus) on Council Tax Collection Fund	£0	£0	£0
<b>Indicative Council Tax Requirement</b>	<b>£23,736</b>	<b>£25,311</b>	<b>£26,202</b>

Core assumptions for inflation, growth and income to support these projections are detailed in Appendix 7.4.2.

On 31 May 2017, the Home Office released more detailed guidance to support the calculation of fire funding that would be transferred from a County Council to the new PCC style FRA. The guidance states, "The funding amount to transfer from a County Council to a new PCC style FRA is a matter for local agreement between the County Council and the PCC. We would expect this to be a fair and proportionate amount considering the funding requirements and financial sustainability of both the PCC style FRA and County Council."

This principle also applies to the transfer of reserves.

Whilst an indicative precept has been calculated (see 5.3.4), this will need to be negotiated and agreed with HCC and a separate precept will not be set until 2019/20.

## 5.3.1 Revenue Expenditure

Revenue budgets have been determined based on the assumptions detailed in Appendix 7.4.2. To finalise a Comprehensive Income and Expenditure Account, further expenditure items to be determined are:

- MRP or financing costs toward capital expenditure
- IAS 19 Adjustment
- Depreciation
- Bad debt provision
- Revenue contributions to capital
- Accumulated absences account

The PCC should seek to produce a final Comprehensive Income and Expenditure prior to agreement of transfer. A Business Transfer Agreement should be considered that certifies all relevant staff, assets and budgets have been transferred, and agrees a position on future liabilities or debts that arise.

## 5.3.2 Recharges

At the point of writing, detail on the calculation and associated mechanisms for recharges could not be determined. The 2017/18 recharges quantum are as follows:

Recharge Name	Apportionment Method	Budget Value for 2017/18
<b>SERCO SMS</b>	Call centre by number of calls; Finance by number of invoices processed; HR by headcount; Facilities Management by central & shared apportionment; ICT by number of PCs	648,703

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Recharge Name	Apportionment Method	Budget Value for 2017/18
<b>Technology</b>	Network Ops by Headcounts; Technology & Applications by time allocation; IT Operations, Network Operations & EDRMS by number of PCs	485,456
<b>Property</b>	Time allocation	415,375
<b>Insurance</b>	Proportion of budget that was transferred to insurance	376,778
<b>Herts HR</b>	BP team by time allocation; Case Management by number of cases; Resourcing by number of temp timesheets & number of permanent recruitment advertising orders; DBS by number of DBS checks; remainder by staff numbers.	284,187
<b>Central and Shared Buildings</b>	Proportion of space used at main sites and proportion of Carbon reduction costs.	259,503
<b>Performance &amp; Improvement</b>	Graduates by placements; Intranet by proportion of cost incurred; Performance by management headcount; Procurement by trade spend	179,412
<b>Herts Finance</b>	Business Partner teams by time allocation; Others teams in proportion to the overall BP teams apportionment	67,063
<b>Legal Services</b>	Legal hours	32,050
<b>Corp Property Fees</b>	Number of establishments	29,320
<b>Internal Audit</b>	Specific days to relevant dept; non-specific days by management headcount	21,613
<b>LPFA</b>	All Fire	21,423
<b>HDC</b>	Proportion of cost of training room bookings	1,342
<b>Health &amp; Safety</b>	Time allocation	301
<b>2016/17 Recharges To Be Transferred to PCC</b>		<b>£2,822,525</b>
<b>Communications</b>	Time allocation	126,821
<b>Director of Resources &amp; Performance</b>	Management headcount	5,692
<b>PA Support</b>	Management headcount	2,018
<b>2016/17 Recharges To Be Excluded from Transfer</b>		<b>£134,531</b>

The £2.8m figure for recharges to be transferred is utilised in the projection above.

It is understood that capacity within the Office of the Police and Crime Commissioner does not exist to deliver many of these services. Given HCC are not able to determine a more detailed direct and indirect methodology, a pragmatic way forward for the PCC in relation to the primarily back office services received for this charge would be to:

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- Contract with HCC based on the recharge accounts in scope above (£2.8m) continuing to receive these services at existing level and demand volumes.
- Evaluate the benefits of a taper pricing model for the contract that incentivises both parties to reduce demand and share savings over the financial plan. Assumed within the projections above is 5% savings per year.
- Consider a break clause at three years that would permit the PCC to evaluate whether they are deriving best value from the service, and empower the council to scale and refine their service offer in light of a changing PCC.

In the event the PCC considers a more immediate termination of these services, the risks associated with this move should be fully evaluated in the context of significant front-office change.

### 5.3.3 Income

£1.3m income represents a significant quantum of the budget. Risks often exist in relation to income streams, and with the exception of the property income primarily sourced from Ambulance sites, little of the income is contracted over the course of the three years.

In particular around £617k of income is allocated to 'General', 'Contributions' and 'Other Income'. The source and sustainability of this income has not been fully evaluated and should be considered a risk on transfer.

Collection of this income and associated debt recovery incentives should all be incorporated within the recharges contract.

### 5.3.4 Funding

Central Government funding has been determined from the latest core spending allocations from DCLG. It is expected that the Government Grant will be paid directly to the new Hertfordshire Fire Account.

Current assumptions reflect that there will not be any reserves allocated to finance revenue expenditure over the period of the medium term plan but this will be subject to negotiation with HCC.

Whilst the HCC 2017/18 Integrated Plan notes a surplus on the Collection Fund account that will be applied to support in-year revenue spending, this projection assumes this remains with the council due to complexities in calculating and determining this value. Guidance is expected from CIPFA and the Home Office to endorse this approach.

### *Council Tax Requirement*

Home Office guidance released on 31 May 2017 states that PCCs are expected to include the agreed precept levels for both the County Council and the new PCC style FRA in the final business case alongside the underpinning calculations. PCCs are also expected to have included these figures in their local consultation.

The guidance goes on to say that the starting point (before any increases are set) should be that the aggregate notional Band B and D precept levels of the PCC-style FRA and County Council should be the same or less than the amount previously set by the County Council when it was responsible for the fire authority. To avoid triggering a referendum, any council tax increases subsequently set by the PCC-style FRA and County Council must be within the statutory principles approved at the time of the settlement.

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One of the key design principles of any change in fire governance is that it must not increase the tax burden on the citizens of Hertfordshire. For the purposes of the consultation the negotiation will take place on following principles;

- There will be no additional burden to the Hertfordshire tax payer as a result of this transfer.
- Any alternative notional amount (ANA) will be set at the initial precept level anticipated when the County Council was responsible for the fire authority, and a referendum will not be triggered by the transfer.
- The negotiation on the funding blend of Council Tax, RSG and Baseline Funding will be completed prior to the receipt of the Final Business Case by the Home Office to ensure timings for the provisional LGF settlement and draft ANA report can be met.
- There is no Rural Services Delivery Grant to be negotiated.
- Further guidance is anticipated from the Home Office in relation to Council Tax base and Collection Fund considerations.

## Indicative Precept Calculation

Based on public information provided by HCC82, the proportion of Council Tax raised for fire is £58.40 per band D property per annum in 2017/18. For the purposes of initial negotiations the following precept calculations are drawn, utilising the Net Revenue Requirement identified in 5.3 above, notional figures for RSG and the Baseline Funding included within the DCLG funding settlement for Hertfordshire.

In relation to the Notional RSG and Baseline Funding Home Office guidance identifies 'Although the DCLG formula produces a notional figure for fire within the county council's allocation, this figure is not ring fenced and there is no obligation on the county council to spend this amount on fire services'. It has been used here to provide an indicative precept;

	2018/19	2019/20
	£m	£m
Net Revenue Requirement	£38.08	£38.54
Fire - Notional RSG	(£3.49)	(£2.73)
Fire - Notional Baseline Funding	(£9.28)	(£9.61)
Council Tax Requirement	£25.31	£26.20
Band D Council Tax Base	437851.7082	438596.0561
<b>Indicative FRA Precept / Band D</b>	<b>£57.81</b>	<b>£59.74</b>

This PCC-style FRA precept would be split out from the combined precept for Hertfordshire, with the remainder representing the Council precept (post-FRA). This ensures the same overall precept value for Hertfordshire Council taxpayers. To illuminate this, if negotiations conclude on this basis, each entity would be funded through the following sources;

## 2018/19 Funding Requirement

<sup>82</sup>[https://www.hertfordshire.gov.uk/about-the-council/how-the-council-works/council-tax-in-hertfordshire.aspx#DynamicJumpMenuManager\\_3\\_Anchor\\_1](https://www.hertfordshire.gov.uk/about-the-council/how-the-council-works/council-tax-in-hertfordshire.aspx#DynamicJumpMenuManager_3_Anchor_1)



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	2018/19 Pre- Transfer (£m)	2018/19 Post Transfer (Council) (£m)	2018/19 Post Transfer (FRA) (£m)	
Council Tax	£533.20	£507.88	£25.31	
Revenue Support Grant	£22.60	£19.10	£3.49	
Baseline Funding Level	£119.59	£110.31	£9.28	
Tariff/Top-up	£71.77	£71.77	£0.00	
	<b>£747.15</b>	<b>£709.07</b>	<b>£38.08</b>	<b>£747.15</b>

### 2019/20 Funding Requirement

	2019/20 Pre- Transfer (£m)	2019/20 Post Transfer (Council) (£m)	2019/20 Post Transfer (FRA) (£m)	
Council Tax	£549.00	£522.80	£26.20	
Revenue Support Grant	£1.89	(£0.84)	£2.73	
Baseline Funding Level	£123.84	£114.23	£9.61	
Tariff/Top-up	£74.32	£74.32	£0.00	
	<b>£749.05</b>	<b>£710.51</b>	<b>£38.54</b>	<b>£749.05</b>

It should be noted this methodology does not reflect current policy which is that fire authorities receive 1% of business rates for their area and that the remainder of the funding is received by means of a "top up"<sup>83</sup> as business rate data has not yet been made available and this approach would be included as an option within the negotiation between the County Council and the PCC. Any impact of this option on the baseline funding would need to be mitigated by an increase or decrease in the CT funding level. Once agreed, the baseline funding value will be utilised by DCLG to calculate top up, safety net threshold and levy rate for authorities.

The Home Office have communicated their intention to provide further guidance on the financial impacts of Council style FRA's being transferred to the PCC.

It should again be highlighted that at the time of writing the precept calculations above are indicative and will be refined and agreed with HCC during the consultation period and as further guidance emerges.

### 5.3.5 Reserves

Upon transition it is anticipated HFRS will have general reserves to help cushion budget cash flows, avoid unnecessary borrowing and generally promote financial stability. Home Office guidance states that the exact level is subject to local negotiation. However, it will likely prove reasonable to follow CIPFA best practice to set the level of general reserves, which is in the region of 6% of net revenue expenditure.

The level of uncertainty in relation to the condition of the estate, ICT liabilities and pensions means there will be a requirement for an additional capital reserve sum to be agreed prior to final transfer.

<sup>83</sup> Home Office Guidance note 'LGF Settlement and Council Tax Note' issued 31<sup>st</sup> May 2017

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## 5.3.6 Existing Savings Model

Within the 2017/18 Community Protection Directorate budget position, a number of savings related to HFRS have been applied. These savings are built into the 2017/18 projection, however, were these not to be fully delivered this could impact the expenditure of HFRS in later years. The following savings were provided by HCC and are included within the projection above.

	2017/18 £k	2018/19 £k	2019/20 £k	2020/21 £k
<b>Total Savings</b>	£686	£516	£556	£556

This means if budgets are transferred at 17/18 levels, savings of £686k have already been baked into this budget baseline. Growth for a non-recurrent item would need to be built back into the position, making a £170k difference in 2018/19 and £130k in 2019/20.

## 5.3.7 Assets Portfolio Overview

The following asset classifications have been identified, with net book valuations as at 2015/16 shown. Further, more detailed asset analysis is required:

	NBV <sup>84</sup> as at 31/03/16 (£k)	# of Assets	Average Useful Life	Remaining Life Under 1 year
<b>Fire and Rescue Land and Buildings</b>	£88,520	86	33.60	Buildings valued at £111k
<b>Surplus Assets</b>	£202	3	0.00	All 3 assets total value £202k (As Surplus Assets)
<b>Plant &amp; Equipment</b>	£1,938	34	3.76	1 item valued at £6k
<b>Vehicles</b>	£3,185	72	3.58	
<b>Total</b>	£93,851			

A single asset table determining values, valuation dates and methodology and remaining life should be considered a key activity for detailed design and will be pivotal for the Business Transfer Agreement. This data would play a key role in the proposed joint asset strategy.

## 5.3.8 Land & Buildings

HCC have indicated the Capital Strategy for HFRS has been put on hold for the last two years whilst the service determines its strategic delivery priorities. An overarching view on the condition and nature of the fire station portfolio was concluded in the 2016 Peer Review as:

*"The estate is not in good repair and does not provide a modern progressive environment for a new culture to grow. Capital investment needs to be considered and faster progress*

<sup>84</sup> Reference Appendix 7.1.2, R5 Key Risks and control measures. Net Book values are not reflective of the true condition of the estate

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made... although complex and difficult to achieve, [this] could be a game changer for the service."<sup>85</sup>

Alongside this, HCC have indicated condition surveys are performed in a context of the budget available for maintenance and repairs. Therefore the maintenance backlog values identified may not be reflective of the actual capital works needed to ensure buildings are fit for purpose.

In light of this and to promote transparency on likely future capital expenditure, it is recommended the PCC procures an independent condition survey of all HFRS assets as part of the detail design. This would provide a position statement on the capital portfolio being transferred and could be used to inform any future spending plans and asset strategy for the newly formed PCC and FRA.

There are two buildings identified as leasehold;

Town	Usage	Building Value	Land Value	Total Value
Watford	Fire stations – Housing & Garages	£5,654,000	£1,850,000	£7,504,000
Welwyn Garden City	Fire stations – Technical Workshop	£0	£0	£0

Currently no further detail has been provided about the restriction or future liabilities related to these sites.

## 5.3.9 Land & Buildings; Current Partnership Arrangements

Prior to transfer there are three key considerations for land and buildings; the ambulance service operates from 20 of HFRS venues, touchdown sites for roving workers exist from 10, providing council systems to be accessed and workers to operate remotely, and continuation of HCC office space such as Farnham house for partnership working.

## 5.3.10 Ambulance Service

Ambulance services are provided from 20 of the fire stations across the county. This primarily relates to the requirement to provide premises for ambulance service (as per 1973 National Health Reorganisation Act), however this ceases to become relevant if fire is no longer within HCC. Of the 20 ambulance sites, 14 are under the Act, with 6 without an agreement.

Rents are based primarily on an assessment of shared and sole ambulance space apportionments from 2003, details shown below;

Town	Ambulance site	Rent PA
<b>Berkhamstead</b>	Site Under The User Right Order 1973	£23,000
<b>Borehamwood</b>	Site Under The User Right Order 1973	£21,900
<b>Buntingford</b>	Site Under The User Right Order 1973	£9,200
<b>Bishops Stortford</b>	Site Under The User Right Order 1973	£25,600

<sup>85</sup> Hertfordshire Fire and Rescue Service Fire Peer Challenge (11-14 October 2016) p28  
<http://www.local.gov.uk/documents/10180/7847374/peer+challenges+-+fire+peer+challenge+-+Hertfordshire+Report/e5d9e100-ad73-4240-8ce5-b5cf6ebc78d1>

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Town	Ambulance site	Rent PA
<b>Cheshunt</b>	Site Under The User Right Order 1973	£19,400
<b>Cheshunt</b>	Site Under The User Right Order 1973	£1,000
<b>Hemel Hempstead</b>	Site Under The User Right Order 1973	£49,600
<b>Hertford</b>	Site Under The User Right Order 1973	£49,100
<b>Hoddesdon</b>	Site Under The User Right Order 1973	£7,300
<b>Potters Bar</b>	Site Under The User Right Order 1973	£11,200
<b>Rickmansworth</b>	Site Under The User Right Order 1973	£37,300
<b>Royston</b>	Site Under The User Right Order 1973	£18,300
<b>Stevenage</b>	Site Under The User Right Order 1973	£42,000
<b>Watford</b>	Site Under The User Right Order 1973	£2,000
<b>Hitchin</b>	No Agreement In Place	£2,300
<b>Hatfield</b>	No Agreement In Place	£2,550
<b>Harpenden</b>	No Agreement In Place	£0
<b>Kings Langley</b>	No Agreement In Place	£975
<b>Tring</b>	No Agreement In Place	£0
<b>Ware Fire</b>	No Agreement In Place	£975
<b>Welwyn Garden City</b>	Freehold Site	£0
<b>Total</b>		<b>£323,700</b>

Given the current context of both the PCC not being beholden to the 1973 Act and, in some cases not having formal subleases to novate, the PCC is advised to seek legal counsel on the ambulance sites. In its existing form, the arrangement generates income for the service of £0.3m and this should look to be secured. Failure to engage and formalise the arrangement with the ambulance service could cause uncertainty and consequently put income at risk. A pragmatic solution for these sites could be to confirm existing provision for ambulance services will remain at the existing rent rate (+RPI) for a period of 1-3 years.

Following the transfer of assets and the development of a single asset strategy, the opportunity to validate floor apportionments and existing contractual agreements with the ambulance service should be taken. This should take the form of a partnership ensuring provision meets the requirements of the ambulance service and obligations of the fire service as lessor.

### 5.3.11 Touchdown Sites

There are touchdown sites for HCC staff to work remotely and access council networks that will be open and operational from 1<sup>st</sup> April 2018;

Town	Touchdown Site
<b>Welwyn Garden City</b>	Open and Operational

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Town	Touchdown Site
Baldock	Open and Operational
Bishops Stortford	Open and Operational
Hemel Hempstead	Open and Operational
Hoddesdon	Open and Operational
Rickmansworth	Open and Operational
Royston	Open and Operational
Hitchin	Open and Operational
Ware	Open and Operational
St Albans	Open and Operational

There is a reciprocal understanding that HFRS are able to use council sites, although actual utilisation from staff is unknown. Again, a pragmatic solution would be to explicitly recognise this obligation in any transfer document, caveated to recognise this could be revisited following the creation of a singular asset strategy by the joint PCC and FRA.

## 5.3.12 Vehicles

The FRS has had a strategy of vehicle purchase in recent years. 13 vehicles are leased, however 12 of these will be purchased in FY 2016/17, leaving a single operating lease to be transferred to the PCC if a transfer deadline of 1<sup>st</sup> April 2018 is confirmed. The lease detail for this vehicle is to be provided.

A detailed list of the vehicles, remaining life and individual vales should be ascertained during detailed design to inform likely replacement periods and the future single asset strategy.

Fleet maintenance contracts are identified within the commercial case.

## 5.3.13 Plant & Equipment

As above a detailed list of the equipment, remaining life and individual vales should be ascertained during detailed design to inform likely replacement periods and the future single asset strategy.

## 5.3.14 ICT

An ICT figure was provided within the outline business case, determined from £527k equipment and £4k systems, however from the data provided it is unclear whether these sit within the Plant and Equipment classification above. Final determination of the asset value of ICT hardware and systems should be considered within the final design.

## 5.4 IMPACT ON CAPITAL PROGRAMME

HCC provided the following data for the existing capital programme:

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Capital Spending Line	Latest Approved				
	Budget 2016-17	Revised 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21
	£k	£k	£k	£k	£k
Maintenance Backlog	<b>£160</b>	£40	£80	£15	£60
Fire & Rescue Officer Vehicles	<b>£540</b>	£0	£0	£0	£0
F&R Equipment Replacement Programme	<b>£143</b>	£0	£0	£0	£0
Breathing Apparatus Replacement Programme	<b>£0</b>	£0	£0	£0	£0
F&R ICT Equipment	<b>£57</b>	£163	£0	£0	£0
F&R Vehicle Replacement	<b>£2,154</b>	£493	£0	£0	£0

Assuming a 1<sup>st</sup> of April 2018 transfer date, the only associated capital programme items to be transferred are those identified within the maintenance backlog activities (£155k). As noted above, this would likely be significantly revised following more detailed condition surveys.

## 5.4.1 DCLG Libraries Project

HCC anticipate the DCLG Libraries project, which will design and build libraries alongside a number of the fire stations, will be completed prior to transfer. The current funding make-up for this project is through Home Office Grant (£700k) and HCC (£1.2m). There are a number of guarantees the PCC should consider:

- In the event the project is not completed prior to transfer date, responsibility for funding the capital works remains with HCC.
- Consideration should be given to the future obligations and requirements of these sites. If the libraries are on land that will in future be the responsibility of the PCC, consideration should be given to a lease on transfer that clarifies both HCC and PCC's future expectations, even if this is at a peppercorn rent.

## 5.5 ACCOUNTING IMPLICATIONS

All accounting will remain under the CIPFA Code of Practice on Local Authority Accounting, with the PCC producing the following financial statements:

- 1) PCC Group Accounts – Including the PCC and Force Accounts.
- 2) PCC Accounts – PCC owns the assets and contracts for the police.
- 3) Chief Constable – Separate accounts are maintained and these are also incorporated into the PCC group accounts.
- 4) Hertfordshire Fire Account – This new account will cover all the costs, assets and liabilities for the Hertfordshire Fire and Rescue Service.

It is anticipated as at 1<sup>st</sup> April 2018, the relevant assets and liabilities will transfer to the PCC with the Income and Expenditure and Balance Sheet from this date reflecting the assets agreed for transfer within this LBC. Any date other than the start of a new financial year would provide significant complexities, particularly for HCC who would need to run concurrent financial statements. Therefore, the impact of a mid-year transfer needs to be considered with HCC.

## 5.6 VAT IMPLICATIONS

There should be no material VAT implications. For the Do Nothing or Representation options, there would be no VAT issues due to the lack of changes at operational level. There will be procedural elements as a result of asset transfers under the Governance and Single Employer options, though these would not be material. We do not expect any changes to the treatment of VAT due to the change in governance.

## 5.7 IMPACT OF FINANCIAL CHANGES ON HCC

### 5.7.1 Impact on Budgets

Whilst it would be expected the movement would be fiscally neutral from a budgetary perspective for HCC, there could be a set of consequential impacts from losing economies of scale. The HCC balance sheet will shrink by £90m upwards, which could have a knock on impact for insurances, budgets and lenders which should be fully investigated. These could be mitigated by upside benefits from reduced MRP charges and being less exposed to capital maintenance risk. Dependant on the recharges mechanism negotiated there would be a smaller budget on which to apportion costs that are recharged. The adoption of a tapering model (where HCC initially continues providing back office services to HFRS) would require a series of financial statements to be created for the newly formed entity.

### 5.7.2 Impact on Reserves

Operating as a standalone organisation HFRS would require reserves to help cushion budget cash flows, avoid unnecessary borrowing and generally promote financial stability. Home Office guidance states that the exact level is subject to local negotiation. However as noted within the Financial Case, it will likely prove reasonable to follow CIPFA best practice to set the level of general reserves, which is in the region of 6% of net revenue expenditure.

The level of uncertainty in relation to the condition of the estate, ICT liabilities and pensions means there will be a requirement for an additional capital reserve sum to be agreed prior to final transfer.

### 5.7.3 Contracts

Third parties are often reticent or charge for novation, exit or charging of contracts between parties: with HCC as the current contract owner this could impact on supplier relationships.





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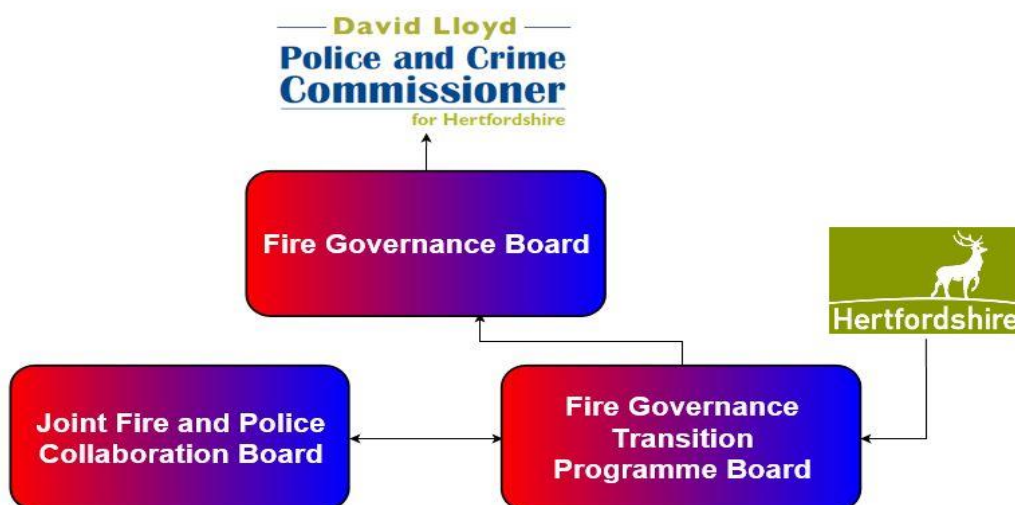
The key dates around which the above is structured are:

- Public consultation begins on Monday 19<sup>th</sup> June and runs through to Monday 14<sup>th</sup> August.
- The PCC reviews the consultation submissions and publishes responses in mid-August.
- The business case is updated in mid-August.
- The Home Office has asked for county FRA bids to be submitted by 21<sup>st</sup> August 2018
- Home Office approval is due at the beginning of October.
- A provisional local government settlement is prepared, due in late December.
- Transitional governance arrangements to be established from July 2017, beginning with OPCC briefings, then shared executive briefings followed by a Shadow Fire Authority from December 2017. This will allow for adequate transition planning prior to transfer.
- Transfer to the PCC is due at the start of April 2018.

## 6.2 PROGRAMME MANAGEMENT

The implementation of the governance changes will be led by the PCC, with support from the OPCC and in full consultation with HCC. Where required, the OPCC will commission specialist professional advice and support in areas such as programme management, HR and legal.

The governance changes will complement the current Joint Fire and Police Collaboration Programme, which is an operational Board chaired by Ch. Supt. Owen Weatherill which seeks to maximise the effectiveness and efficiency of police and fire service collaboration. The governance changes will be overseen by a Fire Governance Board (FGB), chaired by the PCC and by appropriate partners including the Chief Fire Officer and other key members of HFRS Strategic Leadership Group (SLG). This board will set the strategic direction for collaboration to be implemented by the Fire Governance Transition Programme Board (the "Programme Board") led by the OPCC Deputy Chief Executive. Membership of the Programme Board will be made up of key individuals involved in the transition work to ensure clarity of scope, impact and benefits realisation. The role of the Programme Board is to ensure the delivery of the operational programme plan. The Programme Board will meet monthly and the progress on the delivery of the transition plan will be reported to FGB.



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To ensure the key transition areas are covered a part of this project; six work streams will be established. The work streams are as follows:

- **Statutory Instrument** - Liaise with the Home Office to ensure they are provided with all the information they require to make a decision on the business case and prepare and deliver the statutory instrument which will enact the change.
- **Finance** – Work with partners including the Home Office, HCC and CIPFA, to ensure arrangements are in place to transfer the accountability of all finances to the new PCC-style FRA.
- **HR** – Working with partners to ensure the smooth transition of all HFRS and 'in scope' HCC employees to new PCC-style FRA
- **Estates** – Identify and agree sites to transfer and conduct condition survey
- **Organisational Governance and Decision Making** - Develop the new governance framework for the PCC-style FRA.
- **Engagement** - Engage with officers, staff and their representatives, and wider partners to ensure that the implications of the changes are fully understood, and they can contribute to the success.

It is recognised that any collaboration project will have a significant impact on a large number of staff within the affected organisations. This will require expertise in operating model design, business process design, programme, change and benefits management. Particular support may be required for employee consultation to ensure compliance with employment legislation and cultural alignment. Specialist support may be required for:

- Legal
- HR
- IT
- Procurement
- Estates
- Financial
- Programme and Project Management
- Communications
- Change Management

## 6.3 TRANSITION PLANNING

A Project Initiation Document (PID) will be created to set out the aims and priorities of the project, who is responsible for their delivery, the timelines we will be working to, and the governance which will be in place to support the process.

The scope of the PID will cover:

- A smooth transition to a new governance model where the PCC takes on the role of the FRA.
- Staff and their representative bodies to understand what the change will mean to them, and how they can contribute to making it a success.
- Staff and their representative bodies to have been formally consulted in relation to the transfer of responsibilities in line with the Cabinet Office Statement of Practice (COSoP).
- Working with the existing Joint Fire and Police Collaboration Board, a detailed project plan will be developed setting out what will need to be undertaken to enable these priorities to be achieved.

The key activities identified in the project plan include:

- **Constitution** - Develop a new PCC-style FRA Constitution to reflect the new legislation and statutory order.

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- Governance structure - Review the existing board structure and identify the appropriate structure to support the PCC-style FRA in its role of effectively governing HFRS. This will need to be fed into the new Constitution.
- Statutory roles - Develop the role of the Statutory Chief Officers under a revised governance model. This will need to be fed into the new Constitution.
- Scheme of delegation - Develop a new PCC-style FRA scheme of delegation to the senior officers of HFRS.
- Governance meetings – Review the existing planned business of the FRA and realign work to the new governance structure including setting a series of meeting dates for the new boards which will support the PCC-style FRA.
- Formation of Police, Fire and Crime Panel - Liaise with Broxbourne Borough Council to ensure that they develop the revised Terms of Reference for the Police, Fire and Crime Panel.
- Staff formal consultation – Undertake a formal consultation of all staff on their transfer to the PCC-style FRA.
- Communication plan - Develop an internal communication plan for activity to support the roll out of the new governance model.

## 6.4 OUTLINE ARRANGEMENTS FOR BENEFITS REALISATION

A robust approach to benefits realisation is critical to delivering this programme. The governance model brings with it numerous opportunities, so being able to track and prove the impact of the planned changes on economy, effectiveness, efficiency and public safety is essential. To make benefits realisation a real success, the approach needs to be embedded into the delivery of each work stream rather than being treated as a 'standalone' work stream (which risks being disconnected from the relevant business areas).

## 6.5 OUTLINE ARRANGEMENTS OF RISK MANAGEMENT

Effective risk management will be absolutely fundamental to the delivery of this programme. In our experience, the risks and issues process must be clear and simple. Risks and issues should be clearly articulated but to be value-adding, the emphasis must be on identifying mitigations and on active management.

Risk management standards should therefore be well aligned to those established by the Project Management Institute (PMI) and the Office of Government Commerce (OGC) to ensure use of best practise.

## 6.6 PUBLIC CONSULTATION

### 6.6.1 Guidance

As set out in APACE guidance<sup>86</sup> the PCC has a number of duties to meet:

- Consulting each local authority about the business case.
- Consulting local people in their local police area about the business case.
- Consulting those who the PCC considers represent the views of employees who may be affected by the PCC's proposal, including fire and rescue personnel and police staff.
- Consulting unions (Police Federation, FBU, Unison, etc.)
- Publishing a summary of the PCC's response to the representations and views expressed in response to the consultation.

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<sup>86</sup> P14 [http://apace.org.uk/documents/APACE\\_Police\\_Fire\\_Business\\_Case\\_Guidance.pdf](http://apace.org.uk/documents/APACE_Police_Fire_Business_Case_Guidance.pdf)

# DRAFT

The guidance is not prescriptive about how the consultation should be carried out. However the Cabinet Office has laid out some general consultation principles<sup>87</sup> calling for a consultation to:

- Be clear and concise.
- Be Informative.
- Last for a "proportionate" amount of time.
- Be targeted, considering the full range of people this may affect (including businesses, voluntary bodies).
- Be accessible. Consideration is to be given to people with specific needs such as older people, younger age groups, people with disabilities and language differences.
- Consider the needs of groups being consulted. Charities may need more time.
- Consider the time of year.
- Publish responses on the same page as the consultation.
- Publish the responses in a timely fashion (ideally within 12 weeks of the consultation).
- Should not generally be launched during local or general election periods.

## 6.6.2 Hertfordshire Consultation Proposal

The proposed consultation will run for 8 weeks from 9<sup>th</sup> June – 11<sup>th</sup> of August. This gives adequate time to respond to the comments and amend any part of the business case before submission to the Home Office by or around the 21<sup>st</sup> August. It also falls outside the General Election time frame.

The consultation will target specific stakeholders but also encompass a broad audience of residents. To achieve that, a mix of media/local appearances and letters to stakeholders will be used.

## 6.6.3 Budget

The consultation will be carried out frugally. Much of the wider publicity we would use is free or through channels already in existence.

## 6.7 TACTICAL AREAS FOR DISCUSSION BETWEEN PCC and HCC

The disaggregation of HFRS from HCC is not expected to be straightforward. Open and pragmatic detailed discussions between the OPCC and HCC to agree a financial package for the transfer acceptable to both parties will be required. The results of these discussions will inform the Business Transfer Agreement which is to be drafted and agreed by both parties detailing the assets, liabilities, reserves and collection fund to transition between the parties. Examples of likely discussion points:

**Asset condition** – There are a number of areas where some agreement will need to be in place to balance out the latent asset liabilities. The most important of these is the results from the proposed independent HFRS asset condition survey. This will inform discussions regarding the condition of estate and the transfer of capital funds. Other examples include an estimated £600k investment to ensure HFRS IT servers are fit for purpose.

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<sup>87</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/492132/20160111\\_Consultation\\_principles\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/492132/20160111_Consultation_principles_final.pdf)

# DRAFT

**Reserves** – It is anticipated HFRS will have general reserves to help cushion budget cash flows, avoid unnecessary borrowing and generally promote financial stability. This is subject to local negotiation.

**Outsourced back office** – The most practical solution to the difficulty HCC have found in quantifying and identifying what central services are provided to HFRS is for HCC to continue providing those services for an agreed fee and timescale. Discussions around this agreement are likely to include: the fee, what services it would provide, what service level agreements (SLAs) would apply, how long the agreement is in place for and the timetable for market testing/re-tendering.

**Contracts** – Discussions include: what the best approach will be to consider the loss/gain of economies of scale for all parties due to contract changes, based on variables including contract exit clauses, services required and the impact the altered buying power presents. This will also require a joined up approach in external communication and supplier management in order to ensure a smooth transition of contracts/spend, without impacting operational requirements.

**Pensions** – The terms of the pensions transfer and whether a funding plan will be put in place to offset any funding deficit in the LGPS.

**Infrastructure:** Location of ICT servers and continuation of the Universal Solution Project (aimed at moving certain administrative tasks to HCC IT so as to ease the burden on HFRS IT).

**Estate access** – Prior to transfer there are four key considerations for land and buildings; the ambulance service operates from 20 of HFRS venues, touchdown sites for roving workers exist from 10, providing council systems to be accessed and workers to operate remotely, the Libraries project and continuation of HCC office space such as Mundells.

## 7 Appendices

### 7.1 STRATEGIC APPENDICES

#### 7.1.1 Assumptions

GENERAL
Following the completion of the consultation period and appropriate consideration of the feedback received, a revised business case will be submitted to the Home Office for Home Secretary approval by the 21st August 2017.
We have assumed that the approval of the business case, and the preparation and approval of the statutory instrument can be achieved in good time for a 1st April 2018 implementation. We have assumed that there will be local acceptance of the proposed governance arrangements; if there is not, a further 2-3 months may be required for the Home Office to gain the necessary independent scrutiny.
The Home Office decision on the LBC will not be significantly delayed. Implementation of the governance model will require the creation of a new FRA by statutory instrument. The Policing and Crime Act gives the Secretary of State the power to make an order that makes the PCC the FRA for the area covered by the order. The order will also provide "for the creation of a corporation sole" as the FRA for the area specified in the order. Finalisation of the Order will be required by 1st April 2018.
A statutory transfer scheme will be required to move staff, contracts and assets to the new FRA. We have assumed a staff consultation process will commence following the Home Office approving the LBC in early November.
Based on current assumptions, the realistic target implementation date for the new governance arrangements is therefore 1 April 2018, subject to negotiation with HCC. A slippage in these assumptions could mean that the implementation date would need to be pushed back to the next appropriate implementation date.
HR
The PFCC will become the employer of all FRS staff. However, the police service and the FRS will remain two separate legal entities and the PFCC will employ a Chief Fire Officer who will have operational responsibility for the FRS.
The Chief Constable of the Hertfordshire Constabulary will continue to employ all police staff and Officers and the distinction between operational policing and firefighting will be maintained.
The PCC will follow COSOP and transfer the employees in scope in accordance with TUPE.
Thorough due diligence will be undertaken ahead of the transfer in order to mitigate any redundancy risks and this business case is not considering redundancy at this time.
All operational fire and rescue staff will remain at their operational fire stations and the majority of office based CPD staff will remain at their current HCC premises. There are no immediate plans to relocate staff.
The pension benefits of the transferring employees will also transfer.
IT
The IT findings contained within this business case have been based on three main information sources: the information supplied by IT staff at HFRS, information supplied by HCC and Serco, and from meetings with IT staff from HFRS and HCC. Finally from HCC 'HERTSFX' secure file transfer system.
IT related information provided to KPMG has been checked at a high level for completeness but not verified for accuracy and integrity and not fully audited. The information has been analysed and interpreted accordingly.

# DRAFT

The IT review work commenced on 2 April 2017 and was completed on 11 May 2017. We have not undertaken to update our comments on IT related findings, circumstances or events arising after that date.

We have satisfied ourselves, so far as possible, that the IT related information included in the business case is consistent with other information which was made available to us in the course of our work

## Financials

Further Home Office or DCLG Guidance will be provided to agree funding and accounting principles related to the transfer, particularly regarding a mid-year transfer

A detailed base lining exercise of revenue and capital will define a Business Transfer Agreement which will define staff, assets and liabilities to be transferred.

Some usable reserves will be earmarked for use by HFRS that would transfer.

Legal title to HFRS assets will transfer to the PCC-style FRA and there are no restricted covenants to consider

HCC and HFRS have been unable to confirm whether any contracts will novate. Contracts will be reviewed on a case by case basis.

That revenue expenditure for ICT sits within the Technology and Serco recharges.

Transfer of assets and budgets will take place on 1st April 2018.

A fixed position on liabilities and debt is agreed prior to transfer. This will also define a position on unknown or emerging liabilities.

Home Office Pensions grant remains fully funded across the medium term.

Capital expenditure of £3.4m is forecast during FY17/18. It is assumed that there is zero slippage that may require funding in FY18/19.

No financing costs for existing assets are transferred to the PCC.

Assumed ambulance sites remain operational at HFRS and an approach is determined for securing use for both parties.

The revenue projection within this document contains a number of key assumptions;

- The 2017/18 Budget will act as the transferred budget baseline and includes all existing saving requirements.
- Income from the various sources is secured and sustainable.
- A contract is put in place to secure recharges with a downward trajectory as noted in inflationary assumptions below.
- Insurances remain at their existing price, and those identified within recharges cover all insurances (vehicle, personal liability etc.)
- The approach for determining first year funding will be determined by the Home Office. This includes approaches to collection fund surplus/deficits.
- Income from the various sources is secured and sustainable.

## Pensions

Under Options 1 and 2, no changes to current pension arrangements will occur

Under Options 3 and 4, the newly created PFCC will become the Fire Authority for Hertfordshire, replacing HCC

The PFCC will follow COSOP and transfer the employees in scope in accordance with TUPE

# DRAFT

Transferring staff who are currently not members of any pension scheme will be automatically enrolled in the appropriate scheme at the point of transfer (and that members will not be eligible through service or tax reasons are identified in advance)

Actuarial advice will be taken in advance of the transfer of LGPS members, including the terms and funding agreement on which any past service is transferred

The FFPS and LGPS, and the statutory legislation surrounding them, will continue in their current form for the short to medium term

There are no reasons other than those discussed in this paper why the administration and governance of the police, fire and civilian could not potentially be combined



# DRAFT

## 7.1.2 Key Risks

Ref	Risk	Cause	Consequence	Inherent risk		Control Measures Attributable to the Risk		Residual risk		
R1	<b>HR</b> – There is a risk of either over-establishment or under establishment of back office support, Joint Protective Services and Herts Community Staff	Some of the staff working in these functions in the CPD provide their services on a "shared" basis	There may either be a need for headcount reductions by the PCC or an operational impact if the PFCC is not able to operate on "day one"	Possible	Significant	High	The PCC should seek/give further clarity about the exact functions in scope to transfer and the amount of time staff in those functions spend on them.  For back office services, the PCC could consider the provision of staff for these functions by HCC on an outsourced basis.	Unlikely	Significant	Med.
R2	<b>HR</b> – There is a risk of "place of work" redundancies for staff whose work locations changes. We refer particularly to longer term plans for control and leadership staff.	The place of work for the control room staff and certain senior leadership individuals will move from Stevenage to Welwyn Garden City	If this results in a significantly increased commute, or if any of these staff have subjective reasons as to why a change in work location would not work for them, this could result in "place of work" redundancies which will need to be planned and budgeted for.	Possible	Significant	High	Further information and due diligence will need to be undertaken (for example on contractual terms requiring mobility. Although please note that mobility clauses would need to be exercised reasonably).	Possible	Significant	High

# DRAFT

Ref	Risk	Cause	Consequence	Inherent risk		Control Measures Attributable to the Risk		Residual risk		
R3	<b>HR</b> – There is a risk that the Trade Unions may oppose the business case	The FBU has spoken out against the policy reasons driving the transfer	It would be difficult to obtain approval of the business case from the Home Office	Possible	Major	High	Employee relations should be managed in an open, transparent and sensitive manner.	Possible	Major	High
R4	<b>Finance</b> –Liabilities could emerge after the transfer date.	Unknown debts or insurance cases.	Financial risk.	Possible	Major	High	An approach should be determined for risk sharing between parties.	Possible	Minor	Low
R5	<b>Finance</b> – Net Book Values are not reflective of the true condition of the estate/vehicles.	A lack of regular independent valuations or condition surveys.	Additional costs are required to repair or reinvest in capital assets.	Likely	Major	Major	An independent party should review the fixed assets.	Possible	Minor	Low
R6	<b>Finance</b> – Demand or activity levels increase.	Unpredictable demand change drives additional activity.	Financial risk.	Possible	Major	High	Management information should safeguard risk	Possible	Major	High
R7	<b>ICT</b> – There is a risk of IT system's stability around performance issues which could affect efficiency and potentially lead to system downtime and loss of certain IT services	Due to the disparate IT teams set up between Hertfordshire FRS and Hertfordshire County Council, it is very difficult to get a central consolidated view of IT in place, including a complete listing of all IT assets (including servers and PCs) and IT	IT Performance issues	Possible	Significant	Med	Improved documentation to support the IT infrastructure.	Possible	Significant	Med

# DRAFT

Ref	Risk	Cause	Consequence	Inherent risk		Control Measures Attributable to the Risk		Residual risk		
		related service contracts.								
R8	<b>Pensions</b> – There is a risk that an additional cost of pension benefits will arise for HFRS staff who are currently not in any scheme	Requirement to re-enrol staff on transfer and if current non-members who are re-enrolled do not subsequently opt-out	Additional funding requirement in short and long term	Possible	Significant	Med	The PCC should work to identify which staff are eligible for re-enrolment and quantify the cost if they do choose to remain a member of the FFPS or LGPS	Unlikely	Significant	Low
R9	<b>Pensions</b> – There is a risk that a LGPS funding deficit is transferred from HCC to the PFCC	Transfer of LGPS benefits in relation to HFRS staff from HCC to PFCC	May trigger an additional funding requirement in short and long term	Possible	Major	High	The PCC should look to quantify the potential deficit to be transferred and plan how to negotiate the funding terms on LGPS transfer	Possible	Significant	Med
R10	<b>Pensions</b> – There is a risk of a spike in funding required on any redundancy and ill-health retirements	Redundancy or ill-health retirements require additional funding at the point of payment from the employer	Additional funding requirement at point of redundancy/ill-health retirement	Possible	Significant	Med	The PCC should quantify pension costs as part of any planned redundancy exercise and consider funding options for on-going cases (e.g. insurance options)	Possible	Significant	Med
R11	<b>Cultural differences</b> between police and fire services could give rise to tensions	Historical, reputational divides	Without support and efforts of the personnel who make the services work, any change will be additionally difficult	Possible	Significant	Med	Senior leadership buy-in and clear, consistent communication to all staff and officers about what is changing, what is staying the same and what is expected	Possible	Significant	Med

# DRAFT

Ref	Risk	Cause	Consequence	Inherent risk		Control Measures Attributable to the Risk	Residual risk			
R12	<b>Administrative burden</b> on OPCC as it takes on a large organisation	Lack of understanding of scale of back office volumes	Loss of productivity / service in fire back office and/or OPCC support services	Possible	Significant	Med	CPD business support and HFRS-specific technical staff will all transfer as a whole, reducing the risk of administrative burden. For consistency and assurance, the proposal also requests that back office functions performed by HCC central services continue for an agreed fee	Unlikely	Minor	Low
R13	<b>Union action</b>	Pursuing an initiative which is deemed critically unacceptable to the unions	Strike action	Possible	Major	High	Close consultation with unions. Public support and a decision based on public safety opportunities will strengthen the position. Also, the assurance that no job losses are on the horizon should reassure.	Possible	Major	High
R14	<b>Loss of HFRS neutrality</b> in the eyes of the public	Working so closely with police colleagues that the division between the two services begins to erode in the collective public consciousness to the extent that trust in the fire	Loss of access to certain sections of society, and loss of opportunities by fire service to identify/improve levels of vulnerability within that community	Possible	Significant	Med	Option 3 keeps both Fire and Police roles and identities separate and distinct Careful consideration including union consultation should be given to each joint- initiative to consider the risk to neutrality.	Possible	Significant	Med

# DRAFT

Ref	Risk	Cause	Consequence	Inherent risk		Control Measures Attributable to the Risk	Residual risk			
		service as a neutral entity is lost.				A level of risk for reduced neutrality for co-located police/fire estate will remain present				
R15	HFRS is so entwined within HCC that the <b>true costs, assets and liabilities may be very difficult to pinpoint</b> during detailed design	HFRS in very integrated into HCC	Lack of certainty	Almost certain	Significant	High	All parties will need to accept there is an element of risk and good faith in determining the transfer of budgets, assets and liabilities <sup>88</sup> and will mitigate this risk by continuing with the same back office provision for next 3 years	Almost certain	Significant	High

# DRAFT

## 7.1.3 Services in Scope

Services that will be brought across from HCC can be split into HFRS and JPS services. The details and final list of services is still to be determined. However it is likely to include:

Fire and Rescue Services: Health & Safety, National Resilience, Service Delivery (including Firefighters and retained Firefighters), Service Support (including training & development staff), Commercial Training, ECHCRC and Equal Opportunities.

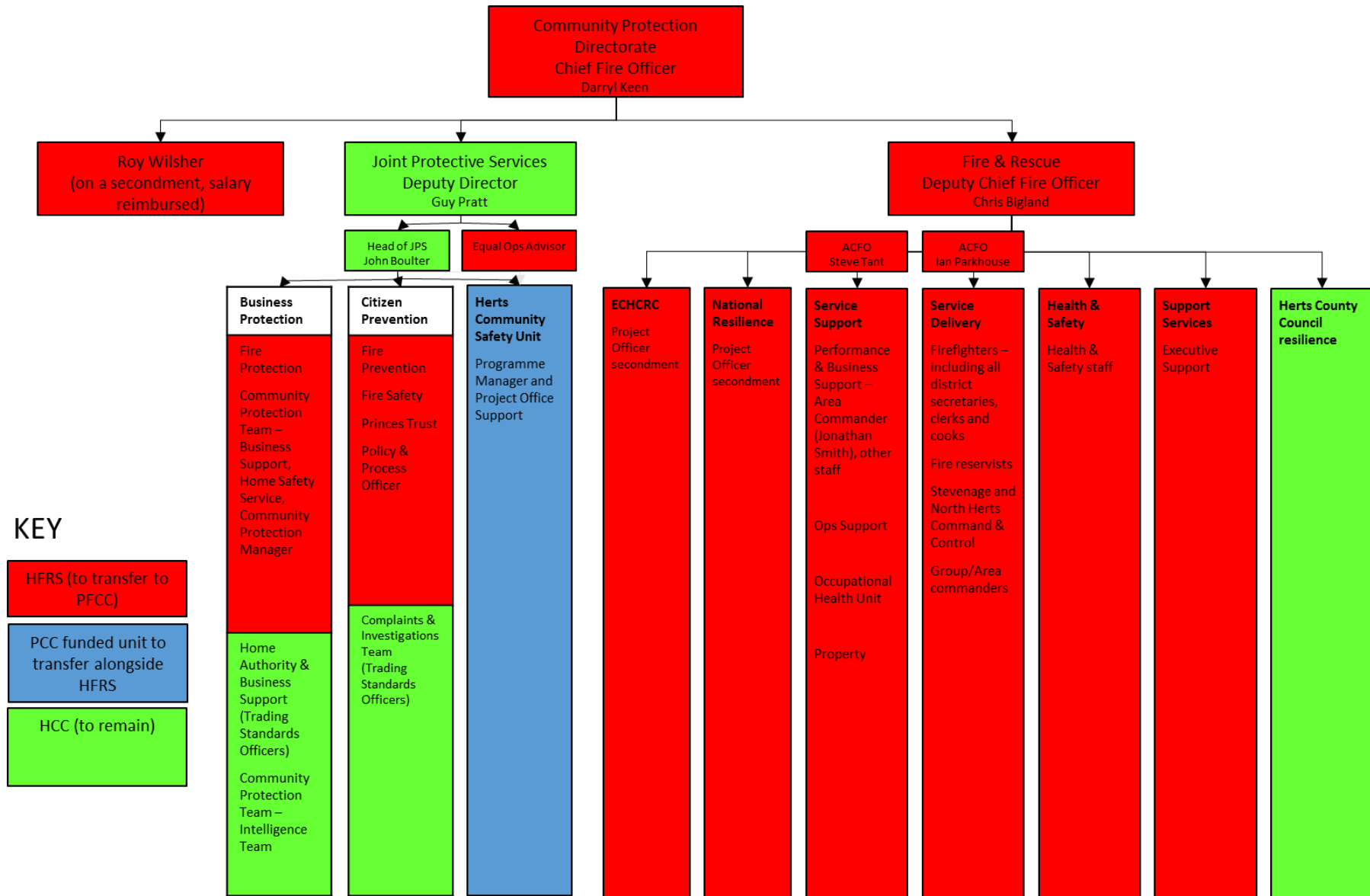
JPS: Business Protection (excluding Trading Standards Officers and the Intelligence Team) and Citizen Prevention (excluding Trading Standards Officers)

Additionally, the Hertfordshire Community Safety Unit (CCSU) is also included in the proposal. Amongst other partnership activities, the CCSU performs joint analysis to inform the strategic assessments to the 10 Community Safety Partnerships and produce bespoke analytical products in relation to emerging crime trends for each area. It is a strategic unit which provides valuable services to the following boards:

- Community Safety (including ASB and Hate crime).
- Drugs and Alcohol.
- Integrated Offender Management (IOM).
- Domestic Abuse Executive Board.
- Hertfordshire Safeguarding Children Board (HSCB)
- Hertfordshire Safeguarding Adults Board (HSAB).

A Superintendent is the Head of Unit, underneath which there are three departments with mixed HCC/Police funding: Strategy and development, Analytical and Horizon Scanning (Multi Agency Data Exchange) and Communications. There are two posts which are joint funded by HSAB, HSCB, and Public Health. 57% of the £608,638 people budget is funded by Hertfordshire Constabulary. The unit is based in Farnham/Robertson house in Stevenage which also houses NHS Health and Community Services. Considering its remit and funding, the most logical place for it to sit is under the PCC

# DRAFT



## KEY

- HFRS (to transfer to PFCC)
- PCC funded unit to transfer alongside HFRS
- HCC (to remain)

# DRAFT

## 7.1.4 Stakeholders Interviewed

Attendees	Organisation	Role
David Lloyd	Police and Crime Commissioner	Hertfordshire PCC
Nina Villa	Office of Police and Crime Commissioner	Deputy Chief Executive and Chief of Staff
Roy Wilsher	Hertfordshire County Council/Office of Police and Crime Commissioner	Fire Chief and Director of HCC
Chris Bigland	Hertfordshire Fire and Rescue Service	Assistant Chief Fire Officer
Daryl Keen	Hertfordshire Fire and Rescue Service	Deputy Chief Fire Officer
Jonathan Smith	Hertfordshire Fire and Rescue Service	Area Commander, Response & Resilience, HFRS
Charlie Hall	Hertfordshire Constabulary	Chief Constable
Dean Patient	Hertfordshire Constabulary	Superintendent, Head of Crime and Reduction & Community Safety
James Hurley	Hertfordshire Constabulary	Director of Resources
Michelle Hargrave	Hertfordshire Constabulary	BCH Portfolio Office
Mick Trotman	Hertfordshire Constabulary	Chief Inspector
Owen Wetherill	Hertfordshire Constabulary	Temporary Assistant Chief Constable
Helen Ridgewell	Hertfordshire County Council	HCC Project Manager
Iain MacBeath	Hertfordshire County Council	Director of Health and Community Services
Jenny Coles	Hertfordshire County Council	Director of Children's Services
John Wood	Hertfordshire County Council	HCC Chief Executive
Owen Mapley	Hertfordshire County Council	Director of Resources, HCC
Richard Thake	Hertfordshire County Council	Executive Member for Community Safety and Waste Management
Robert Gordon	Hertfordshire County Council	Leader of Hertfordshire County Council
Trevor Mose	Hertfordshire County Council	Estates
Steve Harris	Hertfordshire County Council	Estates
Paul Drake	Hertfordshire County Council	Head of Procurement, Strategic Procurement Group
Steven Pilsworth	Hertfordshire County Council	Assistant Director - Finance
Sally Hopper	Hertfordshire County Council	HR
Nicola Byrne	Hertfordshire County Council	HR
Sian Hedger	Hertfordshire County Council	Finance
Elizabeth Farquhar	Hertfordshire County Council	Finance Department



# DRAFT

Attendees	Organisation	Role
Tony Lebaigue	Hertfordshire Fire and Rescue Service	Head of Digital Services
John Matthews	Hertfordshire County Council	IT Client Services Manager
Representative	Police Federation	Police Federation representative
Representative	Unison	Staff Union representative
Representative	Fire Brigade Union	Tony Smith
Representative	Fire Brigade Union	Daren Scotchford

# DRAFT

## 7.2 ECONOMIC APPENDICES

### 7.2.1 Recharge Breakdown, £

CDC Services 2015-16 Fire	-91,600.00
Finance 2015 Recharge Fire	49,879.28
Internal Audit 2015 Recharge Fire	15,772.48
Performance Impr 2015 Recharge Fire	189,408.54
Director R&P 2015 Recharge Fire	4,425.66
PA Support 2015 Recharge Fire	2,234.60
Serco SMS 2015 Recharge Fire	603,399.57
Technology 2015 Recharge Fire	525,410.01
Herts HR 2015 Recharge Fire	277,237.39
Corp Strategy 2015 Recharge Fire	20,863.37
Herts Property 2015 Recharge Fire	356,374.58
Corp Prop Fees 2015 Recharge Fire	21,950.11
Central & Shared 2015 Recharge Fire	173,598.84
Communications 2015 Recharge Fire	125,429.42
Health & Safety 2015 Recharge Fire	237.55
HDC 2015 Recharge Fire	3,960.74
Insurance 2015 Recharge Fire	557,533.18
Legal 2015 Recharge Fire	22,402.28

# DRAFT

## 7.2.2 'Other Costs' Breakdown

<b>Supplies &amp; Services</b>	Commercial Training	5,449
	Community Fire Safety	278,058
	Control/Communications	8,279
	Digital Services	1,106,182
	Emergency Planning	58,070
	Equal Opportunities	10,478
	Fire Stations & Districts	163,826
	Graphics & Corporate Support	34,787
	Headquarters	104,254
	Health & Safety	1,675
	Occupational Health Scheme	57,103
	Stores/Accommodation	94,775
	Technical Services	562,912
	Training	419,615
	Transport	42,386
Water	48,229	
<b>Supplies &amp; Services Total</b>		<b>2,996,079</b>
<b>Transport</b>	Commercial Training	6,470
	Community Fire Safety	59,067
	Control/Communications	1,729
	Digital Services	4,506
	Emergency Planning	5,248
	Equal Opportunities	945
	Fire Stations & Districts	66,210
	Headquarters	-23,988
	Health & Safety	602
	Occupational Health Scheme	572
	Stores/Accommodation	3,807
	Technical Services	1,538
	Training	8,587
	Transport	1,340,115
Water	55	
<b>Transport Total</b>		<b>1,475,464</b>
<b>Total</b>		<b>4,471,543</b>

# DRAFT

## 7.2.3 HFRS Fire Station Inventory

#	Tenure	Town	Usage
1	Freehold	Stevenage	Fire stations - Large whole time
2	Freehold	Watford	Fire stations - Large whole time
3	Freehold	Hemel Hempstead	Fire stations - Large whole time
4	Freehold	St Albans	Fire stations - Large whole time
5	Freehold	Cheshunt*	Fire stations - Whole time
6	Freehold	Hertford*	Fire stations - Whole time
7	Freehold	Welwyn Garden City*	Fire stations - Whole time
8	Freehold	Borehamwood	Fire stations - Whole time
9	Freehold	Baldock*	Fire stations - Day crewing plus
10	Freehold	Rickmansworth	Fire stations - Day crewing plus
11	Freehold	Potters Bar	Fire stations - Day crewing plus
12	Freehold	Hitchin*	Fire stations - Day crewing
13	Freehold	Royston*	Fire stations - Day crewing
14	Freehold	Bishops Stortford*	Fire stations - Day crewing
15	Freehold	Hatfield	Fire stations - Day crewing
16	Freehold	Much Hadham	Fire stations - Retained
17	Freehold	Sawbridgeworth	Fire stations - Retained
18	Freehold	Buntingford	Fire stations - Retained
19	Freehold	Ware	Fire stations - Retained
20	Freehold	Hoddesdon	Fire stations - Retained
21	Freehold	Welwyn	Fire stations - Retained
22	Freehold	Harpenden	Fire stations - Retained
23	Freehold	Wheathampstead	Fire stations - Retained
24	Freehold	Redbourn	Fire stations - Retained
25	Freehold	Kings Langley	Fire stations - Retained
26	Freehold	Markyate	Fire stations - Retained
27	Freehold	Tring	Fire stations - Retained
28	Freehold	Berkhamstead	Fire stations - Retained
29	Leasehold	Garston	Fire stations - Whole time

\*Baldock, Hertford, Cheshunt, Welwyn Garden City, Hitchin, Royston and Bishops Stortford also have a retained contingent.

In addition other property assets include landing for access roads, housing, garages, control centre etc. These have not been listed.

## 8.1 COMMERCIAL APPENDICES

### 8.1.1 Pensions Administration

The potential combining of HFRS and Hertfordshire Police functions offers an opportunity to consider the amalgamation of the pension support Hertfordshire provides to its pension scheme members, since the administration of the police, FFPS and LGPS pension schemes is not constrained and can be administered as the local authority determines.

Some local authorities administer their schemes in-house, others have outsourced to external contractors and some have contracted with other local authorities to combine pension administration delivery. Currently Hertfordshire utilises a variety of suppliers to deliver the pensions of its employees: the Herts Police Pension Scheme is administered by Kier and Logica (through a contract with Bedfordshire CC), FFPS and LGPS is administered by the Local Pension Partnership and SERCO.

#### Police Pension Administration

The Hertfordshire Police Pension Scheme has around 3,437 members:

Herts Police pension scheme members <sup>89</sup>	Number
Active members	1,367 (+12*)
Deferred members	1,294 (+2*)
Pensioners	762
<b>Total</b>	<b>3,437</b>

\* refers to Police Officers shown as part of PCC staff

Hertfordshire Police recently outsourced its pension administration contract to Kier at approximately £93,000 pa. Kier (formerly Mouchel) is well established in providing pension administration services to the public sector, and currently administers 24 police schemes, 2 Firefighter schemes and one LGPS. Additionally the pension payroll function (i.e. paying pensioners) is contracted to Logica through a sub-contract of Bedfordshire County Council at a cost of £23,000 pa.

The total cost of police pension administration for 2016/17 is estimated at £116,000, which equates to £33.75 per member.

The Pensions Regulator published a report in April 2014 (defined benefit scheme running costs) which showed median administration costs of £89 for private sector schemes of between 1,000 to 4,999 members, a comparable number to the Hertfordshire Police scheme. Another large survey, this time of Local Government Pension Schemes (LGPS) in England, published a median cost of pension administration of £22.41 for LGPS funds in England (source: Department for Communities and Local Government, LGPS Funds England 2014-5 Statistical Release). It is worthy of note that the LGPS schemes in the survey will have, in the main, been much larger than Hertfordshire Police Pension Scheme and thus benefit from economies of scale not available to Hertfordshire Police.

<sup>89</sup> Source: Hymans Robertson Formal Valuation Report dated December 2016

# DRAFT

There are no nationally available tables of police pension administration costs against which the £33.75 Hertfordshire costs can be compared, but our opinion is that the per member administration costs for the Hertfordshire Police Pension Scheme are considered reasonable.

## Firefighters Pension Administration

The Herts Firefighters Pension Scheme has around 1,513\* members

Firefighters pension scheme members <sup>90</sup>	Number
Active members	596 (973*)
Deferred members	212
Pensioners	705 (includes injury pensioners)
<b>Total</b>	<b>1,513 (1,910*)</b>

\* Hymans Robertson report gives a higher number of active members than HCC data. We have used the HCC number in our calculations here

Hertfordshire currently contracts with the Local Pensions Partnership (LPP) formerly London Pension Fund Authority (LPFA) to deliver the administration of the Firefighters Pension Scheme. LPP also provides pension administration for Bedfordshire Fire and Rescue Service, London Fire & Emergency Planning Authority, Lancashire Fire, Lancashire Police, Cumbria Fire and Merseyside Fire Authority.

LPP maintain Hertfordshire's member records and provides the detail for the pensions payroll at a cost of £19,422 (2015/16 costs), which equates to £12.66 per member pa. Separately SERCO administers the payroll contract for the FFPS. We have not been provided with that cost. However, if the costs are similar to the police payroll contract which equates to approx. £6.70 per member, this would suggest a cost of approximately £10,300 pa.

Thus the total cost of administering the Hertfordshire FFPS (excluding the Serco payroll) is £19,422 pa which equates to £12.66 per member pa. Including the estimated £10,300 payroll costs would increase per member admin costs to £19.38.

It is important to note that currently there is no nationally available table of admin costs for the FFPS against which a figure could be compared; however, the cost of the Hertfordshire FFPS administration costs would appear reasonable for the size of the scheme.

## Civilian Staff Administration

The LGPS is administered by HCC. Whether these staff are members of the Hertfordshire Police or HFRS will not alter their membership or administration arrangements. Consequently no further comment is offered on this aspect of the governance proposals.

## Governance

Whilst considering the opportunity for potential savings from any governance changes it is worth examining the governance of the police and Firefighters pension boards (the civilian members of the police and fire organisations form a very small percentage of Hertfordshire LGPS, the governance of which is outside the scope of this report and is not discussed any further)

<sup>90</sup> Source: Hymans Robertson IAS19 Report dated April 2017 and HCC data

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## Police Pension Governance

Hertfordshire is already recognised as one of the leading forces in England with regard to the governance of police pensions, and together with Bedfordshire and Cambridgeshire has a Joint Pension Board, thus ensuring costs of administering the Board are minimised. In general joint pension boards will share an administrator.

## Firefighters Pension Governance

HFRS currently operate a single pension board. This is in common with other Firefighter pension boards as there are currently no joint pension boards for Firefighter pension schemes in England. Such joint boards are permissible within the Regulations (The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015; 4A, paragraph 2:

"Where the administration and management of this scheme is wholly or mainly shared by two or more scheme managers, those scheme managers may establish a joint local pension board if approval in writing has been obtained from the Secretary of State"

It would seem this review of the governance of the Hertfordshire Police and HFRS offers an opportunity for HFRS to consider establishing a joint pension board with other Firefighter pension schemes that share the same administrator, as has been the case for Hertfordshire Police. Such a joint board would undoubtedly offer savings to the governance budget, although this may be modest in the wider cost of the scheme. Sharing the management of the scheme (a pre-requisite for joint boards) may prove more difficult, but worthy of consideration nonetheless.

It seems reasonable to assume that there may be savings to be made should the various police and Firefighter pension scheme administration contracts be streamlined and let to one supplier.

However, given that both the administration of the police and Firefighter pension schemes are already outsourced it is unlikely that any savings will be significant though they may be worth pursuing.

Additionally, modest savings may also be made if the Hertfordshire Firefighter Pension Board combines with other Firefighter pension boards in England.

The order of magnitude of any saving is estimated to be around £10,000 – £50,000 per annum.

### 8.1.2 HR, TUPE and Pensions

Pension rights do not transfer under a TUPE transfer. However, since both HCC and the PCC are public bodies, the 'New Fair Deal' and 'Best Value Direction' on pensions applies and there is therefore a full expectation for the pension benefits for the employees transferring under TUPE to transfer. It will be very important from an employee relations perspective to communicate this to staff up front.

The relevant schemes are the Local Government Pension Scheme (LGPS) for Green Book staff and the Firefighters Pension Scheme (FFPS) for Grey Book staff. We understand that the PCC is already a scheduled body in the LGPS. If the PCC becomes the Fire Authority he will be required to provide access on statutory terms to the FFPS. This should therefore be unproblematic.

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It is also important to note that all staff are likely to benefit from enhanced retirement rights on redundancy. This can be a significant cost and therefore any plans which may result in headcount reductions need to be planned and costed with these rights in mind.

## 8.1.3 Procurement Considerations

Collaborative Law Enforcement Procurement (CLEP) programme – a review of police procurement aiming to improve value for money. The CLEP programme supports the achievement of better value for money from expenditure on goods and services by the police and other law enforcement organisations in England and Wales. It will identify the costs, benefits, and changes required to achieve:

- Greater opportunities for collaborative purchasing at a strategic level.
- Opportunities to leverage the CCS for common goods and services.
- Increased standardisation of specification.
- More effective contract and supplier management.
- Improved procurement processes, including the full integration of procurement and the adoption of e-invoicing.

The CLEP programme has had successful returns, such as two police vehicle collaborative tenders being awarded as a result of 43 forces agreeing on a joint specification. A consolidated procurement function would involve strategic value added deliverables, service wide lead buyers, specialised category expertise, and strategic supplier relationships.

Fire procurement collaboration programme – report conducted in 2014 compared procurement across 14 FRAs representing over 50% of national spend. They found that

- Some authorities pay over 200% more for products than others.
- There are significant variances even when FRAs buy from the same supplier.
- Where FRAs use the same contract there remains a significant range of prices paid.

To overcome these challenges, the National Procurement Group suggested a set of initial recommendations to form a new procurement strategy. These included (but are not limited to):

- Recognising the need for smarter end-to-end procurement that is not just focused on buying and incorporates processes such as design of specifications and ops time.
- Coordinating (through the National Procurement Group) the use of local procurement and technical resources to support the wider national/regional procurement requirements.
- Challenging local procurement.
- Agreeing common classifications of goods and services.

Considering these national agenda items, a key consideration will be how these programmes will be managed if each of the options is chosen, with particular emphasis on option 3. There may also be opportunities to share learning from each of the programmes and use the PCC to facilitate knowledge sharing sessions.



## 8.2 MANAGEMENT CASE APPENDICES

### 8.2.1 Key information and next steps

#### Contracts

The following key information is required:

- A copy of the capital expenditure plan to identify which major re-procurements (i.e. of vehicles) are being planned over the next few years.
- Copy/access to existing contractual agreements in order to identify if any clauses are present that may result in a contract being void depending on the governance model implemented. This will also be utilised to identify which contracts are coming up for renewal.

The crucial next steps for contracts involve strategically planning for the transfer in respect of both timeline and strategic positions and operational tasks. Particular attention should be given to the following:

- Development/agreement of the standard Terms and Conditions to be utilised moving forward for all HFRS contracts.
- A prioritisation of contracts dependant on value, complexity and criticality.
- Use of internal/external lawyers to assess contracts and advise the recommended treatment options. Typical contract treatment options fall into 3 categories:
  - **Novate** – for dedicated contracts used exclusively by HFRS these can be novated in their entirety to the new governance model. It is not expected that low risk “routine” contracts will be individually assessed and treated by Legal/Procurement.
  - **Split** – for shared contracts used across functions, contracts can be split to create a duplicate contract for use within the governance model, leaving the original agreement in force for HCC.
  - **Other** – depending on specific contractual provisions, some contracts will require review to determine the appropriate treatment option (e.g. assignment, right to use etc.)
- Development of a RACI<sup>91</sup> structure to manage treatment options.
- Development of a risk and mitigations approach.
- A business review and commercial decision of legal assessment.
- Execution via Novation, Split or Other.
- A structured communication plan to the supply chain notifying of the changes being proposed, the impact and how the change will be managed and communicated moving forward.

#### ICT

The following key information is required:

- Detail on IT estate, age of hardware, hardware specifications and systems supported with operating systems and data versions was requested but not provided.
- For HFRS, no asset management tool is currently in use to record and monitor IT assets and no particular function has been responsible for maintaining an IT asset list. Regarding the quality of in-scope systems, including any key risks, scalability issues

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<sup>91</sup> RACI: Responsible, Accountable, Consulted, Informed

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and/or stability issues, we have had limited information provided to us by HFRS IT and HCC IT and have therefore been unable to conclude at a meaningful level of detail.

- There are a number of current IT projects being operated by Hertfordshire FRS as part of the current IT strategy. The overall programme and project governance appears somewhat weak. In addition, information around project statuses, costs to date, costs and time remaining etc., are not recorded for on-going projects.

The crucial next steps for ICT are to gain clarity on a central consolidated view of IT, including a complete listing of all IT assets (including servers and PCs) and IT related service contracts. This will enable more detailed costing to take place. Additionally, more information is needed regarding the quality of in-scope IT systems, including any key risks, scalability issues and/or stability issues. Other areas include examining the current IT projects and costs is required. Then we can begin to strategically plan for the IT transfer, establishing who will manage the HFRS IT infrastructure.

## HR

The following key information is required

- Confirmation of the ancillary in scope and services/functions transferring, for example National Resilience, Service Support and Service Delivery. This is required from the PCC together with confirmation that it is a position agreed with HCC. This is vital as it drives a lot of the current unknowns, such as who is in scope.
- Details of the amount of time back office and Joint Protective Services spend supporting CPD services. This is important in order to determine who is in scope to transfer.
- Confirmation from the PCC that in the short term at least, staff will remain in their current locations. This will be important because it may ease the employee relations process considerably.

The next key steps are as follows:

- Strategically plan for the transfer in respect of both timeline and strategic positions and operational tasks. Particular attention should be given to the following:
- Clarity is required on the detail of services/functions in scope, particularly the ancillary ones.
- Establishing who is in scope to transfer, particularly regarding employees who split their time between functions/services, e.g. back office staff.
- Regarding the above, consider whether an outsourced arrangement is a better solution. If it is, the Heads of Terms of any outsourcing arrangement and the allocation of risk should be agreed 'in principle and subject to contract' as soon as possible.
- Considering the approach to staff transfers which may result in an over or under establishment for either HCC or the PCC.
- Planning the approach to dialogue with the Trade Unions and staff more generally, in terms of both formal and informal consultation<sup>92</sup>.
- To the extent that there will be head count reduction, if any, consider the strategic and operational approach to be taken (for example, will there be pre-transfer consultation and who will bear the cost of any redundancies?).

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<sup>92</sup> Reference Appendix 7.1.2, R3 Key Risks and control measures, the risk that Trade unions may oppose the business case must be acknowledged.

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- Establish an agreement in principle (which will then be reflected as a warranty in the relevant agreement between the parties) relating to the movement of staff in or out of the transferring services before transfer. (In other words, should HCC be restricted from moving staff in or out of scope without the agreement of the PCC).
- Drafting communications for Trade Unions and individual employees: draft and communicate Q&As and other documents operationally supporting the transfer including staff transfer letters etc.
- Draft the employment aspects of transfer documents mean there will be a requirement for an additional capital sum to be agreed prior to final transfer. between the two bodies.

## **Pensions**

Key information required:

- Full and accurate member data for HFRS staff who are to transfer and who currently participate in the LGPS, the FFPS and no pension scheme.
- Further information from the Scheme Actuary (if appropriate) in respect of HFRS staff in the LGPS – for example current valuation split and benefit structure on transfer.
- Discussion of views on approach to funding LGPS on transfer (i.e. any deficit funding required) and future funding (i.e. annual funding rate going forwards).
- Benefit details and current practice in respect of early retirement, ill-health retirement and redundancy rights; both those in place currently by HCC and those proposed by the PCC.

The next steps to begin pension transference are:

- Quantify the current assets and liabilities held in the LGPS in respect of HFRS staff.
- Explore views on the approach to be taken to funding of any LGPS deficit on transfer – from the PCC, HCC and the Scheme Actuary.
- Explore views on the approach to be taken to setting LGPS on-going funding contribution rates for transferred HFRS staff, for example are they pooled with police staff?
- Confirm benefit implications for individual members of the LGPS, for example is there a service break?
- Quantify any potential additional costs from re-enrolment of HFRS staff into the FFPS and LGPS
- Compare current practice with regards to granting early retirement, ill-health retirement or redundancy for HFRS staff, by HCC and the PCC
- Quantify any potential early retirement or redundancy costs anticipated
- Explore further the possibility of combining fire and police pensions administration

## **Finance**

The key information required for finance/estates:

- An independent condition survey on estates should be performed to inform a future joint asset strategy.
- A detailed income review and assessment of sustainability.

The next steps are:

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- A Business Transfer Agreement is to be drafted and agreed by both parties detailing the assets, liabilities, reserves and collection fund to transition between the parties. This document should detail the negotiated approach in relation to services to be received and how these will be contracted and paid, and determine responsibilities in relation to revenue and capital liabilities that emerge at a later date
- The finalisation of the funding projection and the precept should be completed, underpinned by further financial detail and guidance from DCLG/Home Office
- Discussion between the PCC, HCC and the East of England Ambulance Service in relation to the ambulance sites currently within HFRS assets would secure these revenue streams and the future base for the service
- A 1st of April 2018 transition date should be agreed and steps taken to identify how financial transactions, financial statements and reporting responsibilities will be managed

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## 8.3 FINANCIAL APPENDICES

### 8.3.1 Net Book Value (NVP)

The net book value of fire vehicles and equipment is set out in the table below. Values shown are depreciated costs at end 2015/16. This does not include office based PCs, or Hertfordshire's share of the jointly operated East Coast and Hertfordshire Command and Control Centre.

Assets	Sum of BFwd NBV	Count of BFwd NBV2
HFRS ICT equip	526,970	8
HFRS ICT systems	4,088	1
HFRS operational equipment	451,562	13
HFRS other	20,660	1
HFRS Vehicles	3,152,372	56
<b>Grand Total</b>	<b>4,155,652</b>	<b>79</b>

For all assets, both police and fire, we have no utilisation information so aren't able to identify where there may be opportunities to rationalise and share assets.

### 8.3.2 Inflation Assumptions Table

Inflation Assumptions	2017-18	2018-19	2019-20	2020-21
<b>Pay</b>	1%	1%	1%	1%
<b>Non-pay utilities</b>	4%	4%	4%	4%
<b>Non-pay</b>	2%	2%	2%	2%
<b>Income Variable</b>	2%	2%	2%	2%