

<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>AUTHORITY</b>		
<b>DATE:</b>	<b>30 JUNE 2016</b>	<b>REPORT NO:</b>	<b>CFO/060/16</b>
<b>PRESENTING OFFICER</b>	<b>CHIEF FIRE OFFICER</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>DEPUTY CHIEF FIRE OFFICER</b>	<b>REPORT AUTHOR:</b>	<b>JOHN MCNEILL</b>
<b>OFFICERS CONSULTED:</b>	<b>JOINT CHIEF OFFICER GROUP MFRA &amp; MERSEYSIDE POLICE PROCUREMENT TEAMS</b>		
<b>TITLE OF REPORT:</b>	<b>POLICE &amp; FIRE COLLABORATION - CORPORATE SERVICES REVIEW</b>		

### **Purpose of Report**

1. To inform members on the progress of the development of the Outline Business Case for Collaboration in the delivery of Corporate Services for Merseyside Police, Merseyside Fire and Rescue Authority (MFRA) and the Office of the Police & Crime Commissioner (OPCC).
2. To seek Authority approval to engage Deloitte LLP to develop an Outline Business Case that considers options to transform corporate services across the OPCC, Merseyside Police and MFRA.

### **Recommendation**

3. That Members approve the engagement of Deloitte LLP as the consultants to work with officers to produce an Outline Business Case collaborative operating model for the delivering the Corporate Service functions of Merseyside Police, MFRA and where appropriate the Office of the Police & Crime Commissioner on the basis of economy, efficiency and effectiveness.
4. That members approve an equal cost apportionment between MFRA and Merseyside Police which equates to a contribution of £137,000 by the Authority.

### **Introduction and Background**

5. At its meeting on 1<sup>st</sup> September 2015 the Joint Police and Fire Collaboration Committee ("the Committee") considered report CFO/073/15.
6. The Committee noted the recommendations of the report relating to the Guiding Principles for the Collaboration Programme and requested the Chief Fire Officer (CFO) and Chief Constable (CC) undertake a joint review of existing and potential opportunities for collaboration in line with the methodology detailed within the Guiding Principles.
7. At its meeting on 19<sup>th</sup> October 2015 the Committee considered report CFO/087/15 which provided an update on progress made with regard to the Emergency Services Collaboration Programme, review of Corporate Services.

8. The Committee has acknowledged the political environment with regard to the passing of the Cities and Local Government Devolution Act and the progress of the Policing & Crime Bill. It has also acknowledged that all parties remain under pressure to make further savings and that front line service delivery to the communities of Merseyside remains a priority.
9. Consequently the Collaboration Board were asked to prepare an Outline Business Case in relation to shared corporate services, to include an assessment of the various options from loose collaboration to a fully merged and co-located service. The Collaboration Board were also instructed to undertake an analysis of the cost base of the current service, the “cashable” and qualitative benefits and the potential risks and issues relating to structure and governance.
10. On 25<sup>th</sup> April 2016 a joint Chief Officer Group met to consider the next steps. An update was provided by the programme team and it was agreed that the work to deliver the outline business case for four of the five work streams (Shared Estate, Operational Response, Operational Preparedness and Community Risk Management) were progressing well and would continue to be developed by the team.
11. At its meeting on 7<sup>th</sup> June 2016 the Committee considered report CFO/043/16 and approved the recommendation:  
  
*“That Members approve the engagement of consultants to work with officers to produce an outline business case and suitable operating model for collaboratively delivering the Corporate Service functions of Merseyside Police, Merseyside Fire & Rescue Authority and where appropriate the Office of the Police & Crime Commissioner”.*
12. The Committee acknowledged the development of the Corporate Services business case was particularly challenging and complex and that it presented significant risk to all parties. Consequently, in order to support this work, and in light of the changing political landscape, it was agreed to jointly publish an ‘Invitation to Tender’ (ITT) to engage external consultants to develop an Outline Business Case that considers fully costed options to transform corporate services across the OPCC, Merseyside Police and MFRA.
13. The ITT described the outcomes to be achieved by examining the different functions to identify where improvements can be made to service delivery, value for money and productivity by adopting a shared service model either as single organisations or as a collaborative endeavour between the three organisations. Shared Services can encompass a wide variety of models, including collaboration on many different levels, the merits of each option need to be considered to identify the most appropriate model for delivery.

The departments and functions included within the Corporate Services Review are:

- Human Resources/People & Organisational Development
- Training Delivery/Training and Development Academy
- Occupational Health
- Procurement
- ICT
- Estates and Facilities Management
- Vehicle Fleet Management/Engineering
- Finance
- Legal Services
- Strategy and Performance/
- Corporate Support and Development
- Health & Safety
- Equality and Diversity
- Democratic Services
- Office of the Police and Crime Commissioner – certain designated functions
- Media Team
- Corporate Communications and Marketing

14. A Crown Commercial Services framework was identified as the most appropriate to market and following consultation with the procurement leads from MFRA and Merseyside Police, the ITT was published on the “Blue Light tendering portal” on 11<sup>th</sup> May 2016.
15. On 18<sup>th</sup> May 2016 Officers hosted a “Supplier Open Day” which was attended by eight of the potential twenty suppliers party to the framework.
16. The deadline for bids to be received was 10<sup>th</sup> June 2016. Six bids were received. These were evaluated by the collaboration leads and Procurement Managers from MFRA and Merseyside Police utilising the marking scheme published in the ITT and in line with Crown Commercial Service guidance.
17. The marking scheme is outlined below :
  - a. Quality requirements – 40%
  - b. Team experience and capability – 5%
  - c. Knowledge and skills transfer – 5%
  - d. Track record – 10%
  - e. Presentation and bidder interviews – 10%
  - f. Cost – 30%
18. The remaining 10% of the total marks were allocated to be awarded at interview stage. As can be seen from the table at Appendix A; based on the overall score, two bidders, had already attracted in excess of 10% of the total more than any other, consequently only these bidders were invited to interview.
19. The evaluation process revealed that the lower bidder were not as strong qualitatively as some of the other bids, however the price quoted was significantly lower than any other, consequently they were progressed to the interview stage. Deloitte were notably strong in the quality of their bid.
20. The interviews were conducted on 23<sup>rd</sup> June 2016 jointly led by the Deputy Chief Fire Officer, Merseyside Police Director of Resources, and the Chief Finance Officer for the OPCC.

21. Both bidders were invited to give a 30 minute presentation which detailed their proposed approach to delivering the requirements prior to panel questions. The final evaluation scores taking into account the panels scores for this element of the process are detailed below :

	Deloitte LLP	Second chosen bidder
<b>Points awarded – cost and quality</b>	354	350
% Awarded	70.84	70.00

22. It is recognised that the cost may be viewed as high particularly when MFRA and Merseyside Police are both facing significant financial challenges. The reality is however that there is a market rate for this type of work and viewed in this context the cost of the Deloitte bid is not excessive. Despite the significantly higher cost, the Deloitte offer is of a much higher quality than that of the lower bidder.
23. As has been identified previously in this report Merseyside Police and MFRA are both required to deliver significant savings over the remainder of the Parliament. The greater level of savings that can be delivered through collaboration around Corporate Services the more opportunity there is to protect operational response capabilities. The CFO and CC recognise that the organisational capacity simply does not exist within Merseyside Police and MFRA to conduct the extent of forensic analysis as set out within the ITT. It is for this reason that the strong recommendation of the CFO is that Members approve the engagement of Deloitte LLP as the consultants to work with officers to produce an Outline Business Case for Corporate Services collaboration.

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### **Equality and Diversity Implications**

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24. Any identified deliverables arising for the programme will be subject to a full Equality Impact Assessment throughout the development process and compliance with the requirements of the Equality Act 2010 will be maintained.

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### **Staff Implications**

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25. It is recognised that there is the potential for significant impact on the staff of all organisations. At the suppliers “Open Day” officers emphasised that the successful bidder will be expected to engage with staff at all levels in delivering the business case.
26. MFRA and Merseyside Police will continue to consult all relevant stakeholders and representative bodies.
27. A staff update has been published across the Corporate Service area of all organisations and has been cascaded to all staff and staff continue to be updated on proposals via Principal Officer Briefings.

28. Lead staff from the functional areas subject to review will form part of the team undertaking the appraisal in order to ensure it reflects the workings of each service and in order to better inform the end product. This will however place demands on key staff time during the review period which will need to be considered.

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### **Legal Implications**

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29. The Policing and Crime Bill is in the parliamentary process and MPs debated the second day of the Report Stage followed by the Legislative Grand Committee and Third Reading on 13<sup>th</sup> June 2016.
30. The House of Commons agreed a carry-over motion for this Bill on 7<sup>th</sup> March 2016. This means that consideration of the Bill will be resumed in the 2016-17 session.
31. The Bill was given a formal First and Second Reading (no debate) on 19<sup>th</sup> May to reintroduce it in the 2016-17 session of Parliament. The Bill will be restarted at the point it reached in the last session
32. The Government have made clear the intention to legislate to enable PCC's and FRA's to collaborate where a local case is made.
33. The Tender process and subsequent contract award will be in line with all parties' procurement policies and consequently will fully comply with all relevant legislation.
34. Under the Authority's Contract Standing Orders any contract with a total value exceeding £250,000 must be awarded by the Authority.

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### **Financial Implications & Value for Money**

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35. The programme delivery team did not identify a maximum cost for consultancy as it was believed that this may influence bids, however all bidders were required to complete a pricing schedule, detailing the total number of days and cost per day for delivery of the requirements.
36. The lowest priced bid attracted 30% of the total marks with all other bids receiving a percentage calculated according to how much more expensive their bids were.
37. The successful tenderer was required to demonstrate how they will deliver an Outline Business case which fulfils all VFM principles.
38. Funds to cover the consultancy costs have been earmarked from the 2015/16 year-end variances and forward into 2016/17 as a specific earmarked reserve.

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### **Risk Management, Health & Safety, and Environmental Implications**

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39. The Corporate Services Review is being delivered in line with recognised project methodology. A risk register has been created which will be maintained by the Collaboration Programme Team.

Contribution to Our Mission: • *Safer Stronger Communities – Safe Effective Firefighters*

40. All parties are committed to achieving maximum efficiency and value for money through collaboration which will facilitate the best possible service delivery for the communities of Merseyside.

## **BACKGROUND PAPERS**

Police and Fire Committee Report – CFO/073/15

Police and Fire Committee Report CFO/087/1

Police and Fire Committee Report CFO/087/1

Cities and Local Government Devolution Act

Police and Crime Bill

## **GLOSSARY OF TERMS**