

**HERTFORDSHIRE COUNTY COUNCIL**

<u>Agenda Item No.</u>  <b>3</b>
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**COMMUNITY SAFETY AND WASTE MANAGEMENT  
CABINET PANEL**

**THURSDAY 13<sup>TH</sup> JULY 2017 AT 2.00PM**

**THE POTENTIAL TRANSFER OF GOVERNANCE OF HERTFORDSHIRE  
FIRE AND RESCUE SERVICE FROM HERTFORDSHIRE COUNTY  
COUNCIL TO THE POLICE AND CRIME COMMISSIONER**

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**1. Purpose of report**

- 1.1. To provide members of the panel with the material to help inform their consideration of, and Hertfordshire County Council's (HCC) proposed response to, the Hertfordshire Police and Crime Commissioner's (PCC) proposal to transfer the governance of Hertfordshire Fire and Rescue Service from Hertfordshire County Council to the Police and Crime Commissioner (PCC).
- 1.2. Please note that whilst all acronyms are explained on first use in this report, a full acronym glossary is included as Appendix 5.

**2. Summary**

- 2.1. The PCC for Hertfordshire has published a 'Local Business Case' (LBC) and launched a statutory 8 week consultation<sup>1</sup>, ending on 14 August 2017, in preparation to submit a proposal to the Home Secretary to become the Fire and Rescue Authority for Hertfordshire.
- 2.2. The LBC advocates that the PCC should take over the governance of Hertfordshire Fire and Rescue Service (HFRS) under a new governance model, where the PCC would govern both Hertfordshire's Police and Fire services. This would involve the transfer of all fire and

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<sup>1</sup> The LBC can be found at <http://hertscommissioner.org/fire>

rescue personnel, assets, property, rights and liabilities from HCC to the PCC.

- 2.3. In order to satisfy the requirements of the Policing and Crime Act 2017 (the 2017 Act), the business case needs to demonstrate that the proposal is in the interests of economy, efficiency and effectiveness, or in the interests of public safety. The final decision on such matters rests with the Home Secretary.
- 2.4. **Main LBC arguments:** In its summary, the LBC claims that a change of governance will improve public safety through collaborative training and joint operational activity; use resources better, such as a co-located control room and innovation through shared police and fire estates; provide flexibility to determine the most financially beneficial option for back office services and corporate support; greater protect the fire budget, enable savings by collaborative procurement between services; increase accountability to the public through a directly elected person and create a unique identity for both services.
- 2.5. **HCC Officer Analysis:** HCC officers, including the s151 Officer<sup>2</sup> for the County Council, have analysed the LBC in detail. In summary, the HCC officer view is that:
  - 2.5.1. HFRS already benefits from significant advantages from being part of the County Council and has developed a strong and trusted reputation for service excellence;
  - 2.5.2. There is extensive evidence of successful existing collaboration activities by HFRS, with services across HCC, with the police and with other partners across Hertfordshire public services. There are existing plans and commitment to maintain and enhance this collaboration. Officers do not agree that the governance change proposed in the LBC is necessary to continue or improve this collaboration;
  - 2.5.3. Public accountability and transparency over HFRS activities are already well served in Hertfordshire. The responsibility for the fire and rescue service in Hertfordshire is an executive function and so is the responsibility of HCC's Cabinet (which of course comprises elected councillors). All relevant meetings are open to the public, with strong review and scrutiny of budgets, performance and any proposed policy changes;
  - 2.5.4. There is clear evidence, recognised in the LBC, that HFRS already demonstrates good cost effectiveness; for example:

*“CIPFA benchmark data shows HFRS to be one of the lowest cost English FRSs in the country”<sup>3</sup>*

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<sup>2</sup> The statutory Chief Finance Officer for the County Council

- 2.5.5. The claimed financial benefits set out in the LBC are mostly based on rudimentary calculations – eg that 2% or 5% of various cost categories may be saved through combined purchasing or shared service arrangements, but without any detail of how these might be achieved, apart from following detailed further investigation. This makes these benefit claims theoretical at best and suggests that supporting a major governance change on these basic estimates would be premature; and
- 2.5.6. The LBC contains a number of contradictions, overly optimistic assumptions that are not supported by evidence, and a number of financial inaccuracies and misunderstandings. It recognises this and makes clear that detailed further analysis and negotiation is required to identify the true costs and potential benefits of any change;
- 2.6. Based on this assessment, the HCC officer view is that the proposal set out in the LBC does not meet the statutory requirement of being in the interests of economy, efficiency and effectiveness, or in the interests of public safety. Further detail and analysis to support these conclusions is included in the remainder of this report and its appendices.
- 2.7. **Alternative Option:** Whilst there are strong benefits to HFRS of the existing governance arrangements, rather than reject the proposal set out in the LBC completely, HCC officers consider that there could be benefits in working to strengthen existing collaboration activities. Therefore they support the alternative “Representation model” out in the 2017 Act. The potential benefits of this model are recognised in the LBC:
- “The PCC could enhance collaboration through greater representation on HCC and committees associated with HFRS...”*
- 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”<sup>4</sup>*
- 2.8. This would satisfy both the government’s policy of continued collaboration and HCC and HFRS’ ‘duty to collaborate’ under the 2017 Act as HFRS will continue to explore greater collaboration between the blue light services irrespective of its governing body. It would also

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<sup>3</sup> LBC section 2.3 (page 24)

<sup>4</sup> LBC section 3.2.2 (Page 35)

adopt one of the options set out in the 2017 Act and further strengthen the close bonds that already exist between HFRS and police activities.

- 2.9. This would also avoid the extensive disruption, implementation costs and potential risk to the valued HFRS reputation and brand that extracting HFRS from its deep integration within the County Council would require.
- 2.10. Community Safety and Waste Management Cabinet Panel are to consider the potential transfer of governance of the Hertfordshire Fire and Rescue service from Hertfordshire County Council to the Police and Crime Commissioner at their meeting on 13 July and their recommendation/s to Cabinet will be reported verbally to Cabinet and set out in the Cabinet Order of Business.

### 3. **Recommendations**

- 3.1 That Panel considers and comments upon this report and identifies any additional considerations or matters that it wishes to be emphasised in the County Council's response to the PCC's consultation.
- 3.2 That Panel considers whether the alternative "Representation model" contained in the Policing and Crime Act 2017, whereby the PCC could request a place on Cabinet with full voting rights regarding Fire and Rescue matters would be a less costly and less disruptive means to pursue mutually beneficial collaborative opportunities as set out in the Policing and Crime Act 2017 .
- 3.3 That Panel recommends to Cabinet that it:
  - (i) Agrees that the County Council should respond to the PCC's consultation, opposing the PCC's proposal to become the Fire and Rescue Authority for Hertfordshire
  - (ii) Delegates to the Director of Resources, in consultation with the Executive Members for Community Safety and Waste Management and for Resources, Property & the Economy authority to finalise the response to the consultation

### 4. **Background**

- 4.1. The Policing and Crime Act 2017 enables a PCC to examine the case for taking on greater governance responsibility for their local fire service. The potential options for a PCC are:
  - i. **'Representation model'**: the PCC could request to take a place on the Fire Authority, in this case HCC Cabinet, with full voting rights regarding fire matters;

- ii. **‘Governance model’**: the PCC could go out to consultation in order to be the Fire and Rescue Authority for their area; or
- iii. **‘Single employer model’**; the PCC could go out to consultation in order to not only be the Fire and Rescue Authority for their area but to appoint a single chief officer of police and fire personnel.

## 5. **Statutory test that needs to be met**

5.1. In order to satisfy the requirements of the Policing and Crime Act, the business case for a ‘Governance Model’ proposition needs to demonstrate *it is in the interests of economy, efficiency, and effectiveness or in the interests of public safety*. It should be noted, that the Home Secretary may not make an order to make the PCC the Fire and Rescue Authority for an area, even if it is in the interests of economy, efficiency, and effectiveness, if the Home Secretary thinks that the order would have an adverse effect on public safety.

### 5.2. **The Process for the PCC to submit a proposal to the Home Secretary**

5.3. The LBC was published on 19<sup>th</sup> June 2017, and commenced the public consultation on the governance proposals. The consultation closes on the 14<sup>th</sup> August 2017.

5.4. Following the consultation, the PCC must publish (in such manner as he thinks appropriate) his response to the representations/views submitted and he will also make a decision about whether to proceed with a formal proposal to the Home Secretary to be the Fire and Rescue Authority for Hertfordshire.

## 6. **Subsequent process if there is not local agreement to the LBC**

6.1. Where a “relevant local authority” (i.e. HCC) indicates that it does not support the proposal for the ‘Governance model’ (and the council’s stance must therefore be explicit in its consultation response), the PCC could decide not to continue with a formal proposal to the Home Secretary for such, but to request greater involvement in the Fire & Rescue Authority by way of the ‘Representation model (see 2.7 – 2.9 and 3.2 above).

6.2. Alternatively, the PCC could decide to continue with a formal proposal, in which case he would be required to provide the following information to the Home Secretary:

- 1. a copy of the Business Case consulted on;
- 2. a copy of the local authority’s representation in response to the consultation;

3. a summary of the views expressed by other responders to the consultation; and
  4. the commissioner's response to these representations and submissions.
- 6.3. The Home Secretary would then be required to obtain an independent assessment of the proposal and to have regard to that assessment and the material provided at 7.2 above in deciding whether to make an order.
  - 6.4. The Home Secretary must publish (in such manner as she thinks appropriate) the independent assessment as soon as reasonably practicable after making a decision on the proposal.
  - 6.5. The LBC recognises that given the deep integration of HFRS within the County Council, the disaggregation of HFRS from HCC is not expected to be straightforward. If a proposal is submitted which the Home Secretary approves, there would need to be open, pragmatic and detailed discussions between the OPCC and HCC to agree a financial package for the transfer that was acceptable to both parties. The results of these discussions would inform a 'Business Transfer Agreement' drafted and agreed by both parties detailing the staff, assets, liabilities, reserves and budgets to transition between HCC and the OPCC.
  - 6.6. Appendix 4 summarises the complex range of issues that would need to be worked through to agree such a business transfer agreement.

## **7. Services and staff proposed by the PCC to transfer**

- 7.1. As part of HCC, HFRS does not exist as an entity within itself – i.e. it does not consist of a finite and defined number of people, assets, and services, such as those governed by a 'stand-alone' Fire and Rescue Authority such as Essex or Cambridgeshire & Peterborough. This means that precisely identifying the assets and staff of HFRS to be transferred under any change of governance to the PCC is difficult and requires subjective judgements, albeit such judgements would use known financial, staffing and assets of HCC as a basis on which they are made.
- 7.2. If the change of governance proposal is accepted by the Home Secretary, the process of transferring staff, assets, liabilities and services will therefore have to involve either local investigation and negotiation or third party intervention. Either of these is likely to incur significant transition costs.
- 7.3. The LBC recognises this fact stating that because HFRS is fully integrated into the Community Protection Directorate, identifying which services should transfer under the governance or single employer

option is not straightforward. The LBC does however form the following views:

Services (and staff) in scope to transfer:

- i. The operational Firefighters on fire stations and support staff located at fire stations;
- ii. All of the 'Fire and Rescue' departments under leadership of the Deputy Chief Fire Officer (Health & Safety, Property, Training, Digital Services, Information & Performance, Business Support); and
- iii. The Joint Protective Service (JPS) areas of Fire Protection, the Community Protection Team, Home Safety Service, Fire Prevention, Fire Safety, Prince's Trust and Policy Officers.

Services (and staff) out of scope to transfer:

- iv. Trading Standards; and
- v. HCC Resilience department which carries out the local authority statutory obligations in numerous pieces of legislation including the Civil Contingencies Act 2004).

Services (and staff) subject to further discussion:

- vi. 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.

7.4. The 2017 Act is clear that the Secretary of State has the power to make an order that a PCC becomes the Fire and Rescue Authority for an area and to make schemes for the transfer of property, rights and liabilities from an existing fire and rescue authority to the PCC. Therefore only such staff and services that form the Fire and Rescue Authority would legally be in scope to transfer.

## **8. Arguments in the PCC's Local Business Case – a summary**

8.1. The LBC recommends that the PCC should take on the role of the Fire and Rescue Authority by way of the Governance Model (see 4. 1 ii above). Under this model the PCC would become directly accountable to the people of Hertfordshire for effective service delivery for both Police and Fire services. It states that 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.

- 8.2. It suggests that a change in governance would generate impetus to drive change forward; encourage greater collaboration and interoperability between the blue light services; provide a platform to improve public safety by taking an evidence based approach to the use of discretionary HFRS capacity; and consolidate the police and fire estate under a single owner, creating an opportunity to better rationalise assets.
- 8.3. The LBC asserts that the case for change is further advocated for the following reasons:
  - **Improved public safety;**
  - **A better use of resources;**
  - **Flexibility** to determine the most financially beneficial option for back office services and corporate support;
  - **Greater protection of the fire budget;**
  - **Enabling savings** by collaborative procurement between services;
  - **Increased accountability** from the public, with a single directly elected person; and
  - **The creation of a unique identity for both services.**

## 9. **Hertfordshire Fire and Rescue Service's contribution to Public Service in Hertfordshire as an integral part of the County Council**

- 9.1. HFRS has been part of HCC since 1947 and plays a major role in serving Hertfordshire residents through its contribution to the County Council's vision for Hertfordshire and overall Corporate Plan and forms a major part of the council's Community Protection Directorate (CPD).
- 9.2. The HFRS 'brand' and the HFRS 'badge' are seen by Hertfordshire residents, businesses, and partners in local and public services as one that implies significant trust through the delivery of high quality and broad ranging community protection activities. As the Fire and Rescue Authority, the County Council has supported HFRS to earn and maintain this trust. HCC has used taxpayer funds to make significant investment both financially and corporately in building and maintaining the high quality and trusted services delivered today.
- 9.3. The LBC recognises the importance of maintaining that brand<sup>5</sup> but does not set out how that trusted brand would be maintained should governance be transferred to the PCC.

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<sup>5</sup> LBC (section 2.4.1 (page 29))



## 10. **Benefits of HFRS as part of HCC's Community Protection Directorate**

- 10.1. The CPD was formed in 2011, and is made up of: HFRS; Trading Standards; Resilience and Emergency Planning and the County Community Safety Unit (CCSU).
- 10.2. As part of the CPD, in addition to their core Fire and Rescue expertise, HFRS contributes to a broad range of valued services, delivering significant outcomes for the residents of Hertfordshire through a number of cross-service agendas, working in close partnership with Public Health, Adult Social Care, Children's Services and Environment teams in particular.
- 10.3. HFRS has made significant strides into improving the safety, health and well-being of Hertfordshire residents and the economic effectiveness of Hertfordshire businesses. Fundamental to this, has been the formation of JPS within CPD, consisting of Trading Standards, Fire Protection, Fire Prevention and the CCSU.
- 10.4. In October 2016 the CPD underwent a comprehensive independent Peer Review. The Review Team Leader noted that Hertfordshire had demonstrated more examples of notable practice than any other that he had been involved in. The reviewers highlighted:
  - That CPD is a valued, respected and highly-regarded partner in public service delivery;
  - HFRS is 'punching above its weight' in influence and impact with clear benefits being derived as part of the county council;
  - The effectiveness and performance of the Joint Protective Services (JPS) department; and
  - A strongly committed workforce.
- 10.5. Further detail about the wide extent of, and benefits of specific collaboration and partnership working by HFRS within the CPD is set out in Appendix 1.

## 11. **Commitment to continued collaboration**

- 11.1. Regarding impetus, the LBC claims that police and fire collaboration would happen further and faster under the governance of a PCC. Officers disagree with this claim and are confident this work can and will continue independently of any decision on governance arrangements.
- 11.2. The 'duty to collaborate' is now enshrined in legislation through the 2017 Act, meaning that HFRS must continue to explore greater

collaboration between the blue light services irrespective of its governing body.

- 11.3. There is already an established police and fire collaboration working group looking at a number of workstreams including:
  - a joint estate strategy;
  - rationalising emergency response to a range of call types such as concern for welfare of persons;
  - effecting entry into premises (see Appendix 1 para 1.11);
  - attendance at suspected cannabis factories;
  - use of specialist capabilities such as water rescue, drone and working at height; and
  - revised joint protocols for the investigation of fires.
- 11.4. Joint training also continues to develop and a cohort of police recruits is due to begin their initial training at Hertfordshire Fire and Rescue Service's Training and Development Centre in July 2017.
- 11.5. The Joint Emergency Services Interoperability Principles (JESIP) is transforming the way the three principal blue light services operate together during the most complex and challenging incidents. The JESIP has been in place by way of a Programme since 2012 and has seen the adoption of joint decision making processes, joint risk assessments, shared situational awareness and improved interagency communication.
- 11.6. To ensure they have the capacity to attend all incidents within agreed service standards, all fire and rescue services are resourced to a level greater than that routinely needed. This additional capacity is known as discretionary capacity. The LBC proposes the redirection of this fire and rescue resource under a different governance model into different areas. An example being 'Safety incidents' currently attended by the police. The LBC assets that were Firefighters utilised to respond to some incidents the police would normally attend, there could be a 38% improvement in efficiency in terms of costs.
- 11.7. HCC officers argue that the broad range of activities that HFRS officers perform make a hugely valuable contribution to Hertfordshire public services, in particular the growing focus on preventative activities that protect vulnerable citizens and reduce demands on more complex and costly services, work that supports not just the Community Protection Directorate, but also other directorates within HCC and partners in the NHS. The delivery of 'Safe & Well' visits are a strong example of where HFRS officers have built on their trusted reputation to improve both fire safety and prevention activities, with work to support vulnerable residents to stay independent and safe in their homes for longer.

## 12. **Democracy**

12.1. Local democracy and political accountability for the Fire and Rescue Service is already well served in Hertfordshire. HFRS is accountable to Hertfordshire County Council as Fire and Rescue Authority. This provides a mature, proven, transparent and well supported political process involving all elected county councillors, Cabinet and the Community Safety and Waste Management Panel, all accountable to the residents of Hertfordshire.

## 13. **Financial Implications**

13.1. **Existing Cost Effectiveness:** The LBC recognises that HFRS delivers strong value for money as part of the county council, achieving a cost performance that compares favourably when compared to other services. CIPFA benchmarking ranks HFRS 8th out of 43 English FRAs and best out of 13 in the DCLG defined family group. A key part of this strong efficiency is the benefit of being a deeply integrated part of the broader county council.

13.2. Despite this, the business case claims that savings can be made if the fire service transferred to the PCC. The savings are mainly high level estimates, with little detail on how they would be achieved. HCC officers consider that the claimed savings include elements that are wrong, overstated or overly general. One example is the inclusion of the general aim of “business sense” as a police strategy for achieving efficiency and effectiveness.

13.3. A breakdown of the claimed savings, along with HCC officer observations are included in Appendix 2.

13.4. **Back Office Services:** The LBC claims that savings could be made in back office services. Whilst the initial proposal is that the PCC would buy back these services from HCC, they would be free in the future to cease this arrangement.

13.5. HCC consider that these services benefit from economies of scale from being provided as part of a large organisation such as the county council. The analysis identifies theoretical savings that could be achieved if performance was increased to the top of an unspecified benchmark group, supplied by KPMG.

13.6. However, there is no assessment of whether such apparent “top quartile” performance would be achievable as a small organisation. There is no detail provided about the current performance of the police with regard to back office services, which is where any HFRS future back office services would likely be integrated.

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<sup>6</sup> LBC Section 2.2 Pg 22

- 13.7. There is also no attempt to assess by how much HCC may be able to reduce its back office costs should HFRS be removed from the County Council. Given the economies of scale enjoyed at present, it is unlikely that HCC could reduce these costs at a pro-rata level. This is likely to mean Hertfordshire residents would in effect be double paying if the PCC procures these services elsewhere, but HCC costs don't fall by as much as the funding that is transferred. This would be a basic breach of one of the principles set out in the LBC that any change of governance should be at no additional cost to the taxpayer.<sup>7</sup>
- 13.8. **Impact on funding available for HCC services:** The arrangements for transferring funding from HCC to the PCC are complex, as they would require transferring elements of grant and council tax from the core HCC settlement. Guidance from the Home Office was only published at the end of May 2017. This guidance states that for an April 2018 transfer, the 2017/18 HCC council tax would be split between Fire and all other county elements. HCC would then only be able to increase this latter, lower element for 2018/19 by the levels agreed in the Integrated Plan (1.99% general increase and a further 3% for the specific ring-fenced adult social care precept). As a result there would be less council tax income for HCC, including reducing the funding available for Adult Social Care.
- 13.9. **Council Tax – Lack of clarity:** The Home Office guidance also made clear that PCCs and Local Authorities should work to agree the likely impacts on council tax precepts and include this detail in the LBC published for consultation.
- 13.10. There was insufficient time between the publication of the guidance and the publication of the LBC to enable any detailed analysis of potential impacts on council tax. Therefore there is only summary detail provided in the LBC that includes errors such as the inclusion of council tax estimates based on the full Community Protection Directorate rather than only the HFRS elements within CPD.
- 13.11. The level of council tax for 2017/18 is quoted as being £58.40<sup>8</sup>, and the council tax forecasts for 2018/19 suggests a reduction to £57.81. However this analysis is incorrect as the £58.40 quoted includes expenditure on the entire Community Protection directorate which includes more than HFRS. The actual council tax for Fire & Rescue alone is nearer £55. This may be misleading or risks creating confusion around the potential implications for the PCC's budget plans for fire. Significant further consideration is required before the potential impacts on council tax can be clarified.
- 13.12. The LBC does not set out for consultation the detail needed for Hertfordshire residents and stakeholders to assess what the impact on

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<sup>7</sup> LBC Section 1.4 (page 10)

<sup>8</sup> LBC Section 5.3.4 (page 96)

council tax levels may be and therefore does not comply with the Home Office guidance.

13.13. **Transition Costs:** The business case identified the transition costs for PCC at £342k<sup>9</sup>, which are mainly consultancy and advisory costs around legal and pensions advice. However this does not include any estimated transition costs that would be incurred by HCC. Such a transfer would require both internal resource and external resource and probable changes to HCC ICT systems. An initial estimate indicates these could be around £650k, pushing total implementation costs towards £1m. The complexity of this work and the extent of discussion and negotiation between OPCC and HCC officers means that it would require significant officer time to identify the amounts involved and manage the complex transition. No attempt has been made to quantify the value of this time (officer time is of course funded by the taxpayer) or to offset this against the claimed benefits.

13.14. **Reserves and Debt/Liabilities:** The business case states that some of HCC's reserves would need to transfer to the PCC. However, there is no mention that a proportion of HCC's total debt should also transfer. As with all local authorities, the council does not finance assets individually, rather it aggregates financing and debt requirements across all assets. Apart from specific instances (eg a school funded by a PFI arrangement) HCC's assets are indivisible from a financing perspective. Therefore by definition, if the PCC takes a share of HCC assets (eg fire stations), they must also take a proportionate share of the debt that helped finance (all) assets. This is a significant and fundamental omission from the financial elements of the business case.

#### 14. **Equalities**

14.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.

14.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.

14.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a

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<sup>9</sup> LBC Section 5.2 (page 90)

relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

- 14.4 No Equalities Impact Assessment (EqIA) was undertaken in relation to this matter as decisions have not yet been taken in relation to a change in governance for HFRS. However, any future decision will require significant stakeholder engagement and a full EqIA process.

Background Documents:

- Appendix 1 - Benefits of HFRS as part of CPD
- Appendix 2 - Analysis of claimed savings in the business case
- Appendix 3 - Detailed comments on assertions in the LBC
- Appendix 4 - Issues that need to be addressed in concluding a 'Business Transfer Agreement'
- Appendix 5 - Glossary of Acronyms

Are included within this document

## **Appendix 1 - Benefits of HFRS as part of CPD**

- 1.1 In 2016/17 the CPD worked in partnership with Public Health to develop its Safe and Well programme. A natural transition from Home Fire Safety Visits the Safe and Well visit sees Fire and Rescue staff discussing wider issues including social isolation, nutrition, warm homes and falls prevention. Recognising the success of its fire prevention work these enhanced visits identify and support vulnerable residents by signposting to specialist support via the Herts Help as referral pathway.
- 1.2 The Prince's Trust Team Programme delivered by CPD engages with young people aged 16-25 not in education, employment or training, allowing participants to complete a Prince's Trust Award and Certificate in Employment, Teamwork and Community Skills. 2016 saw HFRS establish a fourth delivery team, based in Stevenage, to join the established delivery programmes in Watford, Cheshunt and Hatfield. Across the four teams in 2016/17 145 young people joined the programme with over 80% of the participants completing the programme and achieving their qualification. The HFRS Prince's Trust Team Programme was graded 'Outstanding' during 2016 with all key performance indicators being exceeded. 2017/18 will see the pilot of a fifth team based in North Hertfordshire.
- 1.3 JPS within CPD was fundamental in creating and continues to play a leading role in the 'Better Business for All' (BBFA) programme by working with partners from across the local government community, the Local Enterprise Partnership (LEP) and the Growth Hub to better support the Hertfordshire business community, to provide a fair and level regulatory playing field and embed the sort of approach to regulation which fosters growth and prosperity. In 2016 the Hertfordshire BBFA was the only partnership shortlisted for two awards in the Government's BBFA awards, and were runners up for their Regulators Training Programme initiative.
- 1.4 The Hertfordshire Home Safety Service (HHSS) provides a range of safety and security equipment to vulnerable residents. This service is part of JPS within CPD and has been designed and delivered as part of the collaboration work with partners including the HCC's Adult Care Services, the Hertfordshire Domestic Abuse Strategic Board and the PCC's 'Beacon' hub for victims of crime.
- 1.5 It comprises 6 specialist technicians, taking referrals from the police and partner organisations. High risk Domestic Abuse victims are prioritised and a visit conducted within 48hrs. The service provides both physical and practical advice on staying safe and independent. The aim of this service is for Hertfordshire residents to have the opportunity to feel safe in their home and to provide a 'one-stop shop' to prevent vulnerable residents becoming victims of a crime or fire and

to prevent slips, trips and falls. In 2016/17 over 3,000 visits were undertaken to the most vulnerable residents of Hertfordshire

- 1.6 In 2016/17 8 Older Persons Activity Learning and Safety (OPALS) events were carried out across Hertfordshire. Bringing together a range of agencies including Age UK, Police, Fire & Rescue, Alzheimer's society, U3A, HCC Adult Care Services and many more, these events saw over 800 elderly residents come together to receive practical advice on a range of issues. Each topic area is delivered by a subject matter expert and residents have the opportunity to ask questions and meet new people. CPD has secured additional funding through the PCC community safety fund which will see the scheme being delivered throughout Hertfordshire in 2017/18
- 1.7 In 2016 the joint Trading Standards and Fire Safety Primary Authority team within JPS won the Government's Regulatory Delivery 'Primary Authority team of the year' award for their work to support businesses. The judges said:  
  
*"This is an excellent entry, including endorsements from businesses and local authorities. The work Hertfordshire County Council carries out with businesses and local authorities to promote high quality primary authority services is to be commended."*
- 1.8 In 2016 HFRS implemented three initiatives to help keep the residents of Hertfordshire healthier and safer. The initiatives are in collaboration with the East of England Ambulance Service (EEAS) and aim to provide the most effective emergency response available.
- 1.9 The first, 'Co responding' was successfully trialled at two stations before being expanded across the county. This new initiative provides emergency response to cardiac arrest/Red one calls within a five mile radius of the HFRS base co responding with ambulance services. It provided emergency medical assistance on 114 occasions during 2016/17, saving lives in the process.
- 1.10 The second, 'Telecare' is also in partnership with the EEAS and Careline (an organisation linked to North Herts District Council). HFRS has implemented an emergency response service for all 'concern for welfare' communications from a user's home address. HFRS personnel make contact with the owner, gain access and assess the need for further medical assistance in liaison with the EEAS. HFRS provided assistance at 6 incidents during the latter part of 2016/17 as a result of this partnership.
- 1.11 The third, 'Forced Entry Collaboration', is a Memorandum of Understanding (MOU) between HFRS, EEAS and Hertfordshire Constabulary, which has been developed to further support emergency services collaboration. Previously, at incidents where EEAS staff required assistance in gaining entry into properties in relation to



medical emergencies, Police resources would normally be requested to assist. This MOU now sees HFRS resources supporting EEAS in gaining entry into properties when requests for assistance are received, freeing up Police resources for their core functions. HFRS has provided assistance at 125 incidents during 2016/17 as a result of this collaboration.

## Appendix 2 - Analysis of claimed savings in the business case

The savings claimed in the LBC are summarised in the table below. The savings are mainly high level targets based on simple percentage calculations of various cost categories, with little detail on how they would be achieved. The schedule also contains the 'HCC view' as to why we consider that the claimed savings are either wrong or overly generalised.

	Low £k	High £k	Summary of claim	HCC view
Improved utilisation of fire capacity	0.130	0.130	Alternative approach for delivery of safe and well visits	<p>The LBC proposes that fire fighters no longer undertake the safe and well visits. HCC consider that using alternatives would be considerably less effective as the trusted brand is a significant part of why the approach is so successful.</p> <p>The LBC also admits that the savings may not be cashable, depending on what activities the fire fighters undertake.</p> <p>The LBC accepts that if firefighters cease the safe and well visits, then there would be additional costs for HCC of around £350k. HCC would need to try and ensure funding was retained to cover that.</p>
Property maintenance	0.400	2.200	Assumes 3 or 17 police/fire sites co-located and sites sold	There is no mention at all on what sites these might be co-located, and hence it is not clear

	Low £k	High £k	Summary of claim	HCC view
				<p>whether this is actually possible.</p> <p>Officers feel this is a particularly strong example of where any benefits in this area are likely to be achieved without the need for the governance model option to facilitate or encourage it.</p> <p>There is much existing work already making good progress under the governance of the “Hertfordshire Property Forum”, which includes HCC, OPCC and the police. This Forum has representation from all public bodies in Hertfordshire to look at options to optimise estates and property use and related costs. This is also the governance being used to pursue our “One Public Estate” programme – Hertfordshire received a major government grant to continue pursuing these collaborative ambitions.</p> <p>There is a risk that the governance model changes proposed would focus attention solely on police and fire assets within the OPCC, when the intention of the One Public Estate work and the wider Hertfordshire Property Forum is to look for opportunities for collaboration, sharing and cost reduction from</p>

	Low £k	High £k	Summary of claim	HCC view
				all Hertfordshire public services, to optimise taxpayer funds on effective asset utilisation across Hertfordshire.
Back office	0.474	1.434	c. 20-50% savings on back office costs, including insurance	<p>It is claimed that the £2.9m costs of back office services are £0.5m higher than average based on KPMG benchmarking. However this analysis is fundamentally flawed.</p> <p>The £2.9m includes costs such as Insurance, Legal, Property and Communications.</p> <p>The KPMG cost benchmark includes none of these. Clearly, if services are omitted, then the costs will appear lower overall.</p> <p>Also within the benchmarking for individual services, the cost profiles support the view that the support services currently offer VFM. For example, KPMG suggest that HR costs should be £1.208m. Currently with HCC the costs of HR support to the fire service is £0.284m.</p> <p>HCC is already engaged in extensive benchmarking activity as part of its review of its current back office arrangements. This is demonstrating that HCC performs well in</p>

	Low £k	High £k	Summary of claim	HCC view
				<p>comparison to its peer and market benchmark and it is highly doubtful that significant savings would be achievable by re-procuring a small element of a much larger entity.</p> <p>Elsewhere in the country, authorities are looking for greater back office collaboration – eg Hampshire CC hosts back office services for both Hampshire Fire and Rescue and Hampshire Police. HCC officers would be keen to assess if there are more likely to be greater efficiencies available by offering services to the Police to create even greater economies of scale, rather than disaggregating away from existing scale advantages.</p>
Contracts	0.229	0.573	Assumes 2-5% savings on contracts (joint value with Police)	<p>The stretch collaborative purchasing savings targets of 2% and 5% seem to assume that collaborative purchasing has not already been applied to some of the HFRS (and Police) spend. Generally, items such as fuel, uniforms, ICT, vehicles etc. have already been purchased through collaborative arrangements. There is no deep analysis of whether the prices currently being paid could benefit from further aggregation, nor any explicit recognition that there may be valid operational reasons for</p>

	Low £k	High £k	Summary of claim	HCC view
				<p>specifications e.g. for uniforms, differing between services, mitigating against benefits from aggregating the purchase.</p> <p>The category spend figures need to be validated due to apparent inconsistency. It is also assumed that these savings cost nothing to deliver i.e. no legal / negotiation time and cost. Wholesale re-procurement or negotiation across 15 categories of spend is not Business As Usual so would attract an additional cost. It also ignores the constraints of contract lengths, assuming that all contracts are up for almost immediate variation or re-procurement to deliver full benefits by 2019/20. This would seem unrealistic.</p>
Pensions admin	0.050	0.050	Join together police and fire pensions boards	<p>The cost of police pensions admin is £116k. The cost of fire pensions admin is less than £20k. Unless there are significant savings to be made in the costs of police pensions admin, then this savings figure appears to be overstated.</p> <p>Regarding the pensions board merger, HCC have investigated and found it was impractical, for example through variation in discretions policies.</p>

	Low £k	High £k	Summary of claim	HCC view
<b>Total</b>	<b>1.283</b>	<b>4.387</b>		
Capital receipts	3.9	12.5	Assumes 3 or 17 police/fire sites co-located and sites sold	See property maintenance comment above, plus HCC is currently progressing a number of rationalisation projects with HFRS to achieve co-location of HFRS functions. In some cases this involves the co-location of HFRS staff and facilities with HCC non HFRS functions, and will enable the realisation of capital receipts

### Appendix 3 – Detailed comments on assertions in the LBC

LBC Assertion	HCC view
<p>Improved public safety through collaborative training and joint operational activity, enabling better coordination and the streamlining of decision-making across the emergency services, improving response to road traffic accidents and other major inter-agency incidents.</p>	<p>HCC is fully supportive of collaborative training and co-ordinated joint operational activity with the Police. Such activity already forms part of HFRS’s current and agreed future activities.</p> <p>There is no evidence to suggest that a change of governance is necessary to further achieve against this work.</p>
<p>A better use of resources, such as a co-located control room and innovation through shared police and fire estates.</p>	<p>HCC is fully supportive of the better use of resources by collaboration.</p> <p>There is existing work already making good progress under the governance of the “Hertfordshire Property Forum”, which includes HCC, OPCC and the police. This Forum has representation from all public bodies in Hertfordshire to look at options to optimise estates and property use and related costs. This is also the governance being used to pursue our “One Public Estate” programme – Hertfordshire received a major government grant to continue pursuing these collaborative ambitions.</p> <p>There is no evidence to suggest that a change of governance is necessary to further achieve against this work.</p>
<p>Flexibility to determine the most financially beneficial option for back office services and corporate support, for example, vehicle maintenance.</p> <p>Enabling savings by collaborative procurement between</p>	<p>HCC are fully supportive in joint procurement and the use of whatever is the best “vehicle” in Hertfordshire for public services. As outlined in appendix 2 above, there are already examples of collaborative procurement in areas such as vehicles (We collaborate in procurement in many areas, including fire and rescue where our replacement fire engines are procured as part of a fire consortium). Hertfordshire County</p>



<b>LBC Assertion</b>	<b>HCC view</b>
<p>services, by maximising the collective buying power where operational requirements allow.</p>	<p>Council would welcome further work to see if there are additional aggregation or collaboration opportunities that could happen, and the merging of vehicle maintenance contracts with police rightly should happen if this makes sense.</p> <p>We are fully open to discussions in how to best deliver back office services across HCC and the Police. The proposals in the LBC for buy-back of support services also appears to be driven by the fact that the PCC does not have the capacity to deliver. Further work would be needed to ensure this is possible. Indeed, bearing in mind that the LBC seems to confirm the value for money that HCC can achieve through economies of scale, it may be worth seeing if HCC should offer support services across the wider PCC functions.</p> <p>There is however no evidence to suggest that a change of governance is necessary to achieve against this work.</p>
<p>Greater protection of the fire budget, meaning the taxes raised for fire are spent on fire, rather than being diverted to other services.</p>	<p>The raising of taxes to fund services is subject to political decisions through agreed democratic and statutory processes. The fire budget is, and will be, subject to a political process wherever the governance of the service sits. If HCC remain as the Fire and Rescue Authority then the budget for the service will be set as part of the Council's budget, through mature political processes involving Cabinet Panels, Cabinet, full County Council and the 78 elected members for Hertfordshire.</p> <p>If the PCC becomes the Fire Authority then one democratically elected politician will be responsible for setting the fire budget alone, without the political challenge and consensus that would occur within HCC.</p>
<p>Increased accountability from the public, with a directly</p>	<p>The 78 elected members of HCC are directly accountable to the residents</p>

<b>LBC Assertion</b>	<b>HCC view</b>
<p>elected person accountable for their actions.</p>	<p>of Hertfordshire through existing processes. Cabinet Panels, Cabinet and County Council decisions are made in public with agendas and papers published.</p>
<p>The creation of a unique identity for both services. It 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.</p>	<p>It is clear that the proposal is not a merger of the fire and police services, and is stated as such. The police (Hertfordshire Constabulary) and fire (HFRS) both have existing unique identities as they are separate services. It is not clear from the proposal what 'unique identity' will be created if the two services remain separate. An identity of for example 'Hertfordshire Police and Fire' creates a new identity, and would be unique, but such an identity infers that the police and fire services have merged.</p> <p>If as stated the two services are not merged and remain independent, then if the PCC becomes responsible for fire, one existing identity – that of the governing body – would change, but it is presumed that the major identity, that of 'Hertfordshire Fire and Rescue Service' would continue (and nothing in the proposal suggests otherwise).</p> <p>Notwithstanding this, if the PCC does become responsible for fire it is unclear how this creates a new identity for the Police, as there is no change to their governance and fire and police are not merging. It is indisputable that a change in governance for fire would create a new unique identity for the PCC, and the proposal talks about the creation of a 'Police, Crime and Fire Commissioner' for Hertfordshire. However there is no evidence to suggest that the creation of such an identity will result in improvements in economy, efficiency and effectiveness, or in public safety.</p>

## Appendix 4

### Issues that need to be addressed in concluding a 'Business Transfer Agreement'<sup>10</sup>

- i. **Asset condition:** The LBC proposes conducting an independent HFRS asset condition survey (it is silent as to whose cost this would be), which will inform discussions regarding the condition of estate and the transfer of capital funds;
- ii. **Reserves:** It is anticipated HCC (HFRS) will have general reserves to help cushion budget cash flows, avoid unnecessary borrowing and generally promote financial stability – again, subject to local negotiation;
- iii. **Outsourced back office:** the LBC asserts that 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. It further suggests discussions around what this agreement is likely to include: the fee, what services HCC would provide, what service level agreements (SLAs) would apply, how long the agreement would be in place for and the timetable for market testing/re-tendering;
- iv. **Contracts:** Discussions would include: the best approach 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. It also assumes a joined up approach in external communication and supplier management in order to ensure a smooth transition of contracts/spend, without impacting operational requirements;
- v. **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;
- vi. **Infrastructure:** The location of ICT servers and the continuation of the Universal Solution Project (aimed at moving certain administrative tasks to HCC IT so as to ease the burden on HFRS IT); and
- vii. **Estate access:** In particular four key considerations for land and buildings:
  - the ambulance service, which operates from 20 of HFRS venues;
  - touchdown sites for county council staff, including providing council systems to be accessed for workers to operate remotely;
  - the government project (funded by the Department for Digital, Culture, Media & Sport) to co-locate three libraries with fire stations; and

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<sup>10</sup> This list is based on the review of the LBC, there may be additional areas identified during detailed discussions and negotiation.

- the provision of office space in shared sites (eg at Mundells in Welwyn Garden City).

## Appendix 5: Glossary of Acronyms

BBFA	Better Business for All
CCSU	County Community Safety Unit
CIPFA	Chartered Institute of Public Finance & Accountancy
CLEP	Collaborative Law Enforcement Procurement
CPD	Community Protection Directorate (part of HCC)
CS	Children's Services
EEAS	East of England Ambulance Service
EqIA	Equalities Impact Assessment
HCC	Hertfordshire County Council
HFRS	Hertfordshire Fire and Rescue Service
HHSS	Hertfordshire Home Safety Service
JESIP	Joint Emergency Services Interoperability Principles
JPS	Joint Protective Service
LBC	Local Business Case
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
MOU	Memorandum of Understanding
OPALS	Older Persons Activity Learning and Safety
OPCC	Office of the Police and Crime Commissioner
PCC	Police and Crime Commissioner
PFI	Private Finance Initiative
SLA	Service Level Agreements