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NORTH WEST FIRE & RESCUE SERVICES / NW FIRE CONTROL LTD
COLLABORATIVE APPROACH TO PROVISION OF FIRE CONTROL
OUTLINE BUSINESS CASE

EXECUTIVE SUMMARY

Introduction

1. This Business Case will set out the strategic level reasoning for alternative options for the delivery of Fire Control services within the North West (NW). It follows on, and draws its content, from the previous Strategic Outline Case that was presented to North West Fire Authorities / Cumbria County Council throughout 2010 and early 2011. It has been updated to reflect the outcomes of negotiations with DCLG in regard to government subsidy to support a NW Fire Control and includes updated financial figures.

2. It will provide information to enable a strategic decision to be taken in regard to a potential approach to provision of a shared Fire Control facility within the NW and offer a recommendation. It will provide detail on costs and savings, risks and benefits and deliverability of a collaborative solution. It will also form part of the Project Initiation Documentation, alongside other key documents such as the Concept of Operations. The main document also provides a statement of principles and outlines a series of general assumptions that underpin the Business Case work.

Current Situation

3. The Business Case provides an overview of: current staffing levels, replacement cycle for existing systems and costs of current controls. The existing costs of control have been provided by FRS Finance Officers. An extract from the main document, showing annual costs in 2011/12, based on 2011 data, for current provision of control is shown below in Table 1. The detail shown in Table 2 provides a summary for the costs of existing control provision over a 12 year period. This detail is then used later in the document to compare against the equivalent 12 year period for the proposed collaborative project (based upon a three year project phase followed by nine years of operational activity).

Table 1

Provision of <u>Current</u> Control - Annual Costs for FRS (note 1)						
2010/11 Costs	GM FRS	Merseyside FRS	Cheshire FRS	Cumbria FRS	Lancashire FRS	NW Total
Based upon 2011 updated data	£2.4m	£1.4m	£0.99m	£0.59m	£1.35m	£6.73m

Table 2

Provision of <u>Current</u> Control – Projected Total Costs over 12 years 2011/12 – 2022/23 (note 1)						
12 year costs	GM FRS	Merseyside FRS	Cheshire FRS	Cumbria FRS	Lancashire FRS	Total
Projection based upon costs indexed up each year at 2.8%	£32.8m	£17.7m	£13.5m	£7.4m	£18.4m	£89.8m (note 2)

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Note 1: Costs exclude non cashable items such as some Management Costs, HR, Payroll time etc.

Note 2: The total cost of current control, shown for the 12 year period, does not include provision for existing system refresh or upgrade during the period. Actual current costs would be greater than shown above.

Options

4. The initial Strategic Outline Case assessed four main options:
- Option 1a. A single collaborative Fire Control facility at Lingley Mere (with no DCLG funding subsidy).
 - Option 1b. A single collaborative Fire Control facility at Lingley Mere (with DCLG subsidy to offset project costs, system procurement, estate and lease costs).
 - Option 2. A single collaborative Fire Control facility at a new site with no DCLG funding subsidy.
 - Option 3. A dual centre facility using two existing sites without DCLG subsidy.
5. The options outlined above were presented to CFOs and FRA senior members at a series of presentations throughout 2010 and a decision was made to progress further detail on the recommended option, Option 1b. This option was then developed and became the basis for the formal funding request made to DCLG. The detail in this Business Case now includes the agreed subsidy that DCLG have offered to support the NW project, based upon the use of the Lingley Mere site.

DCLG Offer of Funding

6. The DCLG has written to the NW in response to our funding submission and the Department has agreed to provide subsidy to support the project as shown in the bullets below. This offers the benefits of the existing building for a very attractive price and delivers significant savings to the NW FRAs / Cumbria CC.
- Project Delivery. The provision of £9.8m of funding in 2011 and 2012 to cover costs of project set up (system costs, re-structuring costs and project costs (staff and operating funding)).
 - Estate Costs. An agreement to continue to meet all costs of the existing facility at Lingley Mere until Go Live and a long term subsidy of 66% of the lease until 2033 (a total estate subsidy of £26.94m).
 - Legacy Assets. The subsidy includes the provision of legacy assets including a SAN-H for data integration and control centre furnishings (an additional cost avoidance of approximately £1.25m).

Benefits.

7. The Business Case outlines the benefits that are expected by the introduction of a single site Fire Control facility at Lingley Mere, using the subsidy offered by DCLG. These benefits include improvements to the following areas:
- Efficiency and Savings (e.g. substantial revenue savings and cost avoidance).
 - Resilience (e.g. building infrastructure resilience and staffing capacity within a single control room)
 - Operational Improvement / Interoperability (e.g. technological advances such as data integration, automatic vehicle location and caller identification; visibility of all available resources including cross border)
 - Corporate / Business benefits (e.g. income generation opportunities and stretch potential for other FRS in future; real estate benefits to NW FRS)

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Financial Case

8. The Financial Case is one of the prime drivers for change, as each FRS seeks to manage their budget reductions over the next two years and plan for uncertainty in the following years. Delivery of a collaborative Control function, as recommended in this Business Case, provides opportunity to make cashable savings in the final year of this CSR as well as provide substantial cost reduction to the FRAs in the future as the requirement for capital investment in new control room technology and infrastructure (refresh and replacement) will be reduced and also shared across the collaborative group.

9. The production of a detailed financial appraisal covering the project phase (2011/12 to 2013/14) and the first nine years of operation (2014 onward) has been completed (Appx 1 to main document). The information within the financial appraisal has been subject to rigorous review by NW FRS Finance Officers and a full verification exercise from Risktec Solutions Ltd, an external company who have been providing independent advice and assistance during the work. The financial appraisal uses an apportionment model developed by the NW Finance Group for the allocation of costs and identification of savings for the period from 2014 onward, once operational.

10. The Business Case provides a summary of costs and savings for the provision of a shared Fire Control facility at Lingley Mere using the agreed DCLG subsidy. Table 3, below, provides a summary of total costs for the NW during the project delivery phase and the operational costs in the first two years following 'go live' and then a summary total for the full 12 year period. There is no requirement for FRA funding expected in 2011/12 or 2012/13 and the first planned requirement for FRA funding is in 2013/14 as the new organisation commences recruitment and preparations are made for Go Live.

Table 3

Extract from 'Summary of Total Cost – Option 1b Shared Fire Control at Lingley Mere						
	Project Phase (estimated at 2.5 years for delivery)			Operational Year 1	Operational Year 2	Total Cost over 12 year period
	2011/12	2012/13	2013/14	2014/15	2015/16	2011 - 2023
Option 1b (includes DCLG subsidy)	£0.0m	£0.0m	£1.24m	£4.47m	£4.95m	£50.5m

11. The following detail shown in Table 5 provides an overview of the estimated savings; figures are based upon Option 1b estimated costs over 12 years compared against the existing costs of current control over the same period. Figures in brackets reflect set up costs not savings.

Table 5

Estimated Savings on Current Costs per FRS based upon Option 1b						
FRS	Project Phase (estimated at 2.5 years for delivery)			Operational Year 1	Operational Year 2	Total Saving over 12 year
	2011/12	2012/13	2013/14	2014/15	2015/16	2011 - 2023
GM FRS	(£0.0m)	(£0.0m)	(£0.48m)	£0.82m	£0.70m	£6.0m
Merseyside FRS	(£0.0m)	(£0.0m)	(£0.27m)	£0.40m	£0.33m	£2.8m
Cumbria FRS	(£0.0m)	(£0.0m)	(£0.076m)	£0.30m	£0.29m	£2.6m
Lancashire FRS	(£0.0m)	(£0.0m)	(£0.25m)	£0.54m	£0.48m	£4.3m
Cheshire FRS	(£0.0m)	(£0.0m)	(£0.17m)	£0.44m	£0.40m	£3.6m

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Note: The end column shows total savings based upon total accumulated savings from Year 1 (2014/15) until Year 9 (2022/23) minus the initial set up costs in 2011/12 through to 2013/14. Savings shown do not reflect potential non cashable savings nor do they show the additional savings possible due to FRAs not requiring capital spend on existing systems over the 12 year period.

Procurement, Project Management & Risk

12. The Business Case provides details on the considerations made in regard to procurement activity and project management. It presents the potential options for a procurement route, which are currently being assessed. It highlights the key principle that the procurement must deliver a system based upon proven technology, evidenced in an existing Fire Sector operating environment. The procurement costs for the mobilising system and associated hardware / software have been included within the DCLG subsidy.

13. A High level Activity Schedule has been developed and is attached to the Business case; this estimates the Go Live date in the final quarter of FY 2013/14, with an assumption that formal project approval is forthcoming during Sep / Oct 2011.

14. The Business case provides detail on the project governance structure and the associated expected costs of a project team. DCLG have agreed to provide a subsidy of £2.3m towards these costs. This will meet the costs of a dedicated project team based upon the existing NW Project / LACC costs plus additional salary and oncosts for five or six additional specialist project team members.

15. A Joint Working Agreement has been developed that will support the Business Case and provide further detail on governance arrangements, liabilities and obligations for each FRA.

16. The project will be subject to routine project risk management and a NW Fire Control Risk Register has been created. The Business Case provides a summary table showing the key risks, extracted from the Risk Register, that require consideration as part of the decision process for the project agreement.

Summary of Findings

17. The 'Plan B' development work that has been in progress since early 2010 draws the conclusion that there are significant benefits available if FRAs are willing to collaborate and pursue a shared control facility, taking advantage of the substantial Government subsidy on offer. The Financial case is very compelling and is supported by the potentially significant operational, technological and corporate benefits that are achievable.

CONTENTS

This Outline Business Case comprises a main document (17 pages) and four Appendices; detailed content as follows:

Outline Business Case – Main Document			
Pages	Section	Sub Title	Overview
1	Aim		
1 & 2	Strategic Context	Strategic Context	This provides background information, on the project and explains the current position.
2	Base Case	Strategic Reasoning	This provides additional background information for reference.
2 & 3		Statement of Principles	This outlines a number of key principles that underpin the work.
3 & 4		General Assumptions	The various assumptions that have been used to develop the case are stated.
4		Current FRS Controls – Staffing	These sections on Current Controls provide an overview of current staffing across the region, current costs of control and information on replacement cycle for existing systems.
4, 5		Current FRS Controls – Costs	
5		Current FRS Controls – Current Technology & Replacement Schedule	
6 & 7		Options / Options Appraisal Introduction	This introduces the Options Appraisal work and provides an outline of the options proposed for consideration; it then focuses on the recommended option and summarises the key points
7, 8 & 9		Options - Key Areas to Note	
9 & 10			Benefits
11,12 & 13	Financial Case	Cost of providing an alternative solution	This section covers the cost of providing an alternative solution, showing costs for the recommended option. It also provides a comparison against current costs to provide an indication of potential savings.
13 & 14	Procurement		This area provides an overview of the options for procurement and makes a recommendation
14	Project Management / Achievability	High Level Activity Schedule	This section primarily focuses on project planning and timelines; it provides detail on project governance structures
14 & 15		Project Governance	

15 & 16		Risk Management	This section provides a summary of key risks that are considered relevant for decision making.
16 & 17	Summary of Findings	Summary of Findings & Next Steps	The final section summarises the key points and outlines the next steps in the approval process
17	References & Appendices		
Appendices			
Appx 1	NW Fire Control Contingency Plan – Financial Costing (12 year plan)		An Excel workbook comprising 3 pages: Summary of Assumptions, 12 year costing for Option 1b (the recommended solution that has been endorsed previously) and Amendments page
Appx 2	Options Appraisal Summary & Options Appraisal		A single summary page, colour coded benefits / disadvantages followed by a tabular format Options Appraisal for each of the three options considered during the SOC development
Appx 3	High Level Activity Schedule (HLAS)		A copy of the HLAS that outlines the high level project plan and timelines
Appx 4	Project Team Transition Plan & Costs		A single sheet showing possible transition of existing project team into a new team with costing

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AIM

1. This Business Case will set out the strategic level reasoning for alternative options for the delivery of Fire Control services within the North West (NW). It will provide information to enable a strategic decision to be taken in regard to a potential approach to provision of a shared Fire Control facility within the NW and offer a recommendation. It will also provide the base case document for any future Project Initiation Documentation.

STRATEGIC CONTEXT

2. The FiReControl project aimed to deliver nine networked Regional Fire Control Centres. The FiReControl Business Case (Reference A) provided detail on the economic case for the national project. However, the project was subject to significant delay and cost overrun; consequently the new Coalition Government reviewed the project during 2010 to ensure that the main IT systems contractor EADS Defence & Security (now trading as Cassidian) could still deliver "to Time, to Cost and to Quality". On 20th December 2010 the Fire Minister announced to Parliament that he had terminated the contract with Cassidian by mutual agreement and decided to close down the project. The reason was that the contractor could not meet the requirements of the project within an acceptable time frame.

3. Prior to this termination decision, as the risk to the FiReControl project increased, a NW contingency planning group commenced working on 'Plan B' options. Also in 2010, the Fire Service Management Committee (FSMC) within the Local Government Association (LGA) recommended that alternative options were explored and Chief Fire Officers Association (CFOA) stated that 'Plan B' options should be considered. In early 2010 NW Chief Fire Officers (CFOs) indicated¹ that they wished to explore options for the provision of a collaborative solution within the NW in the event of project failure. An initial piece of work was presented to `Chiefs` on 05th May 10 that provided indicative costing for the provision of a shared Fire Control solution as a contingency plan should DCLG terminate the project. This piece of work (Reference B) was based on assumptions that DCLG may provide some subsidy which would possibly include such things as funding to offset the lease payments for the buildings and new burdens cover for appropriate re-structuring costs.

4. CFOs were keen to develop this work further; to define more accurate costs and draw out potential risks and benefits for a range of options in order that an informed decision could be taken to determine whether such a contingency plan was viable. If it was deemed viable, the CFOs would then be in a position to discuss it further with their Fire Authorities to determine the appetite for a potential collaborative solution should it be required / desired.

5. A Strategic Outline Case (SOC) was produced in July 2010 that explored the potential costs, benefits and risks for these options. It stated overarching principles and assumptions and considered the potential timeline for a NW project. The SOC was further developed in 2010 and was used to brief the CFOs and FRAs / Cumbria County Council and used as the basis for discussions with DCLG regarding potential subsidy for any NW project.

¹ NW CFOs meeting 25th Feb 2010

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6. This Outline Business Case follows on, and draws its content, from the SOC and its supporting Appendices; it has been updated to reflect the outcomes of negotiations with DCLG in regard to government subsidy to support a NW Fire Control. The Business Case is an iterative document that has been developed over time; refinements to detailed costs and subsidy have been made as more accurate information has been made available and it has taken into account the information contained within the Concept of Operations, which is another key document that will form part of the Project Initiation Documentation.

THE BASE CASE

STRATEGIC REASONING

7. Since the publication of the Holroyd Report² in 1970 there have been a number of other reviews and reports assessing the benefits of combining controls to achieve cost savings and to improve efficiency. These studies included an Audit Commission report³ that focused on Value for Money and a Home Office sponsored study in 2000⁴ that recommended FRAs work together to eliminate small controls and to cooperate to create larger Fire Controls or combined controls. The North West “Best Value” review in 2000⁵ (Reference C) suggested that collaboration between Fire Authorities to provide larger control rooms is likely to yield economic benefits and that “a regional control is a goal worth pursuing, once the public sector radio system is in place”.

8. Further studies⁶ took place between 2002 & 2008 and many of the recommendations and points made in these and the previous reports remain extant. The potential benefits under consideration, for undertaking a collaborative approach, include: financial efficiencies in staffing, systems & estate costs (a mix of cashable and non cashable savings); the ability to develop new T&Cs and embrace new culture; drive through potential convergence of operational activity and to create an organisation that provides future benefits for other collaborative activity.

9. This section will outline these options, state relevant assumptions and include a high level cost benefit analysis and an options appraisal that will assess benefits that may be realised and highlight risks.

Statement of Principles

10. The following key principles underpin the work in this document:

- *The overriding principle is that any solution must be cost effective and introduce savings as well as other benefits;*
- *Minimise project risk by using a proven technical system which must deliver a technical; platform and capability that is at least as good as existing mobilising systems;*
- *The use of modern, efficient and viable T&Cs and rosters should be incorporated;*
- *Statutory Duty remains with FRAs so any system must be able to adjust for variations in IRMPs, although effort would be made to achieve common ground where possible;*
- *Continue the momentum of convergence, collaboration in Ways of Working (WoW) and Procedures etc to drive further operational benefits and efficiencies.*

² Report of the Departmental Committee on the Fire Service 1970 (Holroyd Report)

³ Audit Commission “In the Line of Fire” dated 1995

⁴ Mott McDonald studies: 2000 & 2003

⁵ North West Fire Brigade Control Room Fundamental Review Group Report 09/2000

⁶ 2002 Bain Review ‘The future of the Fire Service, Reducing Risk & Saving Lives’; The Fire & Rescue Services White Paper 2003 and Sir Ken Knights review ‘Facing the Challenge’ 2008

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- *Any solution must offer a satisfactory level of operational resilience and fallback;*
- *Minimise duplication;*
- *Recognise existing investment cycle and different FRA positions;*
- *Minimise compulsory redundancies where feasible.*

11. The requirement, as stated by CFOs, is to develop a workable and cost effective solution to provide a Fire Control facility within the North West. The options proposed in this paper all assume that the NW FRAs will continue to use the existing provisions of NW Fire Control Ltd as a vehicle to enable the governance and financial management of a solution⁷. This would also realise added value and economy / efficiency by adopting many of the FiReControl project deliverables that have been planned within the NW such as a “lean” approach to staffing (based upon Demand Led Rostering principles) and a desire to develop new Terms & Conditions rather than maintaining Grey or Green Book conditions. It would also allow the NW FRAs to operate an existing ‘trading’ company that could be used to generate income opportunities⁸.

12. This document has been developed under direction of CFOs with detailed input from the NW Project Board ‘Plan B’ group, NW Regional Project team and it has had input from FRS Finance leads. In addition, Risktec Solutions Ltd was contracted in 2010 to provide independent verification, advice and assistance and they have produced a formal Verification report (Reference D) issued to provide confidence to the work undertaken. FRA Chairs, Vice Chairs and Leaders of Opposition have also received detailed briefings on the content outlined within this Business Case and indicated their ongoing support to the work.

General Assumptions

13. The following General Assumptions have been applied during the development of this Business Case:

- *Existing governance arrangements will be maintained (i.e. retain NW Fire Control Ltd).*
- *Staff adopt NW Fire Control Ltd T&Cs & demand led rosters.*
- *FRS remain responsible for their Firelink / Airwave costs but the Business Case assumes that the DCLG contracted provision of integration into the Airwave network via provision of a SAN-H is still available for installation at a NW collaborative solution (note this is confirmed in DCLG formal offer of subsidy);*
- *Security requirements reduce as the solution would no longer be part of a national network solution; albeit may remain part of CNI (but at a lower category level);*
- *Station End Equipment is suitable for use either using new equipment if rolled out or using existing hardware if suitable. Upgrades & necessary costs fall to individual FRS;*
- *The forthcoming National Address Gazetteer and the associated Public Sector Mapping Agreement will be adopted as the Corporate Gazetteer;*
- *Additional resources / assistance from FRS is likely to be required to support a centralised regional project team and also for such things as Data Migration & WoW;*

⁷ CFOs meeting May 2010 directed that work should be based upon the existing LACC arrangements and should assume staffing model as per NW Fire Control Ltd existing work; this was endorsed by FRA Chairmen at meetings in Dec 10 and Jan 11.

⁸ Early Business Development scoping work has identified potential opportunities to gain income from initiatives such as: sub letting office space and car parking, provision of Business Continuity fallback for 3rd party users and also possible rental of space in the secure server room.

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- *The NW FRS will seek to continue with the convergence work, aiming to try and rationalise different activity and terminology (e.g: Incident types, PDA) but noting that some variation will still be likely and the technical solution must allow for such flexibility.*
- *FRS maintain requirement for Data Management at local level, in addition to any centralised data staff in the Fire Control facility. Provision of FRS based data staff remains an FRS responsibility but staffing within the Fire Control facility and procurement of a suitable system that connects with the main technical solution is included in the collaborative solution costs.*

CURRENT FRS CONTROLS

14. **Staffing.** Each FRS employs control staff within the five existing control rooms, four of the control rooms are contained within their Service HQ buildings and one (Merseyside) is based at a separate location. The staff numbers vary and are subject to change; most FRSs are reviewing their current staffing arrangements (numbers, shifts, etc) and therefore existing staffing will reduce. However, for comparison, the current staffing figures provided to the NW project team indicate the following levels of control staff across the region:

Table 1 (figures based upon information provided by FRS in June 2011)

	Cheshire	Cumbria	GMFRS	Lancashire	Merseyside
Total Staff in scope for TUPE (Note 1)	24.75	15	63	39	44.4
Total for NW FRS	186 (Note 2)				

Notes:

1. These totals do not include the planned reductions yet to be achieved during 2011/12.
2. The figure used in the Strategic Outline case was 194 staff (as at Mar 2010)

Costs.

15. The SOC financial case produced in 2010 was initially based upon information provided by FRS for their current costs of control (as at 2006/07 uplifted by RPI to 2010/11 costs). The figures used had been scrutinised via external audit in 2009 so were considered very accurate at that time. They were then further reviewed by the NW FRS Finance Officers in late 2010 and early 2011 and a new set of existing costs (2011 data) was then produced. The SOC also provided information on potential non cashable savings linked to management costs; these are shown in Table 2 for information.

16. These latest 2011 costs of current control take account of the planned reductions due to occur in various FRAs in 2011/12. FRS Finance Directors have approved these figures and they have now been used as the basis for calculating current cost of control in the financial spreadsheets at Appendix 1. These spreadsheets provide an overview of each FRS current costs over a projected 12 year period (assuming 2.8% RPI uplift per annum – less salary costs which are assumed as zero throughout the CSR period). The 12 year projection in Appendix 1 is summarised in the Tables below.

- Table 2 shows the current annual costs per FRS; the highlighted row outlines the costs that can deliver cashable savings. The second row shows additional costs such as management / administrative overheads that may deliver some non cashable benefits.
- Table 3 provides a projection of current costs using the 2011 data but uplifted by RPI to produce current costs of control in 2014/15 (first year of operation).
- Table 4 provides a projection of control costs spread across the next 12 years; the highlighted row uses the latest 2011 data which is then uplifted by 2.8% RPI to forecast the full period (note: salary costs are assumed as fixed for the CSR period and have therefore not been subject to any indexation).

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Table 2

Provision of <u>Current Control</u> - Annual Costs for FRS as at 2011/12						
2011/12 Costs	GM FRS	Merseyside FRS	Cheshire FRS	Cumbria FRS	Lancashire FRS	NW Total
Based upon updated data in 2011 (Note 1) (Note 2)	£2.4m	£1.4m	£0.99m	£0.59m	£1.35m	£6.73m
Additional Management Costs (Note 3)	£0.44m	£0.20m	£0.11m	£0.00m	£0.16m	£0.91m

Table 3

Provision of <u>Current Control</u> - Annual Costs for FRS at 2014/15 rates						
2014/15 Costs	GM FRS	Merseyside FRS	Cheshire FRS	Cumbria FRS	Lancashire FRS	NW Total
Based upon updated data in 2011 indexed forward to 2014/15	£2.55m	£1.37m	£1.0m	£0.57m	£1.43m	£6.96m

Table 4

Provision of <u>Current Control</u> – Projected Total Costs over 12 years <u>2011/12</u> – <u>2022/23</u>						
12 year costs	GM FRS	Merseyside FRS	Cheshire FRS	Cumbria FRS	Lancashire FRS	Total
Based upon updated data in 2011 (Note 4)	£32.8m	£17.7m	£13.5m	£7.4m	£18.4m	£89.8m

Notes:

- These updated costs provided by FRS include estimates for Staffing, Accommodation, Infrastructure and other costs. They exclude a provision for Management Costs (ie: proportion of admin time for such things as payroll, finance, HR & other corporate costs as well as element for management time) which may not be realised.
- All figures reflect the planned expenditure for 2011, taking account of planned reductions in staffing e.g Merseyside planned staff reductions from 40 to 30.5 pax and GMFRS plans to scale down their control from 63 to 40 are all accounted for in these costs.
- The Management costs were included in the original figures, for costs of control, provided by FRS in 2006/07. These figures were then indexed upward to 2011 and show potential Non Cashable Savings that may be achievable for areas such as payroll, finance, HR & management time.
- These figures do not include costs for upgrade / refresh of existing systems which will in reality increase these figures over the 12 year period.

Current Technology & Replacement Schedule

17. The following table indicates the current control room mobilising equipment with procurement dates and current planned refresh dates:

FRS	System	Procurement Date	Refresh Date	Estimated Costs
GM	Motorola	1999	2014 /15	£300k+ upgrade £1m+ replacement
Lancashire	3TC	1995	2014 /15	£800k + £200k integration
Merseyside	Fortek Vision	tbc	2010/11	£195k upgrade
Cheshire	Fortek Vision FX	2009	2016	Approx £500k in 2009
Cumbria	Fortek	2000	2010	£350k replace (est)

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OPTIONS

18. A Strategic Options Appraisal was conducted and included within the SOC; this outlined three possible options for consideration. The option of maintaining the status quo (current 5 FRS controls) remains but is not included in the appraisal. The covering summary sheet at Appendix 2 provides a comparison (via coloured table) of the key benefits and disadvantages of each of these options. It excludes any benefits and disadvantages in terms of cost factors; these are included in the 12 year Financial Plan.

19. The Options considered include the following:

<p>Option 1 – Fire Control facility at Lingley Mere with or without funding</p> <p><i>Pursue NW collaboration at existing site with either no funding of substantial funding.</i></p>	<p>Option 2 - Fire Control facility at New Site without DCLG funding</p> <p><i>Pursue NW collaboration with no support from DCLG and move to new site</i></p>	<p>Option 3 – Dual Centre facility using two existing sites without DCLG funding</p> <p><i>NW Collaboration based on two existing sites; no DCLG funding.</i></p>
<p>Option 1a – Worst case (No funding)</p> <p><i>Discounted due to excess costs versus Option 1b or 2</i></p>	<p>Option 2a – Use New regional site</p>	<p>Option 3a – use two existing sites</p>
<p>Option 1b – Best Case (DCLG provide funding to offset costs of project set up, system purchase, redundancy & contribution to lease / Estates costs)</p>	<p>Option 2b – Use existing FRS control or FRS real estate <i>Not considered in detail</i> as assumes this would be explored only, if FRAs determined that Option 2 was viable</p>	<p>Option 3b – use two new sites</p> <p><i>Discounted due to excess costs versus using 3a - existing FRS locations</i></p>

Options Appraisal – Introduction

20. The options outlined above were presented to CFOs and FRA senior members at a series of presentations throughout 2010 and a decision was made to progress further detail on the recommended option, Option 1b. This paragraph will explain the assumptions for each of these as follows:

- **Option 1a.** Both Option 1a and 1b assume the use of the existing building at Lingley Mere. However, Option 1a assumes no subsidy from DCLG and is useful as a benchmark against other options. It still offers significant benefits in terms of a purpose built, resilient site with stretch potential for other uses (regional activity and income generation) but comes at a cost – although it remains cheaper than maintaining the current 5 controls. This option was discounted as the costs were excessive.
- **Option 1b.** This includes the agreed subsidy that DCLG have offered to support the NW should a decision be made to pursue this option. The subsidy includes the provision of £9.8m of funding in 2011 and 2012 to cover costs of project set up (system costs, restructuring costs and project costs (staff and operating funding) plus an agreement to continue to meet all costs of the existing facility at Lingley Mere until Go Live and a long term subsidy of 66% of the lease until 2033 (a total estate subsidy of £26.94m). It also includes the provision of legacy assets including a SAN- H for data integration and control centre furnishings (an additional cost avoidance of £1m+). This offers the benefits of the existing building for a very attractive price and delivers significant savings to the region. – **Recommended option**
- **Option 2a.** This assumes that a Control Centre is established on a new single site, in a building that is smaller than the Lingley Mere site and suitable for a 25 seat control room. The costs associated with this option have been based upon actual rental and Facilities Management quotations and associated costs for rates etc. It offers substantial savings, although less than Option 1b.

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- Option 2b. This option is only relevant if Option 2a was considered viable; it considered the potential for a single site control facility to be based upon an existing control room. Limited work was done on this option, as it was proposed in the SOC, that further detail on this would be worked up if Option 2 was considered the preferred route.
- Option 3. This option looks at the potential use of two sites within the region with the calls from 3 x FRAs being handled by one centre and 2 x FRAs being handled at the other centre. The option of two new sites has been discounted as the costs would be prohibitive. Therefore, this option assumes the use of GMFRS and Merseyside existing control facilities but replacing the existing mobilising system in GMFRS with the same system as in use at Merseyside. This option incurred greater cost than Option 1b or 2 due, primarily, to the fact that a greater quantity of staff would be required.

KEY AREAS TO NOTE

Resilience / Fallback.

21. It is assumed that primary resilience will be provided via a secondary control site that would be available for staff to evacuate to, with an interim arrangement with a partner to handle the calls during the period required to establish the secondary site. The option that has been costed within the 12 year financial plan (Appendix 1) includes the use of a SunGuard emergency site that offers dedicated 15 seat operator facility, back office workspaces, Telephones (with ACD), same mobilising system as the main control facility, backup server, data connectivity to the primary control centre plus FRS HQs. It is possible that costs could be reduced if arrangements could be made with either Merseyside / GMFRS to use their existing control rooms as the secondary site, assuming they were not using the facility for other requirements and assuming the likely charges were competitive.

Planning / Technology.

22. The proposed technical solution has, for planning purposes only, been based upon a single supplier's (Fortek) 'soft market quote' which was then compared against an indicative price for a regional solution from another supplier (3TC). Therefore the degree of confidence in the costs are fairly high but cannot be guaranteed. The predicted costs used within this Business Case have been based upon cautious estimates, aiming to de-risk any potential for cost overrun and include an element of contingency. It should also be noted that until a firm system specification is drawn up it is difficult to determine supplier availability. However, there is a developing wave of interest from the potential suppliers in the NW collaborative work and it seems likely that any NW procurement will be ahead of other regional / FRS activity (less for LFEPA who have already commenced their procurement for a new system). A market engagement strategy is underway to gather business intelligence from the key suppliers and thus far suppliers have indicated that they would be attracted to the NW work due to the scale of the collaboration and subsequent size of system. It is assessed that the suppliers would be willing to discuss favourable terms in order to utilise any NW solution as a reference site for future work of a similar size and collaborative nature.

People.

23. The greatest cost within each of the options is the financial cost of staffing; the financial model uses known costs and assumes zero pay inflation across the forthcoming CSR period. The general assumption used throughout is that the existing staffing model and rostering proposals (demand led, annualised hours) designed for NW Fire Control Ltd by Workplace Systems Ltd will apply. This results in significantly more efficient staffing than existing control rooms currently use. The work was based upon the 2005/06 call volumes but recent modelling work has been completed using the latest 2010 call data (a reduction of 20% in emergency calls). This provides added resilience to staffing numbers during the important period covering transition and the early period of operation and indicates potential for further savings once firmly in steady state.

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24. The options appraisal also exposes additional areas of risks / benefits between options in regard to People. The primary areas to note are the political dimension such as the appetite from FRAs to pass their calls to a single new site on 'neutral ground' versus the handover of control handling to existing organisations such as GMFRS and Merseyside; the challenges of adopting new T&Cs (to drive the efficiencies in rosters) and the likely risks of legal challenge and resistance from Representative Bodies. In sum, there are perceived benefits in transferring staff to a new 'fresh' organisation and delivering new ways of working / rosters and T&Cs rather than attempting to drive through the change within existing FRSs.

Governance / Legal.

25. The assumption used and subsequently agreed by CFOs and FRA Chairs / Vice Chairs is that the existing governance arrangements (NW Fire Control Ltd) remain in place. This recognises the benefits of having an independent (but FRA owned) organisation which, to an extent, de-risks some of the potential political issues in regard to statutory duty. It also offers potential advantages for other collaborative / sharing of services requirements in due course. It also provides a separate 'trading mechanism' for delivery of income generation in future. It is envisaged that NW Fire Control Ltd will be the contracting body with any supplier and that Service Level Agreements / contracts will be established between each FRA and NW Fire Control Ltd in regard to the provision of the emergency call handling, mobilising and dispatch service. This SLAs / contracts will be linked to an agreed form of performance standards.

26. A Cost Apportionment model, that enables an equitable and fair sharing of costs (and future income) has been developed by FRS Finance Officers and endorsed by CFOs as a recommended solution pending FRA approval. This model has been used to determine the financial projections shown in Appendix 1. The model is based on a split of the projected future costs of the new control into the functional areas shown in the financial Projection (Employees, Facilities, Operating Costs & Technical Costs). An apportionment was then allotted against each of these sub headings based upon different methods that were deemed most suitable. These were: Employee costs – based upon % share of call volume; Facilities – based upon the existing proportionate share of costs of current facilities; Operating Costs and Technical costs were split equally between five (20% share). These were then used to produce a compounded percentage apportionment for each FRS.

Public Safety.

27. As stated in the principles, the Statutory Duty will remain with FRAs *'to make arrangements for dealing with calls for help and for summoning personnel'*. Any solution must ensure that public safety is not jeopardised and appropriate arrangements must be in place to allow for variations in IRMPs, Ways of Working, Operating Procedures and accurate data management. This will require support, assistance and close engagement from FRS management and staff to ensure successful transition. As stated in the Concept of Operations, the aim is for the NW FRS to adopt some level of convergence in operational procedures and activity and therefore seek to rationalise activity. However, the technical solution requirement will ensure that the mobilising system will be flexible enough to allow specific variations in line with individual IRMPs where necessary.

28. The benefits, of introducing a shared control facility, include the ability to have visibility in a single control centre of all available resources including cross border assets. This will allow allocation of the nearest available resource, particularly for life threatening incidents, across FRS borders which may speed up response to such incidents and improve public safety.

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Political.

29. This is one of the key factors, as the political will to pursue a collaborative option is the decisive factor. Whilst it is likely that any significant cost savings may assist the political decision making, there will remain other local factors which will need consideration. These include: local 'agendas', appetite for redundancies, investment requirements in existing control rooms / systems and considerations on financial savings. However, the benefits outlined in this Business Case, in terms of financial efficiencies and savings, operational and resilience benefits and corporate / business benefits are considered very powerful and persuasive arguments. The strength of the NW Business Case has been recognised by Government and has resulted in DCLG and HM Treasury making a formal offer of £36.7m funding to support a NW project as recommended in this Business Case (Option 1b).

Infrastructure

30. The existing Fire Control facility at Lingley Mere is a purpose built, resilient and secure building and has stretch potential. It also offers potential for income generation (it has already attracted interest from external organisations who wish to potentially rent office space in the building and car parking space outside). However, the building is expensive, the lease is higher than the market standard and the associated costs (Business Rates, Utilities, existing Facilities Management costs) are high end. To balance this, any organisation or region that seeks to use the existing RCC buildings offers DCLG a way out of their 25 yr lease arrangement and this has provided a significant opportunity for the NW. DCLG have made their offer of subsidy to support this Business case, based upon the use of the existing Lingley Mere site. This offer, which includes a substantial subsidy towards the building (£26.9m) over the duration of the lease, means that the use of the existing site becomes a very attractive option, both in terms of financial savings and also as a facility.

31. The move into a new single site control facility will ease pressure on the existing FRS estate and allow individual FRS to realise benefits from the space used by their existing control rooms. FRAs will also be able to consider the benefits of a reduction in their capital reinvestment for their own existing control systems which will no longer be necessary if a shared facility is adopted.

BENEFITS

32. The recommended option, to pursue a single site facility at Lingley Mere using the subsidy from DCLG to support the project offers the following benefits:

Efficiency & Savings.

- There is a clear financial case that offers economies of scale in staffing, systems and estate costs that will drive efficiencies and savings for Local Government and the Taxpayer.
- It is anticipated that the move to a single control will also create opportunities to deliver further efficiency and cost avoidance through FRS collaboration and shared activity.

Resilience.

- The project will deliver improved resilience in two key areas; the building infrastructure, which given its highly specified design in line with the requirements from the Centre for the Protection of National Infrastructure mean it is very unlikely to suffer extensive business disruption. Notwithstanding this, the project is still planning to deliver a secondary back up site to move to, should the building suffer a catastrophic failure. There will also be a requirement to establish suitable partnership arrangements with another large Control Centre to cater for serious spate conditions (i.e: large scale flooding) and to cover any requirement to move to the secondary site.

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- A move to a single control will increase the capacity available within the control room; by bringing greater numbers of staff into one centre and will ensure that the number of staff available on shift is increased significantly. The Business model for NW Fire Control Ltd envisages between 12 and 15 staff on duty at any one time with additional staff on call, which will provide inherent resilience should a large scale incident develop in one area.

Operational Improvement / Interoperability.

- One of the key principles outlined in the Statement of Principles is to use proven technology in order to reduce project risk. It is therefore expected that the system will provide advances to current NW systems as shown in the Benefits table below.
- The introduction of a single centre that provides mobilising for a group of FRS will allow visibility of all available resources including cross border. This will allow allocation of the nearest available resource for agreed incident types such as Persons Reported.
- The project will require FRS to adopt some level of convergence in operational procedures and activity which should improve interoperability, whilst maintaining flexibility to allow specific variations in line with individual IRMPs

Benefits Table.

- The following table, extracted from the Concept of Operations document, outlines the expected benefits in technology / operational improvement:

	LANCASHIRE	MERSEYSIDE	CHESHIRE	GREATER MANCHESTER	CUMBRIA
STATUS	IN PLACE			IN PLACE	
MOBILE DATA TERMINAL INTEGRATED TO AIRWAVE	IN PLACE				
USE OF TALK GROUPS/ CCI PORTS	IN PLACE				
DYNAMIC MOBILISING		IN PLACE			
AUTOMATIC VEHICLE LOCATION		IN PLACE			
MOBILE PHONE CALLER IDENTIFICATION		IN PLACE	IN PLACE		IN PLACE
PREMISE- BASED MOBS GAZETTEER		IN PLACE	IN PLACE		
INTEGRATED GIS	IN PLACE	IN PLACE	IN PLACE		IN PLACE

KEY



Technology currently available in FRS



Technology likely to be achieved

Corporate / Business Benefit.

- It is known that there will be income generation opportunities by making full use of the resilient building and site e.g: sub let parts of the building to organisations and/or Blue light services that wish to share the building therefore sharing the running costs further enhancing the business case
- There is possible stretch potential to provide control services to other FRS in the future and therefore increase revenue further to reduce costs.
- The adoption of a single control function will also enable the five FRS to achieve real estate benefits, either by releasing locations for other use or relieve some pressure on already overstretched site.

FINANCIAL CASE

Cost of Providing an Alternative Solution

33. As stated in the Statement of Principles; one of the key drivers will be the cost of the project and potential savings. The production of a detailed projected financial appraisal covering the period of project set up and 9 years of operation has therefore been completed. The resulting 12 year plan (3 years project delivery and 9 years operational costs) is attached at Appendix 1. The detail in this plan has included an annual uplift of RPI (2.8%), less for staffing costs which assume zero pay inflation over the forthcoming CSR period. This RPI is based upon an average of the past 10 years of monthly RPI levels.

34. The financial appraisal uses an apportionment model developed by the NW Finance Group for the allocation of costs and identification of savings as outlined in paragraph 26 (Governance) above.

35. The 12 year financial plan in the SOC assessed costs for each of the Options over four areas: Employees, Facilities, Operating Costs and Technology. This Business Case now concentrates on the agreed recommended solution (Option 1b). The Assumptions page, that introduces the spreadsheets at Appendix 1, provides explanation to assist with the scrutiny of the relevant financial information; in outline these include:

- Employee costs are based upon the current NW Fire Control Ltd staffing model.
- Facilities costs have been based on known existing costs for the RCC at Lingley Mere.
- Operating costs are based upon known 'actuals' for Lingley Mere and have been uplifted where applicable to take account of increased staff and the associated increase in operating costs once operational.
- Technical Services provision is based upon a 'soft market' quote from a supplier for the mobilising system and compared against an indicative quote from another supplier. Costs of data links have been based upon actual costs incurred for existing link between GMFRS and RCC. Costs of providing a Fallback location mobilising system have been based upon the soft market quote (pro rata adjusted for a smaller system). Additional work has been completed to identify likely costs for a secondary site location.

36. The total financial costs for a new shared control facility are considered very accurate, as many of these have been based upon known figures. The two greatest costs of a new facility are staffing and lease costs, both of which are known and therefore there is a high confidence level that these figures are correct. The costs of operating, which equate to a small percentage of the overall cost are also considered to have a high degree of accuracy as they are based upon historical known actual. The area which has the greatest risk in terms of costs is the Technology and System; however the majority of this risk lies in the procurement and the amount provided by DCLG for the purchase of a new system is considered very realistic and is considered to have a 90% degree of accuracy. The risk is mitigated by the inclusion in the costs of some contingency funding that provides for 20% above the expected costs of the system.

37. The costs shown in the 12 year financial projection at Appendix 1 include a contribution from DCLG which is 100% accurate. The amount shown in the financial plan has been based upon the written offer from DCLG that has had Ministerial, HM Treasury and Permanent Secretary DCLG approval (Reference E). This funding is confirmed as £9.8m of subsidy towards Project Management (£2.3m), System Procurement (£2.5m) and Restructuring (£5m). In addition it includes ongoing payment for the Estate and Accommodation Costs based upon 100% until Go Live and then 66% of the lease until 2033 (£26.94m) and the provision of legacy assets including access to the airwave network via provision of a San-H and the transfer of ownership of the control room and office infrastructure in the SW RCC (approx £1.25m of assets).

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38. The following tables provide a summary of the costs and predicted savings to FRAs of a new shared control facility based at Lingley Mere using the DCLG subsidy. Table 4 below provides a summary of the projected costs of delivering a collaborative solution over the 12 year period including the cost of project set up. It includes provision for system upgrade / refresh at Year 4 & Year 8. It takes account of the DCLG subsidy which covers all of the project delivery costs in 2011/12 and 2012/13 and the majority of costs in 2013/14. There is no requirement for FRA funding expected in 2011/12 or 2012/13 and the first planned requirement for FRA funding is in 2013/14 as preparations are made for Go Live and recruitment and selection for the new organisation commences.

Table 4

	Summary of Costs for Option 1b - Shared Fire Control at Lingley Mere					
	Project Phase (estimated at 2.5 years for delivery)			Operational Year 1	Operational Year 2	Total Cost over 12 year period
	2011/12	2012/13	2013/14	2014/15	2015/16	2011 - 2023
GM FRS	(£0.0m)	(£0.0m)	(£0.48m)	£1.73m	£1.91m	£19.5m
Merseyside FRS	(£0.0m)	(£0.0m)	(£0.27m)	£0.97m	£1.08m	£11.0m
Cumbria FRS	(£0.0m)	(£0.00m)	(£0.076m)	£0.27m	£0.30m	£3.1m
Lancashire FRS	(£0.0m)	(£0.0m)	(£0.25m)	£0.89m	£0.98m	£10.0m
Cheshire FRS	(£0.0m)	(£0.0m)	(£0.17m)	£0.61m	£0.67m	£6.9m
Overall Total	£0.0m	£0.0m	(£1.24m)	£4.47m	£4.95m	£50.5m

39. Table 5 below provides a comparison between the existing costs of current control and predicted costs for a shared Fire Control facility at Lingley Mere (with DCLG subsidy); it shows estimated savings for each FRA for the first two years of operation and over the full 12 year period. It should be noted, for comparison, that the existing costs of current control do not provide for existing equipment upgrades / refresh over the 12 year period, thus in effect the savings for each FRA will be greater.

Table 5

FRS	Estimated Savings on Current Costs per FRS based upon Option 1b					
	<i>(Note 1)</i>					
	Project Phase (estimated at 2.5 years for delivery)			Operational Year 1	Operational Year 2	Total Saving over full 12 year period
	<i>(Note 2)</i>					<i>(note 3)</i>
	2011/12	2012/13	2013/14	2014/15	2015/16	2011 - 2023
GM FRS	£0.0m	£0.0m	(£0.48m)	£0.82m	£0.70m	£6.0m
Merseyside FRS	£0.0m	£0.0m	(£0.27m)	£0.40m	£0.33m	£2.8m
Cumbria FRS	£0.0m	£0.0m	(£0.076m)	£0.30m	£0.29m	£2.6m
Lancashire FRS	£0.0m	£0.0m	(£0.25m)	£0.54m	£0.48m	£4.3m
Cheshire FRS	£0.0m	£0.0m	(£0.17m)	£0.44m	£0.40m	£3.6m
Overall Total	£0.0m	£0.0m	(£1.24m)	£2.49m	£2.20m	£19.3m

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Notes

1. Excludes potential additional efficiencies and savings from items such as management costs (non cashable)
2. Project Phase is offset with DCLG subsidy but still some costs to be shared across each FRS during final year of set up. These costs shown are believed to be worst case and will be offset by any revenue costs, currently not taken into account (e.g: sub letting income or bank interest) or under spend from contingency or re-structuring costs. As FRS will continue to fund existing control centres until Go Live, these figures show proportional share of extra set up costs required over and above the costs of existing control provision.
3. These savings are based upon total savings accumulated from Year 1 at Go live until end of Year 10 minus the initial set up costs in first two years

PROCUREMENT

40. The provision of a system of this type is fairly complex and the route to procurement has been given careful consideration by a team of procurement and technical experts from the NW FRS. The options considered are:

- Restricted Procedure – Potential suppliers are asked, through the OJEU⁹ procedure, to respond to a pre qualification process, a shortlist of candidates is then drawn up and invited to tender. This is a proven route to the marketplace which enables a restriction to the number of bidders thus reducing costs and improving manageability. There is, however, no scope to negotiate with tenderers following receipt of bids.
- Competitive Dialogue Procedure – A flexible process which allows for discussions of aspects of the proposed contract with potential suppliers. A similar pre qualification process may be undertaken to that used in the restricted procedure. Shortlisted parties are then invited to participate in dialogue to help refine the requirements and provide for meaningful negotiations. On completion of this stage, suppliers are invited to submit a final tender. This is seen as a complex route to market which may add substantially to time and costs of the process.
- Framework Agreement Procedure - A framework is essentially a means of procuring products and services over a period of time (up to four years) for a number of projects or schemes. This is seen as a faster, more efficient route to procurement which fully complies with EU procurement regulations. The Framework procedure allows for the setting up of a mini competition with those suppliers capable of meeting the particular requirements, this does not mean that every potential supplier must be included. There are a number of advantages to purchasing through a framework agreement they include lower prices, reduced transaction costs and a more efficient procurement process. A criticism of this method relates to the costs imposed on potential suppliers that may mean companies refrain from tendering.
- Transfer of existing Computer Aided Dispatch (CAD) System – This would involve the installation and operation of an existing CAD system, such as the Fortek system from Cheshire (incorporating Cumbria), into the new control centre building and subsequent transition of the remaining FRS. As Merseyside currently operate the same CAD system, fallback could be easily achieved in the short term and the process would limit the risks associated with the transfer of service. The initiative could reduce the period until NW Fire Control reaches Full Operational Capability (FoC) and would have the benefit of utilizing the expertise of a proven supplier. There are however a number of disadvantages to adopting this approach they include a possible restriction of innovation, current contractual terms and conditions may prove to be prohibitive, it may not fully realize the economies, and may not meet the full requirements. It is likely that a procurement process would still be necessary for the remaining FRS to transition into the NW Fire Control facility.

⁹ OJEU – Official Journal of the European Union is the publication in which tenders from the public sector, above a certain financial threshold, must be published unless managed via a national agreed framework

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41. The Procurement/Technical expert group comprising representatives from each NW FRS and led by Damian Parkinson (Director of ICT GMFRS) and Sharon Mathews (Director of Procurement MFRS & LFRS) are carefully considering the above options. At present the Business Case and Project Plan timelines are reflective of a Restricted OJEU route, as this is the worst case in terms of time. However, further assessment on the most beneficial route to procurement is ongoing; a recommendation will be made to Project Board in due course.

42. The technical requirements and system specification will be designed by the combined NW FRS Technical group ensuring that all FRS needs and views are taken into account. The statement of principles specify that any procurement process should include the need for a technical platform and capability that is at least as good as existing mobilising systems. A key principle is that the procurement must deliver a system based upon proven technology, evidenced in an existing Fire Sector operating environment.

PROJECT MANAGEMENT / ACHIEVABILITY

High Level Activity Schedule

43. The project planning has aimed to set realistic timelines to reduce the chances of project slippage and cost overrun. Whilst on the face of it, a NW project would / should be easier and simpler than the delivery of the national project, the complexity of collaborating and converging a number of FRS controls together should not be underestimated. In order to maintain oversight of all project tasks, a high level activity schedule (HLAS) has been produced by the Project Team, primarily in order to estimate time lines, dependencies and the project running order. The initial draft HLAS has undergone two full days of review by experts in their field from each of the five NW FRS's, specifically the areas covering, People and Organization, Procurement, Data and ICT. The draft HLAS was subsequently amended to take account of the review period and the latest version is shown at Appendix 3.

44. The HLAS will now be developed into a more detailed project plan and will undergo external assurance. The HLAS projects a go live date in final quarter of FY 2013/14; with an assumption that formal project approval will be received during Sep / Oct 2011, this equates to a 2.5 year project delivery programme and is considered very achievable.

Project Governance.

45. The Project Governance structure has been developed and endorsed by CFOs. The CFOs will provide the strategic direction, oversight and scrutiny and they will receive regular reports from the Project Board. CFO Cheshire is appointed as the Project Director and he will lead the Project Board, comprising of lead officers from each FRS and NW Fire Control Ltd plus additional advisors (Finance, HR, Legal, ICT & procurement). A dedicated project team, with representatives from each FRS and NW Fire Control Ltd and led by a NW Project Manager will conduct project activity and report to the Project Board. Reports will be made to FRAs and NW Fire Control Board of Directors as required.

46. The estimated costs for provision of a central project team are shown in Appendix 4. DCLG have agreed to provide a subsidy of £2.3m towards these costs. This includes provision for existing NW project / LACC staff costs (RCCD, RPM, SOM, HR Advisor, Admin staff) and the additional salary & oncosts of five additional FRS specialist project team members (one per FRS) based upon likely ranks / grades expected. The £2.3m funding also includes an element to support project and LACC running costs in Lingley Mere, such as administration, accountancy, banking, legal and consultancy.

47. It is assumed that each FRS would be willing to continue with provision of additional support / expertise as needed to develop particular work streams e.g: WoW, Data Migration, and operational convergence activity. It is assumed that any costs for this additional work would be managed on a fair and equitable basis with costs falling to each FRS as is the case for other existing regional collaborative working.

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48. A Joint Working Agreement (JWA) has been developed that provides details on the governance arrangements, liabilities and obligations for each FRA. This JWA is designed to complement formal FRA agreements to pursue the project and is a mechanism to formalise partnership working. As each FRS cuts over to the new control facility a separate contract / service level agreement between NW Fire Control Ltd and the relevant FRA will be required to cover steady state operation.

Risk Management

49. There a number of risks which will need to be dealt with as part of the routine project risk management process. A full list of risks is included within the NW Fire Control Risk Register; a summary of the key risks considered relevant for decision making is included in Table 6 below:

Table 6

Risk	Comment & Mitigation
<p><u>TRANSITION</u></p> <p>Potential turbulence and conflict of interest between parties may lead to employee relations disputes and impact on the timelines for delivery</p>	<p>Clear understanding of roles and responsibilities and liabilities throughout transition process is required. NW FC Ltd will be the new employer and have the liability for dealing with redundancy. FRS role is to inform their staff & assist transferee and consult on the process.</p> <p>Clear process has been defined previously; need to ensure good communications with all parties and the need to have robust handling to achieve timescales</p>
<p><u>FINANCE</u></p> <p>Inadequate funding, either from DCLG or due to shortfall in provision due to increase in projected costs</p>	<p>The Business Case has undergone major scrutiny by FRS Finance Directors and external verification. The cost of staffing and estate costs provide the largest proportion of costs in steady state, so estimated figures for future costs (and savings) are based on high confidence. Financial risk is greater during project set up than during steady state risk; however this risk is limited as the Building is being 100% funded by DCLG throughout the project phase and restructuring costs are also based on known costs and considered accurate. Technical costs are a greater risk but this area has been verified by external experts and there is also 20% contingency built into the technical component costs.</p>
<p><u>FINANCE</u></p> <p>Interfaces to FRS systems is greater cost than expected</p>	<p>Potentially high impact as large cost could result in savings below acceptable threshold. Likelihood is Low /Med as this is achievable via various middleware solutions, some of which are provided as part of mobilising package by some suppliers and alternatives available. Consider including this aspect in the Tech Spec to reduce risk.</p>
<p><u>PEOPLE</u></p>	<p>Staffing is the highest cost and consequently is linked to financial risk in steady state. Ensuring the correct quantity of control staff are employed and available on duty is a key requirement. The proposed staffing levels have been subject to major scrutiny and are based upon Workplace Systems Ltd modelling work. However, this area remains a Risk, as it relies upon the accuracy of the assumptions used and call volume data provided by FRSs. However, as call volumes and incidents have continued a downward trend, the assumptions used in the staffing model become more robust which in turn decreases this risk.</p>
<p><u>OPERATIONAL</u></p> <p>NWFRS unable to agree a level of convergence and common ways of working</p>	<p>CFOs have already stated their intent to rationalise and converge elements of work. Impact is low, as modern systems are able to allow differing PDAs and mobilising requirements to separate FRS even in a shared control.</p>

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<p><u>REPUTATION</u></p> <p>Risk to FRS reputation if the project is unable to deliver</p>	<p>Current project planning has had detailed scrutiny from FRS experts and the HLAS is predicated on prudent planning assumptions. Simple and clear project lines of reporting with FRS CFOs supporting project board decisions will aid delivery. Appropriate resourcing to deliver project activity is required.</p> <p>External independent scrutiny is recommended as high priority to provide additional confidence. CFOs are supporting the project and DCLG has provided funding to resource a full time project team (minimum of 10 pers) as well as additional funds available for specialist advice.</p>
<p><u>DATA MANAGEMENT / MIGRATION</u></p>	<p>There is significant work required to migrate the existing data into a new standard corporate gazetteer and to scrutinise and check the accuracy of the data sets. This work has already commenced as part of the national FiReControl project, however the quantity of work, resources and time required to complete this remains a key risk to the timetable. This risk can be mitigated by allocation of resources and the use of a suitable data migration toolset / platform and the risk will reduce further as some FRS are currently in the process of migrating their existing data onto NLPG. A number of FRS across England are pursuing the 'Middleware' solution; this is an area that requires detailed assessment in order to identify the best solution to assist in Data transfer and migration.</p>

SUMMARY OF FINDINGS

50. There are potentially significant savings available if FRAs are willing to collaborate and pursue a shared control facility in the existing site at Lingley Mere, taking advantage of the substantial Government subsidy on offer. The financial appraisal at Appendix 1 indicates that each FRS would gain significant savings over the 12 year period in the plan as outlined in Table 5 on page 12.

51. The delivery of a collaborative solution, bringing together a number of FRS onto a single platform with a need to solve some challenging convergence issues (data, WoW etc) is a complex project. However, lessons have already been identified against the failings in the national project and there is a clear difference between the delivery of a NW project, which is owned and managed internally, compared to the complexity and challenge involved with the national FiReControl project. With the clear and strong support of CFOs and the expertise and resources available through the proposed project governance structure, there is great confidence amongst the Project Board that this project can be delivered to Time, Cost and Quality.

NEXT STEPS

52. A summary of the key points made within this Business Case was presented to the recent FRA / CFOs/ Project Board two day meeting (14th/15th July 2011). The outcome of this two day meeting was an agreement (subject to full FRA / Cabinet approval) from the attendees to proceed with the project on the basis of the clear and significant benefits expected to be realised. The forthcoming FRA / Cabinet decision briefs, due in September 2011, will allow the formal decision making to occur and subject to agreement at these meetings it is intended to convene a NW Project Board and NW Fire Control Ltd Board meeting on 10th October to formalise the project approval.

**PROTECT – MANAGEMENT
NORTH WEST CFO/FRA MANAGEMENT/PROJECT BOARD**

53. Following project approval, there will be a requirement to make formal arrangements for payment of the DCLG subsidy, which is expected to be available for payment in November. The release of this payment will only be agreed once the NW project has received formal NW FRA / Cabinet approval and following the signing of a MoU / Lease agreement & Transfer option between NW Fire Control Ltd and DCLG. This is expected to be a formality, although there will be a requirement for legal scrutiny of the documentation.

54. Early stage procurement activity has commenced in advance of formal agreement in order to save time and to utilise the resources of the existing project team. At this stage, a Technical Scope has been produced which will lead into the production of a Technical Specification and a draft Technical Specification is undergoing review. Informal market engagement activity with a wide range of suppliers is ongoing in order to assist with the development of the Technical Specification.

55. Other key documents that will be required to be produced, once agreement is reached, include the finalisation of any Project Definition documents, production of Strategy documentation (Quality Management, Configuration Management, Risk Management & Communications). The Outline Business case will be developed further into the Final Business Case and will form part of the Project Initiation Documentation alongside the Project Plan, Technical Specification and various Strategy Documents and any stated controls/ tolerances & delegations.

56. Any queries regarding the information contained within this Outline Business Case should be referred to either of the following contacts:

Fire Control Director - Dominic Whelan (07817 384491 / wheland@manchesterfire.gov.uk)
Project Manager - Brian Mitchelhill (07800 613122 / mitchelhillb@manchesterfire.gov.uk)
Project Support - Adele Forster (07846 956491 / forstera@manchesterfire.gov.uk)

References:

- A. FiReControl Business Case Version 1.1 dated May 2009.
- B. Plan B Contingency Paper to CFOs dated 5th May 2010.
- C. North West Fire Brigade Control Room Fundamental Review Group Report 09/2000.
- D. Risktec Solutions Ltd – NWRCC Contingency Plans – Verification Report Oct 2010.
- E. DCLG letter (Neil O` Connor to Paul Hancock dated 12 Jul 11) – confirming Government funding for NW collaborative project.

Appendices:

1. NW Fire Control - Financial Cost / Predicted Savings (12 year plan).
2. Options Appraisal Summary Sheet.
3. High Level Activity Schedule Project Plan.
4. Project Staffing & Costs.

NW Fire Control - Financial Cost / Predicted Savings (12 Year Plan)

Assumptions used within Plan

Explanations of Assumptions Used in Calculations

RPI based on the 10 year rolling average RPI between 2000 & 2010 (details extracted from the CBI website)

Option 1B - Recommended Proposal for a single site Fire Control based upon existing site at Lingley Mere using DCLG financial support	
Employees	Based on 2009/10 pay data and assumes no increase during CSR (this may change)
Pay	Project Staff & Costs Control Room Ops Support Management Admin / Business Support Employers Directors Redundancy Relocation Training Recruitment Occupational Health
Mileage/Travel & Subsistence	Based on core project team, 5 x FRS provided project members plus T&S and accommodation. Reduction on Y-1 as permanent positions move to Pay lines. Reduction in Y1 reflects project closure. Based on staff costs 48 CR0s at £36234, 12 T Leaders £40638, 5 OM £49659. Y-1 assumes start date 8 months prior. Y1 Ops Manager plus 2 x Team Leaders, 2 x CR0. RCCD, SOM, BSM, 6 months Y-1, then full costs. Two posts Capital expenditure at Y1 and Y2 and reflects costs of applying TUPE travel conditions.
Facilities	Capital cost based on assumptions made by Fiona Hodson / Ged Murphy for redundancy costs & costs of early retirement Capital cost based on assumptions made by Fiona Hodson Based on £400 per head per annum which equates to similar current FRS budgets phased in Year -1 Based on avg salary x 17.5% (recruitment costs) and 7% turnover (ONS 2008 control staff) Phased Year -1 Based on quote received by Fiona Hodson to provide the service
Utilities	Set up costs, eg standby generator Rent Estate Management Electricity Water Fuel
Insurance	Known actuals at the RCC. In 2013/14 and 2018/19 there is an uplift for this building. Actuals for current building - Lingley Mere Estate Management Charges Based on actuals with estimates of increase in usage/cost once building is fully occupied Current actuals and assumed increase at fully operational based upon Ratings Office initial Assessment Current actuals with phased forecast increase to cover full fit out
Non Fixed FM Costs	Known actuals with Value for Money savings included. Indexation taken into account. Year-2 new contract, Year 2 assumes new contract / in house service. Cost based on workings for an in house solution Non-fixed facilities based on estimate provided by Babcock and reflects the expense of current site. £5,000 added Year -1 and onward for routine maintenance items
RCC Operating Costs	
Office Costs	Printing, Stationery & Consumables Office Equipment Control Fitout Postage & Courier Mobiles Office ICT Equipment Payroll & Accountancy Services Bank Charges & Audits D&O / Employers Liability Legal Services, Tax & Consultancy Company Meetings/Director Support Comms / PR / Media
Telephones, IT	Based on current actuals and uplifted from Go Live where applicable. £5,000 added Year -1 for additional office equipment DCLG offer of furniture from South West RCC included within figures Based on current actuals, uplifted in 2014 for operational
Finance	Based on current actuals including refresh costs in applicable year. £40k capital for Office ICT equipment in Yr-2 assumes contracted supply charge plus £10k revenue for office eqpt
Insurance	Service charges based on current provision actuals with GMFRS plus Banking and Audit fees Based on current actuals.
Corporate	Based on estimates and includes consultancy and anticipated communications/PR amount.
Technical Services	Based on outlying quote from Foretek. Mobilising System, 3rd Party Software, System hardware, Managed Service Fees, Training & Consultancy, Network links, ICCS, Telephony & Communications (phased in 3 month and 6 month requirement periods in Year -1) DCLG gifting legacy items including AV screen Applied refresh costs in Year 5 and Year 9 Based on pro-rata percentage of the Foretek quote including capital and revenue costs for fallback system plus Building costs based upon Sunguard Resilient Site Quotation Based on a costing for London Fire Brigade Contingency - £100k as an estimate shown as a separate element plus a further £250k built into the expected Technology Costs line, plus additional contingency expected to be built up in reserves via income generation and bank interest Based upon formal agreed offer of subsidy from DCLG Includes current costs provided by Services. Does not include any refresh costs or upgrade costs throughout the 12 year life of this financial plan.
CLG Contributions	
FRS Current Costs	

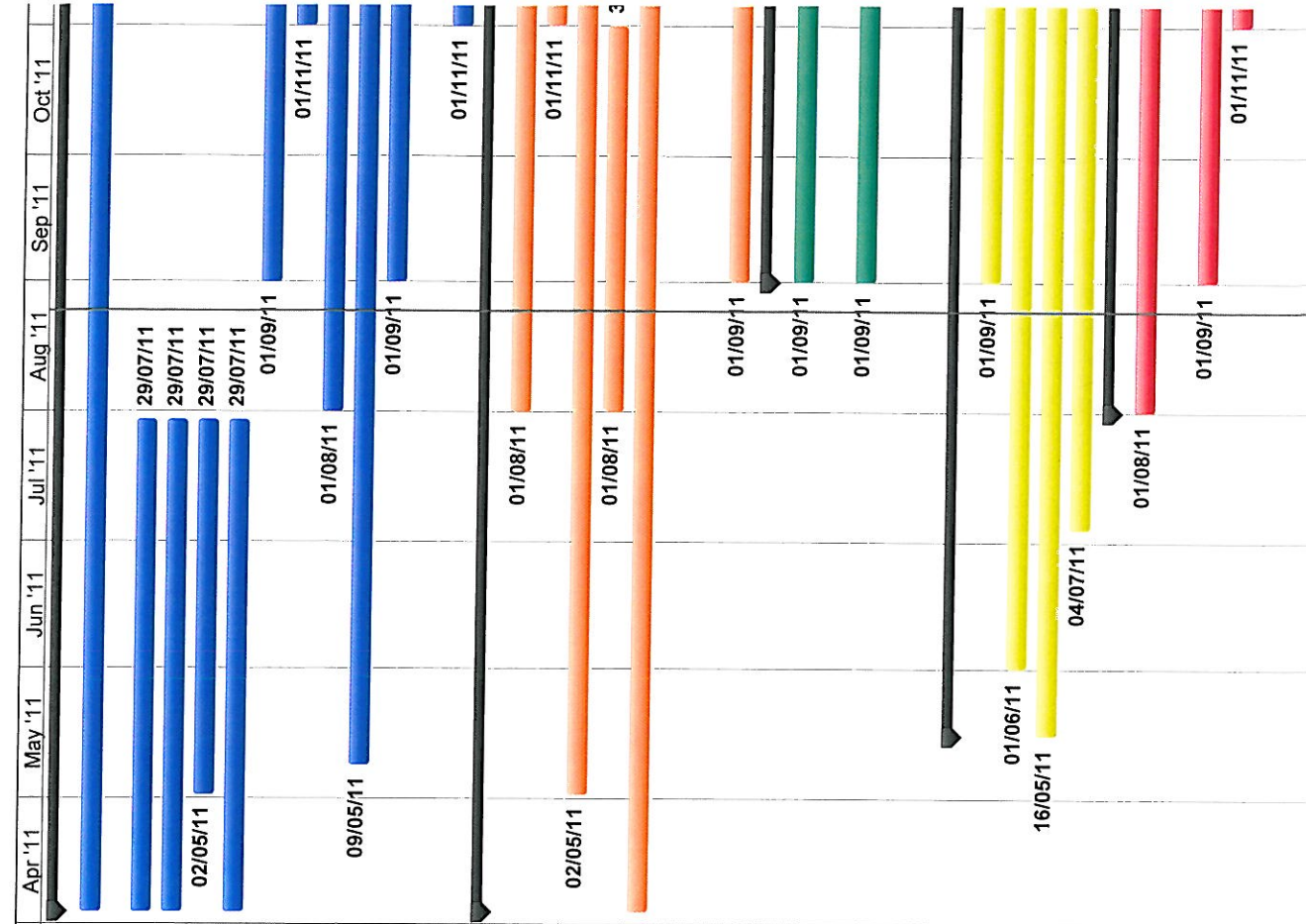
Options Appraisal - Summary

	Option 1a Pursue NW collaboration option using RCC (Jingley Mere) without DCIG subsidy.	Option 1b as above with DCIG subsidy for project set up, system purchase, restructuring & contribution to lease / estate costs	Option 2 Pursue separate NW facility at new site with no support from CLG	Option 3 NW Collaboration based on two existing sites; no CLG funding.																		
Likely CLG Funding	Red	Blue	Blue	Red																		
Continues to Accrue National Project Benefits	Blue	Blue	Blue	Red																		
Optimizes Opportunity to drive new T's & C's / Rosters / Ways of working etc	Blue	Blue	Blue	Red																		
New Corporate Identity & Culture Changes	Blue	Blue	Blue	Red																		
Greater Staff Acceptance	Blue	Blue	Blue	Red																		
Ease of Training Delivery	Blue	Blue	Blue	Red																		
Commercial Advantage in Procurement (Timeliness)	Blue	Blue	Blue	Red																		
Optimizes Opportunity to Select Staff	Blue	Blue	Blue	Red																		
Future Proofs for CNI Security Standards	Blue	Blue	Blue	Red																		
Provides Excellent Security & Building Resilience	Blue	Blue	Blue	Red																		
Fallback Arrangements in Place	Blue	Blue	Blue	Red																		
Political Acceptance	Blue	Blue	Blue	Red <small>only in studies & interviews</small>																		
Lease vs Freehold Issues	Blue	Blue	Blue	Red																		
Free's Up Existing Real Estate / Office Space	Blue	Blue	Blue	Red <small>only in 3 out of 5</small>																		
Stretch Potential & Regional Benefits	Blue	Blue	Blue	Red																		
Potential for Income Generation	Blue	Blue	Blue	Red																		
Reduces Opportunity for Flexible Procurement i.e. Drives toward Fortek or Motorola	Blue	Blue	Blue	Red																		
Less Cost for Fallback	Blue	Blue	Blue	Red																		
Staff Opposition & Resistance from RB's	Blue	Blue	Blue	Red																		
Increase in Staff Required against RCC Model	Blue	Blue	Blue	Red																		
Likelihood of Successful Legal Challenge for TUPE / T&Cs	Blue	Blue	Blue	Red																		
<p>Cost Analysis</p> <table border="1"> <tr> <td></td> <td>Set Up Costs for project (2011 - 2014)</td> <td>Cost Per Annum once operational (based on Year 2014/15)</td> </tr> <tr> <td>Current</td> <td>N/A</td> <td>£6.73m</td> </tr> <tr> <td>Option 1a</td> <td>£16.00m</td> <td>£6.12m</td> </tr> <tr> <td>Option 1b</td> <td>£1.24m</td> <td>£4.47m</td> </tr> <tr> <td>Option 2</td> <td>£11.12m</td> <td>£4.50m</td> </tr> <tr> <td>Option 3</td> <td>£10.15m</td> <td>£5.82m</td> </tr> </table>						Set Up Costs for project (2011 - 2014)	Cost Per Annum once operational (based on Year 2014/15)	Current	N/A	£6.73m	Option 1a	£16.00m	£6.12m	Option 1b	£1.24m	£4.47m	Option 2	£11.12m	£4.50m	Option 3	£10.15m	£5.82m
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NW FIRE CONTROL HILAS PROJECT PLAN

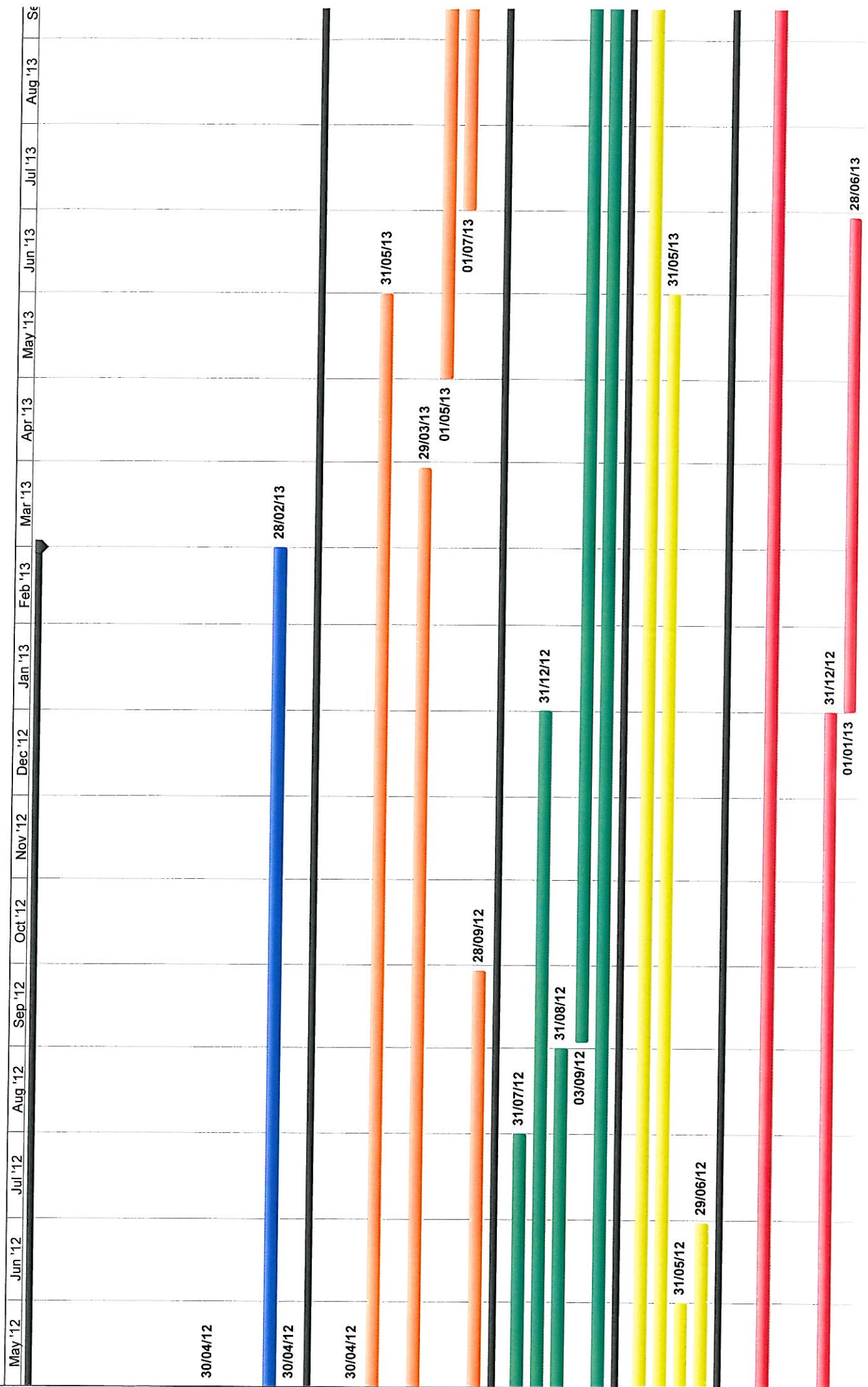
ID	Task Name	Start	Finish	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sep '11	Oct '11
1	1 Policy & Governance	04 April 2011	28 February 2013							
2	1.1 Business case and finance (cost apportionment, project & steady state finance)	04 April 2011	30 December 2011							
3	1.2 Joint working agreement	04 April 2011	29 July 2011					29/07/11		
4	1.3 Heads of terms / government subsidy	04 April 2011	29 July 2011					29/07/11		
5	1.4 Concept of operations	02 May 2011	29 July 2011					29/07/11		
6	1.5 Project governance	04 April 2011	29 July 2011					29/07/11		
7	1.6 Project agreement	01 September 2011	29 February 2012					01/09/11		
8	1.7 Company governance review	01 November 2011	30 March 2012							01/11/11
9	1.8 Performance measures & monitoring	01 August 2011	30 April 2012							
10	1.9 Transition plan including cutover	09 May 2011	31 January 2012				01/08/11			
11	1.10 Business process management	01 September 2011	29 February 2012							
12	1.11 Steady state contract: LACC to FRAs	01 March 2012	28 February 2013							
13	1.12 Strategic corporate plan	01 November 2011	30 April 2012							
14	2 Procurement & System Delivery	04 April 2011	31 March 2014							
15	2.1 Preparation of documentation	01 August 2011	30 November 2011							
16	2.2 Develop technical specification	01 November 2011	30 April 2012				01/08/11			
17	2.3 Procurement	02 May 2011	31 May 2013							
18	2.4 fallback arrangements	01 August 2011	31 October 2011				01/08/11			
19	2.5 Comms - telephony, radio, IP, primary & secondary networks	04 April 2011	29 March 2013							
20	2.6 System delivery - AV, servers, hardware, software, ICCS	01 May 2013	31 March 2014							
21	2.7 Testing	01 July 2013	31 March 2014							
22	2.8 Airwave integration	01 September 2011	28 September 2012					01/09/11		
23	3 Data	01 September 2011	31 December 2013							
24	3.1 Data analysis / impact assessment	01 September 2011	31 July 2012							
25	3.2 Scoping & design for migration	01 March 2012	31 December 2012							
26	3.3 Identification of data transfer tool, eg. API / middleware etc	01 September 2011	31 August 2012							
27	3.4 Migration plan / data conversion	03 September 2012	31 December 2013							
28	3.5 Data audit & validation	01 March 2012	31 December 2013							
29	4 Operations	16 May 2011	31 January 2014							
30	4.1 Resilience	01 September 2011	31 January 2014							
31	4.2 Convergence / ways of working - SOPs, PDA, action plans	01 June 2011	31 May 2013							
32	4.3 Operational policies / internal procedures	16 May 2011	31 May 2012							
33	4.4 Business continuity management	04 July 2011	29 June 2012							
34	5 People & Organisational Design	01 August 2011	31 January 2014							
35	5.1 Confirmation of OD - structure, roles, numbers	01 August 2011	31 December 2011							
36	5.2 Training development & delivery	02 January 2012	31 January 2014							
37	5.3 Employee relations	01 September 2011	30 December 2011							
38	5.4 Confirmation of terms and conditions	01 November 2011	31 March 2012							
39	5.5 Consultation process	02 January 2012	31 December 2012							
40	5.6 Recruitment & selection	01 January 2013	28 June 2013							



NW FIRE CONTROL HILAS PROJECT PLAN

ID	Task Name	Start	Finish	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sep '11	Oct '11
58	8.5 Operational training	01 April 2011	01 April 2011	01/04/11						
59	8.6 MDTs / SEE	01 April 2011	01 April 2011	01/04/11						

NW FIRE CONTROL HILAS PROJECT PLAN



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PROJECT STAFFING AND COSTS

Appendix 4 to NW FRS Collaborative Fire Control Business Case dated 26 Aug 11

PROJECT & NWFC LTD STAFFING COSTS – PROJECT DELIVERY PHASE & TRANSITION TO STEADY STATE

2011/12	2012/13	2013/14	2014/15
<p><u>NW Fire Control Ltd</u> Exec Director / RCCD SOM (gapped from Sep 11)</p> <p>Proj Sp / Admin x 1 LACC Advisors LACC Directors</p> <p><u>Project Team (Note 1)</u> Project Director Project Delivery Manager Project Manager FRS Project Team Members x 5 (6 mths only) HR Manager Project Board Lead Officers</p> <p><u>Cost</u> Total NWFC staff costs for year = £221k Total project staffing costs for year = £262k</p>	<p><u>NW Fire Control Ltd (Note 2)</u> Exec Director / RCCD SOM (gapped)</p> <p>Proj Sp / Admin x 2 LACC Advisors LACC Directors</p> <p><u>Project Team</u> Project Director Project Delivery Manager Project Manager FRS Project Team Members x 5 HR Manager Project Board Lead Officers</p> <p><u>Cost</u> Total NWFC staff costs for year = £242k Total project staffing costs for year = £400k</p>	<p><u>NW Fire Control Ltd</u> Exec Director / RCCD SOM (from mid 2013) Business Support Manager (from Apr 2013)</p> <p>Ops Sp Group Staff (from Aug 2013) Proj Sp / Admin x 2 LACC Advisors LACC Directors</p> <p><u>Project Team</u> Project Director Project Delivery Manager Project Manager FRS Project Team Members x 5 HR Manager Project Board Lead Officers</p> <p><u>Cost</u> Total NWFC staff costs for year = £531k (See Note 3) Total project staffing costs for year = £386k</p>	<p><u>NW Fire Control Ltd</u> Exec Director / RCCD SOM Business Support Manager</p> <p>Ops Sp Group Staff & Control Staff Admin x 2 LACC Advisors LACC Directors</p> <p><u>Project Team (Note 4)</u> Project Director (3 mths) Project Delivery Manager (2 mths) Project Manager (6 mths) FRS Project Team Members x 5 (3 months only for close down) Project Board Lead Officers (3mths)</p> <p><u>Cost</u> Total NWFC staff costs for year = £3.13m Total project staffing costs for year = £145k</p>

Notes:

- Likely to be some requirement to use additional resources from FRSs and / or Regional CFOA groups for some additional bespoke activity (eg: Convergence / WoW and Data migration)
- RCCD & Proj Support (to be Office Manager) will remain as LACC employees in new structure, 2nd Admin post is temp fixed contract. SOM is gapped.
- NWFC steady state recruitment commences during this year and these costs (e.g. Ops Sp Group) are contained in the Business Case but separate from the project delivery funding supplied by DCCLG.
- Project Team will continue beyond Go Live to ensure proper Project Closure (Finance close, Project Report & Lessons identified, Benefits realisation etc)