

Gateway Review 4

Readiness for service

North West Fire & Rescue Services PFI Project

Cumbria County Council
Lancashire Fire and Rescue Service
Merseyside Fire and Rescue Service

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(Keith Mattinson is acting on behalf of all Project Owners for this review)

Gateway Review dates: 20 to 22 March 2012

Gateway Review Team Leader:

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Gateway Review Team Members:

Chris Dale

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This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the Project Owner immediately at the conclusion of the review.

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Delivery Confidence Assessment

Delivery Confidence Assessment

Green / Amber

The Review Team finds that overall this Project is being effectively managed, and is well placed to move to operation and contract management. In particular the Project has benefited from cohesive leadership and strong governance.

The key strengths of this Project are:

- An enthusiastic and cohesive wider team
- Strong commitment from the staff generally to making this Project as successful as possible
- The Project is still affordable at the time of this Review
- There is a good self awareness of strengths and weaknesses
- Good and effective stakeholder engagement. In particular, the communication and engagement with Representative Bodies such as Fire Brigades Union

It remains important that the Project Team continues its good work and responds to the recommendations contained in this report. Attention needs to be given to:

- Managing risk as the Project moves from construction to contract management
- Logging and communicating lessons learned from individual schemes across the three Fire Authorities
- Contract management arrangements, staff training and expectations management
- Knowledge transfer and succession planning being properly managed by the Project Board
- Continued review of resources and the Governance Structure

The Delivery Confidence assessment RAG status should use the definitions below.

RAG	Criteria Description
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Green/Amber	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage does not appear to be manageable or resolvable. The Project/Programme may need re-baselining and/or overall viability re-assessed

Summary of report recommendations

The review team makes the following recommendations which are prioritised using the definitions below.

Ref	Recommendation	Critical /Essential / Recommended
1.	The lessons learned from the engagement with representative bodies such as the Fire Brigades Union should be captured as best practice and used as a model for future projects and engagements	Recommended
2.	A joint risk register is developed for the construction, mobilisation, and early years of contract management	Recommended
3.	The existing Risk Register is reviewed and updated	Essential (6 Months)
4.	The Project Board agrees a process to mitigate the risk of losing key staff	Critical
5.	The Project Board makes arrangements to ensure knowledge transfer takes place	Critical

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future

Recommended – The programme/project should benefit from the uptake of this recommendation.

Background

Project Scope

The scope of the Project is to provide 16 new fire stations and associated facilities across the three Authorities. The details of these stations are as below:-

Cumbria:

- Carlisle East (two stations on new sites to replace existing station in Carlisle)
- Carlisle West (as above)
- Patterdale (existing site)
- Penrith (new site and incorporating new FRS HQ, County Council Resilience Unit RU) and Emergency Control Room)
- Workington (new site)

Lancashire:

- Blackburn (new site)
- Burnley (existing site)
- Chorley (new site)
- Fleetwood (existing site)

Merseyside:

- Belle Vale
- Birkenhead
- Bootle & Netherton
- Formby
- Kirkdale (incorporating Operational Resource Centre (ORC))
- Newton le Willows
- Southport (including an ambulance station)

(all on existing sites)

The driving force for the programme:

The NWFRS PFI Project supports the modernisation agenda for the Fire and Rescue Service. In particular, it supports the vision for the Fire & Rescue Service articulated in the White Paper *'Our Fire and Rescue Service'* and now embodied in the Fire & Rescue Services Act 2004 and the National Framework, which seeks a Service that is proactive in preventing fires and other risks in addition to responding to fires and in particular, reducing deaths and injuries from fire. The Project also supports the wider agenda of social inclusion, neighbourhood renewal and crime reduction and climate change (including sustainability and carbon reduction). The Project is already closely aligned to the Government's 'Big Society' concept that reflects the integral part a modern Fire & Rescue Service can play in making communities safer, stronger and healthier.

This Project provides a clear demonstration of a soundly based collaborative approach to providing an efficient and effective Fire & Rescue Service within the North West. It builds on the existing and ongoing collaboration and enables greater integration and communication between the three participating Fire and Rescue Authorities as well as with related emergency services and other agencies which serve the community.

The procurement/delivery status:

This Project is in the construction phase. Carlisle West, Patterdale and Blackburn have already been handed over and contract management processes have started

Current position regarding Gateway Reviews:

The Project was the subject of a Gateway 3 Review on 15 - 17 December 2009 that contained 8 recommendations. Subsequently the Project received a Gateway Health Check on 29 September 2011.

A summary of recommendations, progress and status from the previous Gateway Reviews can be found in Appendix C.

Purposes and conduct of the Gateway Review

Purposes of the Local Partnerships Gateway Review

The primary purposes of a Gateway Review 4 are to confirm that contractual arrangements are up to date, that necessary testing has been done to the client's satisfaction and that the client is ready to approve implementation.

Appendix A gives the full purposes statement for a Gateway Review 4.

Conduct of the Gateway Review

This Gateway Review 4 was carried out from 20 March 2012 to 22 March 2012 at Merseyside and Lancashire Fire & Rescue HQ's. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank the NWFRS Project Team for their openness and support which helped the Gateway Team's understanding. In particular the Team would like to give special thanks to and acknowledgement of Justine Guy from Merseyside FRS for her tireless and smiling efforts.

Findings and recommendations

1: Business case and stakeholders

The Project has strong stakeholder support from all of the participating Authorities. The Project Board consists of Principal Officers from each Service, these individuals act as project owners within their own Authority. Individual Authority project teams are diverse and there is significant enthusiasm beyond the core teams for the Project.

The political support is strong in all three Authorities. Through the interview process the Review Team confirmed that there is good support amongst elected members. They were also provided with confirmation that the programme is still meeting the individual Service requirements.

The Review Team would like to comment that the Project Team (Colin Schofield and Justine Guy) have received significant praise for their efforts and dedication.

Feedback from interviews indicated that engagement and communication with representative bodies such as the Fire Brigades Union has improved significantly and is cited as best practice.

Recommendation 1: The lessons learned from the engagement with representative bodies such as the Fire Brigades Union should be captured as best practice and used as a model for future projects and engagements.

2: Review of current phase

Overall the Review Team has found that the programme is progressing well. There are a number of positive themes that have been consistently highlighted throughout the review. The core Project Team appears to be strong, with enthusiasm and commitment prominent.

There do not appear to have been any significant changes to the contract but there have been some specific site issues (i.e. asbestos at Kirkdale) due to unforeseen circumstances. These issues have resulted in some delays to the construction programme and some increased costs that have been met via the contingency.

At the point of this Gateway 4 Review, the Project remains affordable with the appropriate financing in place at all three of the partner Authorities. The lead Authority role is well defined with regard to finance and payment mechanisms. The overall financial processes for this programme appear to be very well managed. There is strong co-operation between the finance teams in each Authority. Cost sharing arrangements are well developed should any penalties be incurred, these are understood and accepted. All Authorities have a contingency provision to allow for any unexpected spend on the Pproject.

Delays have been experienced at a number of sites across the three Authorities. Where the target completion date has changed, the contractor has allowed Service Availability Dates (SAD) to slip further, causing frustration within the Services and potential reputational damage with operational staff. As a result there has been disruption across departments and additional administration and costs for the Fire & Rescue Services. Specific delays within year one will have an impact on year two developments owing to the dependency by the contractor on using the same site teams.

The Governance structure is working well for the construction stage, with each Service having a lead officer at an operational and strategic level. This structure will need to be reviewed and assessed against the future needs of the contract. Interviews revealed that once the construction phase is complete, lead officers are likely to return to other duties or leave the service. This may result in a continuity risk if knowledge transfer is not managed effectively.

3: Risk management

The Review Team have seen evidence of the risk management processes being used for this Project. It is clear that the risk management process have served the Project well so far.

The Review Team believe that the Project would benefit from adopting a joint risk register with the partner. Having this in place may have helped shared understanding of each partner's needs and pressure points, given the delays that have occurred to the construction process. The Review Team is not advocating a full joint risk register, though given the inter-dependencies and the size of the project; perhaps this could be relevant for the top 10 or 20 risks in the following areas

- Construction Phase (delays, reputation)
- Decant and handover
- Early years of contract management

Recommendation 2: A joint risk register is developed for the construction, mobilisation, and early years of contract management.

The Review Team suggests that the existing NW Fire and Rescue Service PFI risk log is in need of a re-fresh. As the Project is moving into the construction, decant and contract management phases, there are potentially new risks that are not shown on the register. This could be done by undertaking a short risk workshop or using independent challenge to the existing risk register.

Recommendation 3: The existing Risk Register is reviewed and updated

The Review Team consider that a key risk to this programme is the potential loss of staff that have exceptional knowledge about the process and contract specifics. It is therefore important that processes are agreed with the Project Board to make arrangements for managing the risk of losing key staff and ensuring knowledge transfer.

Recommendation 4: The Project Board agrees a process to mitigate the risk of losing key staff

Recommendation 5: The Project Board makes arrangements to ensure knowledge transfer takes place

As the Project moves from construction into operation and contract management, the Project Board needs to ensure that Governance Structure is reviewed and updated as appropriate. This is particularly important to ensure that risks are managed appropriately and that the performance of contract management is appropriately monitored. The Project Board also need to ensure that the benefits arising from the Project are delivered.

4: Readiness for next phase – benefits evaluation

Overall the Review Team has found that the Project is well placed to move forward with the remaining construction phases and the advancement to decant and contract management.

The Project Team has learned a great deal from the handovers of Blackburn, Carlisle West and Patterdale Stations. This is in terms of decanting, staff training and preparation for receiving facilities management from Balfour Beatty Workplace. The Project Team and Balfour Beatty are working to ensure that all lessons learned are shared to ensure the smoother running of future handovers. In addition, it is important that the contractor, Balfour Beatty and the Project Team work together to ensure snagging lists are reduced in the future projects as this is time consuming and inefficient.

Throughout this Gateway Review there have been mixed messages about the communication and training provided to staff. In the stations that have been handed over, the staff are using the help desk and recording issues, and this seems to be co-ordinated. Despite this there are still concerns of a lack of clarity regarding contract monitoring and reporting post build and handover, and the expectations of staff working on station. It is clear that further work is need by the Project Team to ensure there is a consistent level of communication and training to all staff.

An “operations manual” is being developed by the Project Team for the operational and contract management phases. The Review Team believe this document needs to be completed as a priority. In view of the current workloads of the core Project Team and Officers in each Authority, the Project Board may wish to consider external support to complete and quality assure the operations manual.

There will be a strong reliance on the contractor with regard to contract monitoring. Consideration should be given to making suitable arrangements within each of the three Authorities to validate communication, training, data collection, defect reporting and rectification. This will be particularly important in the first few years of operation and reinforces the need for the early provision of a comprehensive operations manual.

The benefits of having a central Project Team have been evident by the good progress of this Project to date. Therefore the Review Team suggest that maintaining a central team, will benefit shared learning, management of risks, co-ordination of data collection and reporting.

In order to ensure that all benefits are realised and the partnership continues to work effectively, the Project Board should oversee “Post Implementation Reviews” at the following intervals (after the final site handover):-

- 1 year
- 5 years
- 10 years
- 15 years
- 20 years

The next Gateway 5 Review is expected in summer 2015

APPENDIX A

Purpose of Gateway Review 4: Readiness for Service

- Check that the current phase of the contract is properly completed and documentation completed.
- Ensure that the contractual arrangements are up-to-date.
- Check that the business case is still valid and unaffected by internal and external events or changes.
- Check that the original projected business benefit is likely to be achieved.
- Ensure that there are processes and procedures to ensure long-term success of the project.
- Confirm that all necessary testing is done (e.g. commissioning of buildings, business integration and user acceptance testing) to the client's satisfaction and that the client is ready to approve implementation.
- Check that there are feasible and tested contingency and reversion arrangements.
- Ensure that all ongoing risks and issues are being managed effectively and do not threaten implementation.
- Evaluate the risk of proceeding with the implementation where there are any unresolved issues.
- Confirm the business has the necessary resources and that it is ready to implement the services and the business change.
- Confirm that the client and supplier implementation plans are still achievable.
- Confirm that there are management and organisational controls to manage the project through implementation and operation.
- Confirm that all parties have agreed plans for training, communication, roll-out, production release and support as required.
- Confirm that all parties have agreed plans for managing risk.
- Confirm that there are client-side plans for managing the working relationship, with reporting arrangements at appropriate levels in the organisation, reciprocated on the supplier side.
- Confirm information assurance accreditation/certification.
- Confirm that defects or incomplete works are identified and recorded.
- Check that lessons for future projects are identified and recorded.

APPENDIX B

Interviewees

NAME	ROLE
Dominic Harrison	Project Owner – Cumbria County Council (Telephone Interview)
Keith Mattinson	Project Owner – Lancashire Fire and Rescue Service (LFRS)
Justine Guy	PFI Co-ordinator
Andy Groom	Lead Officer Merseyside Fire and Rescue Service (MFRS)
Bob Nixon	Lead Officer Cumbria Fire and Rescue Service (CFRS)
Malcolm Findlay	Balfour Beatty Fire & Rescue
Ben Cummins	Balfour Beatty Workplace
Phil Garrigan	Deputy Chief Fire Officer MFRS
Colin Schofield	Project Manager
Ian Cummins	Head of Finance (MFRS)
Mike Rea	Management Accountant (MFRS)
Dave Perrin	Watch Manager – Kirkdale Fire station
Les Skarrats	MFRS – Fire Brigades Union Brigade Secretary
Mark Rowe	MFRS – Fire Brigades Union Brigade Chair
Phil Webster	Head of Assets MFRS
Councillor Gary Strong	Cumbria County Council (Telephone Interview)
Paul Murphy	PFI rep – Kirkdale fire station
John Phethean	Lead Officer LFRS
Michael Barke	Area Manager, Major Projects, LFRS
Tracey Bottomley	Administration – Fleetwood fire station (LFRS)
Iain Gammack	Technical Advisor IKG
Councillor Andy Kay	LFRA
Councillor Keith Young	LFRA
Joanna Bowden	Finance LFRS
Stuart Blackburn	Finance LFRS
Ian Riding	Head of Property LFRS

APPENDIX C

Recommendations from previous Local Partnerships Gateway Review

<i>Recommendation</i>	<i>Progress/Status</i>
<p>Appropriate training for those individuals that will carry out contract management roles is developed, delivered and validated. – From Health Check 29-9-2011</p>	<p>In Progress Contract Manager & Co-ordinator have both attended appropriate accredited training courses. Further training will be arranged for personnel both at the centre & in each Authority.</p>
<p>A standard reporting template is developed that will capture key points and actions across all areas of the project. This is to ensure it reaches Project Executive Board. - From Health Check 29-9-2011</p>	<p>Complete Although no standard template has been adopted, BBFR & Mansell minutes now highlight key points & actions so they are easily identifiable.</p>
<p>The project team should ensure that the Final Business Case includes and highlights a clear and comprehensive benefits realisation plan. - From Gateway 3 Review 17-12-09</p>	<p>Complete Included in FBC approved by each Authority & submitted to DCLG</p>
<p>The project team with advisors, walk through the commercial, technical and legal aspects of the project with appropriate senior staff at each Authority to ensure comprehensive understanding of all aspects of the contract including operational requirements to mitigate risk of delay to sign off. - From Gateway 3 Review 17-12-09</p>	<p>Complete External Advisors provided debriefs & training sessions for core Project team.</p>
<p>The Project Team clarifies the individual sign off requirements for each Authority and build this into the programme as appropriate. - From Gateway 3 Review 17-12-09</p>	<p>Complete All necessary sign-offs achieved prior to Financial Close</p>
<p>The 3 Authorities review resource requirements to finalise the business case and other documentation including use of advisors as necessary. This may require the production of a detailed resource plan.</p>	<p>Complete FBC signed off by each Authority in February 2010.</p>

- From Gateway 3 Review 17-12-09	
Consideration to be given to delegating risks to other members of the project team as deemed appropriate. - From Gateway 3 Review 17-12-09	Complete Risk Register updated & amended.
The Authorities consider carefully the governance and client management arrangements and put in place clear operational procedures that each Authority will adhere to. - From Gateway 3 Review 17-12-09	Complete Executive Board continue to oversee Project. Project Manager & Project Co-ordinator appointed as Contract Manager & Contract Co-ordinator. Co-operation Agreement between the Authorities in place post Financial Close.
The Authorities ensure, at the earliest opportunity, careful consideration to the appointment of key staff commensurate with the commercial nature of the PFI Contract to underpin the business and consider going to market to set up frameworks for advisors as necessary. - From Gateway 3 Review 17-12-09	Complete Project Manager & Project Co-ordinator appointed as Contract Manager & Contract Co-ordinator. Key Project Team continued from procurement into build programme. Technical Advisor appointed to assist during build period. Legal & Financial advisors on call off contracts.
An Operation Manual is produced to ensure over arching principles of the contract are captured – as outlined in Local Partnerships guidance. - From Gateway 3 Review 17-12-09	In progress Draft prepared, being updated & added to on a regular basis.