

CFR 117/11
APPENDIX C

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NORTH WEST FIRE & RESCUE SERVICES
FUTURE CONTROL FUNDING PROGRAMME BID SUBMISSION

EXECUTIVE SUMMARY

Introduction

1. This funding bid submission supports the North West Fire & Rescue Services Business Case for the provision of a collaborative approach to provision of Fire Control services in the North West of England (*the NW Business Case*). The submission will provide an overview of the NW Business Case that is recommending the establishment of a collaborative Fire Control facility at Lingley Mere, using the existing Fire Control Centre (as provided by DCLG for the FiReControl project). The provision of DCLG support is a critical component to the NW Business Case and without the support outlined within this submission, the NW Business Case is not viable.
2. This bid requests a financial grant (£9.761m) to support the establishment of a NW collaborative control centre and a subsidy towards the cost of the existing Lingley Mere Control Centre over the duration of the remaining lease (£26.94m). It also requests additional support in the provision of some legacy assets, in particular access to the Airwave Data network (via provision of a SAN-H) and legacy control room and office infrastructure and furnishing that may be available.

Recommendation

DCLG are requested to:

- **consider this submission and agree the funding proposals and support for provision of legacy assets.**
- **provide confirmation of the agreement (to provide funding) in time for the NW FRA decision brief on 14th July.**
- **provide the additional project funding (less for Estate costs) via GM FRS as a Lead Authority in two tranches (a payment in 2011/12 and a further payment in 2012/13)**
- **continue to pay existing real estate and building costs via the existing arrangements and to make arrangements for the future steady state subsidy to be provided in time to meet quarterly lease payments.**

Background

3. Following the termination of the FiReControl project, the five NW FRS have been developing options for the future provision of Fire Control within their individual services and have also been considering options for potential collaboration. A well developed and detailed Business Case has been produced which clearly demonstrates the significant potential benefits of undertaking a collaboration into a single site Fire Control facility. The NW Business Case has been considered by FRAs at a series of meetings in order to gauge the 'appetite for change'. In early 2011, it was agreed that there was significant potential benefit to invest resources in developing the work to a point that would allow FRAs to make an informed decision on whether to proceed. The work has now been completed and a decision brief is being presented to all five NW FRAs in mid July.

4. This funding submission is therefore a key part of the decision process. The funding bid has already been subject to detailed and lengthy discussions with DCLG in advance of this submission. The NW Business Case, has been developed over a 12 month period and has had detailed scrutiny by FRS senior officers, FRS specialists, FRA elected members as well as external assurance provided by independent advisors.

Key Headlines

5. The following bullets provide a brief overview of the key headlines within this submission:

- The North West Fire Authorities are minded to move forward with a collaborative project for provision of a Fire Control facility based in the Lingley Mere site but any such decision is dependent upon the provision of suitable subsidy from DCLG.
- The Financial Case to move forward with a collaborative project is based upon an assumption that DCLG will provide support to the NW collaboration as outlined in this bid.
- The primary drivers for change are to deliver increased efficiency (and reductions in Fire Authority costs), resilience and operational improvements.
- Other benefits are expected, such as the ability to deliver further efficiencies and improvements by driving further collaboration activity and shared services across other functional areas.
- Additional income generation from the facility is expected that which will reduce costs and increase savings further (and provide potential gain share revenue, associated with future building use, to DCLG).
- The NW FRAs are being presented with a Decision Brief on 14th/15th July and it is essential that a response to this submission is received by then in order that FRA members present can make an informed decision.
- If a decision is made to proceed, the project will take up to 3 years to deliver but it is expected that early benefits will be achieved, such as the collaborative approach for NW data integration into the Airwave network using the new facility as a data hub .

Funding & Costs

6. A detailed summary of costs and predicted savings for the NW project is included within this submission. A detailed 12 year financial forecast (2011/12 – 2022/23) is included within the NW Business Case which shows the costs of current provision against the costs of a collaborative Fire Control (with DCLG funding support) and the subsequent predicted savings over the same period. An extended 22 year financial forecast, comprising the period of project set up (2011-2013), the first 9 years of operation (2014-2022) as shown in the detailed NW Business Case and the extended period (2023-2033), showing the total costs and savings over the full period of the building lease and therefore covering the period of potential DCLG subsidy is shown in Table 1 below. This demonstrates the significant financial benefit of collaboration that will create £45m savings from Go Live (£29m net savings after set up costs deducted) to Government and taxpayers. It also provides an opportunity for DCLG to reduce their liability for the remaining lease costs for the Lingley Mere building from £35m to £27m.

7. These savings are achievable via reduction in staffing costs, delivered by efficiency gained by merging five existing controls into one and also implementing new and more efficient rosters and shift patterns. Additional savings are achieved through reductions in estate costs and also in annual ICT infrastructure costs.

Table 1.

	Costs / Funding for Set Up	Costs / Funding from Go Live		Total Costs / Savings
	2011 - 2013	2014 - 2022	2023 - 2033	Total
Total Cost of Current NW Fire Controls from Go Live date	--	£69.81m	£111.81m	£181.62m
Total Estimated Cost of new shared Fire Control	--	£58.27m	£77.76m	£136.03m
Saving to public funds from Go Live of new centre	--	£11.54m	£34.05m	£45.59m
Total net saving to public funds <i>after set up costs deducted</i>	(£16.44)	£11.54m	£34.05m	£29.16m
Total DCLG investment	£15.188m	£9.056m	£12.460m	£36.70m
Cost to NW FRAs	£1.247m	£49.214m	£65.30m	£115.76m

Project Approach.

8. Development of the Project Brief and planning for project initiation remains ongoing; as such the full and final Project Approach is yet to be agreed. The NW Project Executive will manage the project via a Project Board comprising members of the NW FRS. The Board will be supported by a full time Project Manager and fulltime Project Team who will deliver the project supported by NW Fire Control staff and experts from each FRS who will be part of the core project team. Additional resources will be made available by each FRS to provide specialist support when required. The intention is to minimise the use of any external consultants, although some specialist advice may be sought to provide external assurance and specific (limited) support if necessary. The project will use PRINCE 2 methodology.

9. The key findings raised in the recent National Audit Office Report into the FiReControl Project¹ have been assessed and a review of each finding is included in Appendix 1. This should provide some assurance to DCLG that the NW project will seek to learn from previous lessons identified.

STRATEGIC CASE

Background

10. The North West Fire & Rescue Authorities (NWFRA)² were previously supportive of the national FiReControl project and were proactively engaged in assisting DCLG with the delivery of FiReControl. This proactive attitude has flowed through to the contingency work that has been undertaken throughout 2010 as preparations were made to assess potential options in the event of termination of the national project. As the risk to FiReControl increased during 2010, the five North West CFOs directed that more detailed work should commence to develop options for FRA consideration. The aim of the contingency work was to assess the potential to develop workable and cost effective solutions to provide a Fire Control facility within the North West that would bring benefits, including increased efficiency, resilience and operational improvements.

¹ NAO Report 01 July 2011 – DCLG ‘The failure of the FiReControl Project’

² All references to NWFRA should be taken to include the four Fire and Rescue Authorities (Merseyside, Greater Manchester, Cheshire & Lancashire) and the relevant members of Cumbria County Council)

11. The initial work, conducted in 2010, developed a Strategic Outline Case that considered various options for future provision. This work developed further into an Outline Business Case that indicated a recommended option for the NW to pursue a collaborative single site control centre based either at a new location or at the existing Lingley Mere site. The latter of these options was considered to offer greater benefits but the costs associated with the existing RCC building were prohibitive unless offset with some DCLG subsidy. Following discussions with DCLG in regard to potential use of the existing building at Lingley Mere, assumptions were made in regard to potential subsidy and the Business Case was developed further.

12. Following the termination of the FiReControl project, the Business Case was considered by FRAs at a series of meetings in order to gauge the 'appetite for change'. In early 2011, it was agreed that there was significant potential benefit to invest resources in developing the work to a point that would allow FRAs to make an informed decision on whether to proceed. It was agreed that the existing Governance arrangements would continue to be used, including: the use of a NW Project Board to drive the project (under direction of a FRS appointed Project Director), using resources from across the five NW FRS and NW Fire Control Ltd to support the delivery and maintaining NW Fire Control Ltd (the LACC) to lead the new organisation.

13. This funding submission is therefore a key part of the decision process and the funding bid has been subject to detailed and lengthy discussions with DCLG in advance. The Financial Case, has been developed over a 12 month period and has had detailed scrutiny by FRS senior officers, FRS specialists, FRA elected members as well as external assurance provided by independent advisors.

Strategic Reasoning

14. Since the publication of the Holroyd Report³ 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 report⁴ that focused on Value for Money and a Home Office sponsored study in 2000⁵ 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 2000⁶ 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".

15. Further studies⁷ took place between 2002 & 2008 and many of the recommendations and points made in these and the previous reports remain extant. In addition, the national Firelink project set the conditions for change and the FiReControl project also set some high expectations in regard to the delivery of better technology (such as AVLS, ALSEC, EISEC, data messaging etc). The pursuance of a collaborative solution and targeting of financial resources onto modern and high grade technology will ensure that many of the planned technological benefits envisaged under FiReControl will still be delivered.

16. The current fiscal climate is a key driver to seek more efficient and cost effective ways of working and the NW Business case demonstrates significant potential savings can be delivered through the delivery of a collaborative model.

³ Report of the Departmental Committee on the Fire Service 1970 (Holroyd Report)

⁴ Audit Commission "In the Line of Fire" dated 1995

⁵ Mott McDonald studies: 2000 & 2003

⁶ North West Fire Brigade Control Room Fundamental Review Group Report 09/2000

⁷ 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

17. NW FRS already have a good track record at working collaboratively and have introduced a number of successful initiatives that are delivering improvements and efficiency in areas such as a common approach to procurement of Personal Protective Equipment and Breathing Apparatus. The five CFOs are keen to work closely and to identify other areas of collaboration and / or shared services and the delivery of a collaborative Fire Control project is seen as a positive move.

Key Benefits

18. 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);
- convergence of operational activity and thus create efficiency and improve operational effectiveness;
- improved resilience both in terms of the highly specified design of the infrastructure reducing any likelihood of business disruption and also resilience in terms of the staffing model regionally, which will see an irreducible minimum number of staff available and therefore a greater capacity to prioritise SPATE conditions
- act as a driver for further change and cost avoidance through the development of further collaborative activity.

19. The NW draft Concept of Operations document uses Table 2, below, to visually represent the expected technological benefits:

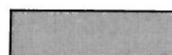
Table 2.

	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

IN PLACE

Technology currently available in FRS



Technology likely to be achieved

Project Scope

20. The project aims to deliver a single site collaborative Fire Control facility using the existing facility at Lingley Mere Business Park, Warrington and a secondary back up resilient site (location tbc). The project will deliver the full requirements associated with the provision of a Fire Control function including:

- The development, procurement and installation of a suitable call handling, mobilisation and incident management system in support of the deployment of FRS resources. This will include an ICCS, telephony, Command & Control System along with interfaces to the Airwave radio system and data infrastructure.
- The formation of a fully functioning organisation that can deliver the service, this will include all staffing, training, operational procedures, contracts, agreements and other associated activity.
- A fully functioning facility with suitable office and control room infrastructure, systems and facilities that will enable the successful operation.
- Network links and connections into NW FRS to enable passage of data information to and from FRS to Fire Control.

ECONOMIC CASE

21. A full Strategic Options Appraisal was conducted as part of the NW Business Case and assessed three main options, each with two sub options. The option of maintaining the status quo (current 5 FRS controls) or an option for individual FRS to partner up to provide their own smaller collaborative solution remains but was not included in the appraisal. A comparison of each option assessing benefits and disadvantages as well as risks was conducted.

22. The Options considered are outlined in Table 3 as follows:

Table 3.

<p>Option 1 – Fire Control facility at Lingley Mere with or without funding</p> <p><i>Pursue NW collaboration at existing site with no funding or with some 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 – No funding</p> <p><i>Discounted due to excess costs versus using existing FRS locations</i></p>	<p>Option 2a – Use New regional site</p>	<p>Option 3a – use two existing sites</p>
<p>Option 1b – DCLG provide funding to offset costs of project set up, restructuring & contribution to lease / Estates costs</p>	<p>Option 2b – Use existing FRS control or FRS real estate</p>	<p>Option 3b – use two new sites</p> <p><i>Discounted due to excess costs versus using existing FRS locations</i></p>

23. Summary of Options Appraisal Conclusion:

- Option 1a and 1b. Both options offer the most benefit if you exclude the cost: purpose built resilient building, stretch potential for further FRS activity, potential income generation and the building is already in use which removes a large part of the Estates work strand from any collaborative project. However, it was clear that if DCLG subsidy was not forthcoming then it would be too expensive an option to endorse and therefore Option 1a was ruled out. If DCLG subsidy was significant enough to offset some of the expense, then Option 1b was favoured.

- Option 2. This option scored slightly below both Option 1a & 1b in terms of the benefits / risks but remains very attractive. It was considered the most cost effective solution if DCLG did not provide suitable subsidy.
- Option 3. This option scored the lowest on the options appraisal, although it should be noted that the option of maintaining two existing control rooms offers benefits in regard to resilience and fallback. However, it is more costly than Options 1b & 2, primarily as it will require more staff and maintains a larger quantity of mobilising technology. It also offers potential challenges in regard to TUPE issues and establishing new T&Cs and Demand led rostering.

24. The preferred outcome in the NW Business Case was to move to a collaborative control, using the Lingley Mere site but only if DCLG were able to provide sufficient funding to match the assumptions made within the NW Financial Case (and as per this funding bid)

Costs and Assumptions

25. The financial appraisal used within the NW Business case included a 12 year financial forecast that assessed costs for each of the Options considered over four areas: Employees, Facilities, Operating Costs and Technology. The financial appraisal considered the cost of the existing control provision using figures provided by each FRS - Director of Finance and the predicted costs of a new control facility. This enabled the production of indicative costs for each FRS which could be compared against their current costs to identify potential savings.

26. A number of assumptions were used within the financial modelling but where possible actual costs were used; a brief overview of some of the key assumptions includes:

- Employee costs were based upon the current NW Fire Control Ltd staffing model with zero pay inflation over the next two years. Existing FRS staff also assumed as zero pay inflation for 2 years.
- Facilities costs were based either on known existing costs for the RCC at Lingley Mere (Option 1); quotations from Office Estate Agents for the new site model and based upon real estate in the Warrington area (Options 2). Information for the Dual Site option (Option 3) facilities costs were based upon figures provided by FRS's.
- Operating costs were based upon known 'actuals' for Lingley Mere and these were used for Options 1 & 2. The figure used for Option 3 was an estimate based upon the cost for Option 1&2, uplifted for extra costs incurred by having more staff and using two sites.
- 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. Additional work has been completed to identify known costs for a secondary site location.
- DCLG subsidy assumptions have developed during informal discussions with DCLG staff to ensure that the figures used are (hopefully) within scope.
- A 10 year historical average for RPI was used (2.8%) for all elements that would be subject to some form of indexation. Any costs that had known uplifts / indexation (eg: lease, FM contract) used the actual indexation rates.

27. Confidence Level. The financial costs associated with Options 1 and 2 are considered very accurate, as many of these have been based upon known figures and there is a high confidence level that these figures are correct. An external verification was conducted by Risktec Ltd, an independent company who provided rigorous scrutiny and challenge to the Business case, especially the financial case.

Benefits

28. As summarised earlier on the submission, there are significant benefits expected to be realised by pursuing this collaboration; these include:

Efficiency & Savings.

- There is a clear financial case that offers significant savings to the Government and the Taxpayer; full details are including in the Financial Case section.
- The primary area of gain is due to the ability to reduce staffing levels by concentration of effort into one site. Having a larger number of control staff within a single site makes it easier to adopt more efficient rosters and shift systems such as Demand led rostering and annualised hours. This creates much greater efficiency in operational output as well as significant cost reductions. The modelling work undertaken for NW Fire Control Ltd indicates that our planned roster arrangements will result in an overall operator effectiveness level of approximately 92%⁸.
- It is expected that the move to a single control will also create opportunities to deliver further efficiency through collaboration and shared activity in the medium to longer term. CFO`s have directed their staff to commence work on assessing options for future change.

Resilience.

- The project will deliver improved resilience in three key areas. Firstly, the building infrastructure, which given its highly specified design in line with the requirements from the Centre for the Protection of National Infrastructure (CPNI) 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 (in extremis) and to cover any requirement to move to the secondary site.
- The protective security standards available mean that the NW facility will be able to adopt the most appropriate security measures as pertain to the risk, including high level alerts. Finally and a key benefit is the increased capacity available within the single control; by bringing greater numbers of staff into one centre, the irreducible minimum 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 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 NW Business Case is to use proven technology in order to reduce project risk. The majority of systems can now deliver, as standard, many of the desired applications intended to be delivered by FiRcControl. It is therefore expected that the system will provide advances to current NW systems as shown in Table 3.

⁸ Workplace Systems Ltd – Roster Modelling 21. Percentage of shift time directly utilised in satisfying workload demand – 92% is a ‘good fit’.

- The introduction of a single centre that provides mobilising for a group of FRS will allow visibility in a single control centre of all available resources including cross border. 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.
- The project will require FRS to adopt some level of convergence in operational procedures and activity which should improve interoperability. The NW CFO's have already directed their staff to commence work in this area, seeking to rationalise activity whilst maintaining flexibility to allow specific variations in line with individual IRMPs.

Corporate / Business Benefit.

- Due to the size of the Fire Control Centre and the standard of its resilience, it also offers the opportunity to review and potentially centralise services that are currently duplicated throughout each NW Service. This may bring further efficiencies and / or cost avoidance opportunities in future.
- There is also a potential ability to offer opportunities to other Blue light services that may wish to share parts of the building therefore sharing the running costs further enhancing the business case and providing a gain share benefit to DCLG.
- 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 sites.

COMMERCIAL CASE

29. The technical requirement will be contracted to an external supplier, although at this stage it is not known whether this will be via a prime contractor route or separate contracts. Detailed work on procurement planning is underway and whilst not formally confirmed, it is likely that the procurement route for the main technical solution will be via either a National Framework (such as SPRINT 2) or a Restricted OJEU process.

FINANCIAL CASE

30. The Financial Case is one of the prime drivers for change. In the current fiscal climate, FRS are seeking to manage their budget reductions over the next two years and plan for an uncertainty in the following years. Delivery of a collaborative Control function as recommended in the NW project provides opportunity to make cashable savings in the final year of this CSR as well as provide significant cost reduction to the FRAs in the future as capital investment in new control room technology and infrastructure (refresh and replacement) will be shared across the collaborative group.

31. The utilisation of the existing Fire Control facility in Lingley Mere will also offer the Government significant cost reduction over the duration of the existing control centre lease. The requested funding and future subsidy for the building, outlined in Table 4 below, is a substantial amount of money (£26.94m). However it compares against an ongoing liability for Government of £35m which is the remaining lease payment for the Lingley Mere Fire Control Centre (as at July 2011)

31. The following information, contained in Table 4, provides a financial summary and a cost / benefit summary that supports the case to deliver savings to the Government (both national and local) and to the taxpayer.

Table 4 – Summary of Costs for new NW control (with DCLG and NW FRA funding) versus Costs of current provision – showing predicted savings to public funds.

	Costs / Funding for Set Up	Costs / Funding from Go Live		Total Costs / Savings	Comments
	2011 - 2013	2014 - 2022	2023 - 2033	Total	
Total Cost of Current NW Fire Controls (Note 1)	Not applicable, FRS's continue to fund existing controls as now	£69.814m	£111.81m	£181.62m	All years based on uplifting costs by indexation of 2.8%
Total Estimated Cost of new shared Fire Control (Note 2)	-	£58.271m	£77.76m	£136.03m	All years based on uplifting costs by indexation of 2.8%
Saving to public funds from Go Live of new centre	--	£11.54m	£34.05m	£45.59m	
Total Cost of Set up (Note 3)	£16.435m	-	-	£16.44m	
Net Saving to public funds over full period (Note 4)	(£16.435)	£11.543m	£34.05m	£29.16m	
DCLG Contribution – Project Set up, restructuring and system costs	£9.761m	£0.00m	£0.00m	£9.761m	As per funding bid detail, this includes support towards System, Project costs, restructuring. Paid via grant in 2011/12 & 2012/13
DCLG Contribution – Building Costs (Note 5)	£5.427m	£9.056mm	£12.460m	£26.94m	As per funding bid, includes support for the Building and Estate costs during the project delivery phase, then steady state contribution of 66% of lease.
Total DCLG investment	£15.188m	£9.056m	£12.460m	£36.70m	
Total Cost to NW FRA	£1.247m	£49.214m	£65.30m	£115.76m	
Total Funding	£16.435m	£58.271m	£77.76m	£152.47m	

Notes:

1. Total costs of current controls excludes future technology upgrades and replacements over the period 2011 – 2033
2. Total cost of new shared facility includes costs for expected upgrades in the period 2011-2022 but not 2023-2033
3. Includes total costs of existing facility at Lingley Mere, new system, project costs and restructuring.
4. Total savings increase if capital costs for replacement systems are taken into account and reflect the efficiency of replacing one large system rather than 5 small systems (as per Notes 1 and 2)
5. Lease costs increase at 5 yearly intervals so based upon the fixed 66% steady state subsidy, DCLG funding increases in line with 5 yearly indexation.

Funding Requirement – Breakdown

32. The following table provides a breakdown of the total requested funding with associated annotations. Costs provided are total costs needed to provide support to the NW project over the project phase (2011/12 – 2013/14). An assumption has been used that the funding for Project, System and Re-structuring will be provided in 2011/12 and 2012/13 at a proportionate ratio of 60/40. The figures for accommodation funding are assumed as being paid on a monthly or quarterly basis and therefore the amount shown is a total figure rather than a split between 2011/12 and 2012/13.

Table 5.

Cost	Notes	2011/12 £	2012/13 £	Total £
Project Management				
Project Staffing (Core Team)	1	1.08m	0.72m	1.80m
Project Costs (contribution)	2	0.28m	0.18m	0.46m
Subtotal		1.36m	0.90m	2.26m
Systems/Infrastructure				
	3	1.5m	1.0m	2.5m
Subtotal		1.5m	1.0m	2.5m
Restructuring				
	4	3.0m	2.0m	5.0m
Subtotal		3.0m	2.0m	5.0m
Accommodation costs				
Project Phase Only (100%)	5			5.43m
Duration of lease post set up (subsidy based upon steady state of 66%)	6			21.51m
Subtotal				26.94m
Legacy Assets				
Access to Airwave data network (SAN-H)	7	0.00	0.00	0.00
Control Room & Office infrastructure	8	0.00	0.00	0.00
Subtotal		0.00	0.00	0.00
TOTAL		22m	14.65m	36.7m

Notes:

1. Support to project staffing of a core project team (approx 10 pax) based at Lingley Mere. Each FRS will provide secondees (1 per FRS) into this core team and each FRS will then also be providing additional resources at their own expense towards the completion of project work. This includes provision of senior officer support to Project Board, specialist advice to areas such as Procurement, Technical, Data & Operational work streams.
2. Contribution to project costs; note that FRAs will be expected to provide resources and funding to meet a share of the project costs.
3. System costs based upon soft market quote and market engagement with a variety of suppliers; includes costs towards Mobilising / CAD hardware and software, ICCS, telephony and comms, network links and data integration connections, IRS and supplier costs and fees.

4. Assumes the current NW Fire Control staffing model, which is modelled on recent call volumes, using Demand Led rostering and staff numbers used in the development of NW Fire Control Ltd planning for FiReControl. Note, this is a leaner model than the FiReControl model and used a specialist firm (Workplace Systems Ltd) to assist with the rostering and staff number requirements. The resultant re-structuring costs are based upon recent modelling with GMFRS Finance Department and input from all NW FRS HR departments for 115 staff reductions and movements. This provides a high degree of confidence that these costs are accurate. It is expected that any payments made for this area would be accountable and based upon proven re-structuring in line with an FRA moving their existing control function into the new NW single site location.
5. Based upon 100% of existing Lease, Estate & FM costs (includes Business Rates, Utilities etc) during project phase in 2011 – 2013. *Note that the £5.43m is the amount required for the three years of project phase and is not listed by year but as a total payable as per current arrangements.*
6. Based upon a transition from 100% of Lease, Estate & FM costs in 2014 (expected year of Go Live) towards a 66% steady state subsidy in 2015 onwards for duration of lease (expires in 2033). *Note that the £21.51m is the total amount of lease subsidy over the full period and is not separated into 2011/12 or 2012/13.*
7. Assumes that access to some key Legacy assets will be made available at nil cost, in particular access to one of the existing SAN-H to allow access to the Airwave Data infrastructure.
8. Assumes that access to existing legacy assets in terms of control room and existing office infrastructure will be made available, such things as AV screen, Control Room furniture, office furnishings, telephones and other associated items that may otherwise be written off but could provide actual benefit and cost avoidance.

PROJECT CASE

High Level Activity Schedule (HLAS)

33. The NW Business Case includes a High Level Activity Schedule (HLAS), the current version is attached at Appendix 2, which has been developed over a number of months. To date all of the key activities have been identified along with the predicted timeframes for completion. This piece of work has passed through a robust scrutiny process involving a team of ICT, Data, People & Organisational Design and Procurement experts drawn from the constituent FRS. In addition, external independent assurance has been engaged to provide independent scrutiny over the proposed schedule. The HLAS is an iterative piece of work and the dependencies and key milestones are still being developed as part of the ongoing project activities.

Strategic Risks

34. The NW Project will maintain a risk register, the project team will report and escalate identified risks to the Project Board to enable a common mitigation approach. Strategic risks currently identified include:

- a. The technical solution for the NW project may not meet the operational needs of the FRS.
Action - Undertake a robust market engagement process including comprehensive user involvement in the development of the requirements. Ensure User input throughout the procurement phase.

- b. The Project Team may be unable to support the level of activity required by the delivery schedule.
Action - Identify the areas of concern through a full review process, the FRS to identify sufficient appropriate resource to ensure successful delivery of the project.
- c. Industrial/Legal Action.
Action- Continue to promote an open and continuous communication with all stakeholders, particularly control room staff. Maintain current strategy for managing trade union representatives. Review of current legal advice requires monitoring for any potential changes.
- d. Inadequate Funding.
Action- The Business Case is being developed using sound financial models, stringent audit processes will be established to monitor project spend as we move forward.
- e. FRS Data Migration / Interface issues with other systems.
Action - Work closely with the chosen supplier and the FRS to assist with data capture and migration. Consider interface requirements in greater detail to expose any Business Case impact.
- f. Delay to Project Timescales.
Action – Ensure that the FRS continue to support fully the transition activities. Establish good reporting lines to ensure progress and/or pressure points are carefully monitored on a regular (e.g. monthly) basis.

List of Appendices:

1. NAO Report 01 July 2011 – The Failure of the FiReControl project – Key Findings and comments from NW Project.
2. NW Fire & Rescue Collaborative Project for provision of a single site Fire Control facility – High Level Activity Schedule

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**NAO Report 01 July 2011 – The Failure of the FiReControl project
Relevant Key Findings and comments from NW Project**

Key Finding	NW Project Response
The approach and regional structure underpinning the project were not generally supported by those that were essential to its success - FRS	The NW project has the support of all CFOs and will only go ahead if the local FRA elected members agree. Therefore, the NW delivery will be owned and managed by the NW FRS in partnership, thus removing this issue. In addition, the project will continue to use the existing Governance arrangements contained within the LACC model, thus providing enduring FRA ownership of the delivery organisation.
DCLG did not sufficiently incentivise local FRA to partner in FiReControl's delivery	DCLG have an opportunity to rectify some of this accusation by supporting the NW project, which is very dependent upon DCLG incentivisation in terms of provision of funding support and access to legacy assets
DCLG underestimated the complexity of designing a system to meet the needs of FRS and then failed to provide effective management	<p>The NW project envisages a simpler CONOPs which, whilst utilising and leveraging benefits of modern systems, recognises the challenge and potential for project creep. An overarching principle already agreed is to use proven technology from existing suppliers thus reducing the risk in this area.</p> <p>The project has a robust project management structure with each NW FRS represented by a senior officer on the Board. This will enable decisive and timely management and as CFOs are fully supportive it is expected that the project will be driven hard from all levels.</p>
FiReControl was based on unrealistic estimates of project costs and expected local savings	This is an area of risk that was recognised early on in the development of the NW business case. The financial costs and predicted savings have undertaken rigorous scrutiny by each FRS and external experts. The current costs of control have been updated regularly to ensure they reflect the expectations of actual FRS budgets this FY and have been 'signed off' by Finance Directors.
Governance arrangements in the first five years of the project were complex and ineffective, which led to unclear lines of responsibility and slow decision-making	The project governance arrangements are simple and agreed by all FRS. The project board, led by a CFO as Project Director, will provide decision making for the majority of issues. Where an area of conflict arises, the five CFOs have agreed to use the continued process of the NW programme Board (meets quarterly) to provide additional oversight, guidance and decision making (in extremis)
The project lacked consistent leadership and direction and was characterised by a high turnover of staff and over-reliance on poorly managed consultants	<p>This is recognised and the intention will be to minimise any potential for project staff churn during the appointment of staff.</p> <p>The FRS have made clear their intent to try and provide the most suitable support to the project using in house expertise first and foremost and reducing the requirement for external consultancy to the absolute minimum.</p>
The department's failure to manage the project as a whole has resulted in the creation of empty regional control centres	If the NW project proceeds, using the existing building at Lingley Mere, a significant element of the project delivery will be de-risked as a significant element of the 'Estates' work stream will have been completed. However, the overall point about maintaining a holistic view to project delivery is understood. As the NW project will be utilising proven technology from existing suppliers the potential for delay to the technical solution is reduced.

<p>DCLG is trying to reduce ongoing future waste by incentivising local FRS to use the empty regional control centres</p>	<p>The NW project seeks to support the NAO recommendations and DCLG aspiration to reduce future waste by using the existing control centre at Lingley Mere and welcomes DCLG support in this regard.</p>
<p>The cancellation of FiReControl means local control room functionality and interoperability continues to be variable</p>	<p>The five NW FRS are in different positions in regard to their existing systems; the systems are varied and in differing need of refresh / replacement. It is expected that a key benefit from the NW project is, by delivering a larger control room at scale, using well developed and modern technology, to provide opportunities for improved interoperability and ways of working between NW FRS. It is also expected that partnerships will form with other larger FRS controls (such as LFB) that will assist in the development of further interoperability improvements</p>