

Office of the Police and Crime Commissioner for Cumbria

Cumbria Fire & Rescue Governance

Options Analysis and Business Case – Full Version

BearingPoint
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1 Introduction

The Government's proposal to create two new unitary authorities in Cumbria means that new arrangements need to be put in place for Cumbria's Fire & Rescue Service. Currently, Cumbria County Council are the Fire & Rescue Authority which means that they are accountable to citizens for the Fire & Rescue Service across the County. Assuming that the County Council is abolished, as proposed in the reorganisation, there will need to be a new Fire & Rescue Authority. There are various ways in which this can be achieved, one of which is for the Police and Crime Commissioner to become the Fire & Rescue Authority (FRA).

The option of the Police and Crime Commissioner (PCC) taking on the role of the FRA in Cumbria has been considered before, in 2017. At that time the conclusion was that it would be better to continue with the current arrangements, with the County Council acting as the FRA, but working harder to increase collaboration between the emergency services. While the increased collaboration has been a success story, the current arrangements are no longer an option: the County Council will not exist from April 2023. New arrangements therefore must be put in place before then.

This is the full report of the analysis of the options for the governance¹ of the Fire & Rescue Service in Cumbria following reorganisation. It considers the arguments for and against the various options that the legislation allows. It follows the best-practice guidance on assessing the options fairly and identifying which one is best for a fire and rescue service for the people of Cumbria, considering public safety and economy, efficiency and effectiveness.

This report presents the conclusions and recommendations of the analysis carried out from October to December 2021. The work was undertaken on behalf of the Police and Crime Commissioner. It has nevertheless been carried out with the support of the Fire & Rescue Service and Cumbria County Council and has been scrutinised throughout its development by the Blue Light Programme Board. The Board includes not only representatives of Cumbria's Fire & Rescue Service and Cumbria County Council, but also Cumbria Constabulary, Cumbria's Office of the Police and Crime Commissioner and the North West Ambulance Service.

The report concludes that there are two alternatives to the current arrangements that could meet the requirements to maintain and improve public safety in Cumbria and to achieve economy, efficiency and effectiveness (or value for money). These are to set up a new combined Fire & Rescue Authority, on the lines of other counties where unitary authorities have been introduced; or to extend the remit of the PCC to become a Police, Fire and Crime Commissioner, taking on the responsibilities of the Fire & Rescue Authority. This arrangement has already been successfully implemented in four areas in England since 2017 when the law was changed to make it an option.

Both alternatives keep the operational elements of Cumbria's Fire & Rescue Service as they are now. The roles and duties of firefighters would not change. Many support services would also continue in a similar way. There would though need to be some changes in the corporate functions (because the County Council where they currently sit will no longer exist) and the governance arrangements in both cases would be new.

¹ In this business case governance is taken to mean the role of the FRA in setting strategies and policies to discharge the statutory duties; providing sufficient budget to pay for services to deliver the strategy; providing scrutiny of the legality, fairness, and value for money of the services delivered; and being publicly accountable.

Those two alternatives have been carefully assessed and on balance there are more advantages for the Police, Fire and Crime Commissioner (PFCC) model. This is because the PFCC model gives greater certainty about the intended model at an earlier stage and is thus likely to be less disruptive to the Fire & Rescue Service; it should help to maintain and accelerate the good collaboration that already takes place between the blue-light services; and it should be in a stronger position to address the financial challenges that will face Cumbria's Fire & Rescue Service in the next few years. This reflects a combination of lower estimated costs of running the service year to year and lower implementation costs. Together this is estimated to be worth between £3m and £4m over the first five years of operation. The PFCC FRA model is in line with the reforms to the fire service planned by the Government, which are expected to be set out in a consultative White Paper in early 2022, and to align with the Home Secretary's intended evolution of the role of PCCs.

1.1.1 Next steps

The report was considered and agreed by the Blue Light Executive Group² on 24 January 2022. The PCC has therefore decided to proceed to the next phase.

The report is being published and made available via the PCC website to support the public consultation planned to run through February to mid-March 2022.

The PCC expects to submit the proposal to the Home Secretary by the end of March. The Home Secretary will then consider the report and recommendations. If she agrees, the Home Secretary will lay before Parliament a Statutory Instrument to give effect to the new arrangements. If the timetable follows other counties where this has been done before, this will take place in the summer and autumn of 2022. The PCC would then take on the role of the FRA from either January 2023, at the earliest and no later than 1 April 2023, the starting date for the new unitary authorities.

1.1.2 Report structure

This report follows the best-practice guidance from HM Treasury³ and the Association of Police and Crime Commissioner Chief Executives⁴ (APACE). It is therefore arranged around the five cases in HM Treasury's Green Book plus the Public Safety case recommended by APACE, which gives the following structure for the rest of the report:

- Strategic case – problem, context, long list appraisal and case for change
- Public Safety Case – check on any impact on public safety, operational and prevention issues
- Economic Case – assessment of shortlisted options, identification of the preferred option and check on value for money
- Commercial Case – practical issues for the preferred option related to workforce, pensions and contracts etc
- Financial Case – a test that the preferred option is affordable
- Management Case – how the preferred option can be delivered successfully.

² . The Executive Group consists of the Police and Crime Commissioner; the County Council's Cabinet Member for Customers, Transformation & Fire and Rescue Services; the Chief Executive and Deputy of the Office of the Police and Crime Commissioner (OPCC); the Chief Fire Officer; the Assistant Chief Constable; the Head of Service Cumbria & Lancashire, North West Ambulance Service; and the Chief Finance Officer of the OPCC.

³ HM Treasury, The Green Book - Central Government Guidance on Appraisal and Evaluation, November 2020

⁴ APAC²E, Police and Fire Business Case - Guidance for OPCC Chief Executives, February 2017

2 Strategic Case

The purpose of the strategic case is to explain the requirement for change, consider the background and context for the change, identify the options and to assess which options should be developed and assessed in more detail.

The Government's proposed reorganisation of local government in Cumbria means that the existing governance arrangements for Cumbria's fire and rescue service (FRS) cannot continue. Changes are required to adapt to these future local arrangements and align with central government policy developments and spending plans. This means that there are four main objectives to be met. The new governance arrangements must:

- A. be in place, by April 2023 at the latest
- B. have no adverse impact on public safety
- C. deliver improved value for money (economy, efficiency and effectiveness)
- D. be affordable for the successor organisation.

Five options have been considered. Two are alternatives to the current arrangements, namely

1. Making each Unitary Authority (UA) a Fire and Rescue Authority (FRA) and splitting the FRS
2. Creating a combined FRA with representation from each UA (like other non-metropolitan counties with unitary authorities in their FRS area).

The Policing and Crime Act 2017 provides three more statutory options, involving the Police and Crime Commissioner (PCC), namely:

3. Representation of the PCC on a combined FRA
4. Governance, where the role of the FRA is undertaken by a Police Fire and Crime Commissioner (PFCC)
5. Single employer, where the FRS and Police are part of the same organisation under the PFCC

All five options have been assessed. Only Option 2 (the combined FRA for Cumbria) or Option 4 (the PFCC FRA) could meet the four objectives. These will be taken forward for more detailed assessment of the Public Safety implications and value for money (i.e. economy, efficiency and effectiveness) to determine which is the better alternative.

2.1 Introduction

The strategic case provides the context for the analysis, sets out the case for change, and assesses the available options. The two best options are then taken forward for further analysis in the rest of the business case.

This chapter starts with the background to fire service governance then describes the current emergency services landscape in Cumbria. It goes on to assess the choices for the fire service in Cumbria with two unitary authorities, which considers evidence of existing collaboration, the relevant trends and developments, and the financial and operational pressures on the service.

2.2 Background

This section provides context for the consideration of the statutory options and the other possible successors to the current arrangements for fire and rescue governance in Cumbria.

2.2.1 Fire and rescue services and local government reorganisation

The history of fire and rescue services in Britain since local authorities took over firefighting responsibilities in the late nineteenth century has been one of consolidation into larger organisations. Over the nearly 50 years since the creation of the current fire and rescue services, none has been sub-divided in any of the waves of local government reorganisation.

2.2.1.1 England

Local government in England was reorganised into a two-tier structure in 1974, introduced by the Local Government Act 1972. As a result, about 125 county council and county borough fire brigades⁵, were reconstituted and merged to form 45 county council fire services, of which six were metropolitan counties and the rest non-metropolitan.

Since 1974 there have been several changes. The metropolitan counties were abolished in 1986 and fire services were taken on by Fire and Civil Defence Authorities. The same applied in London with the abolition of the Greater London Council, also in 1986.

In the 1990s, there were four waves of local government reorganisation, in effect re-creating county borough councils in the form of new unitary authorities. In the non-metropolitan counties where this happened, combined fire authorities were established, keeping the previous FRA boundaries but comprising members from the constituent new unitaries and remaining two-tier councils.

More unitary authorities were created in 2009 and there has been a further process of unitarisation, which started in 2019 and is expected to run to 2023. This includes Cumbria. In these reorganisations, where there is an existing combined FRA in place, such as Cheshire FRA, the new authorities keep that FRA (with a revised membership). Where there is not already a combined FRA in place, a new combined FRA has to be established.

In no case has the fire and rescue service established in 1974 been divided.

⁵ Before 1974 there were about 125 fire brigades operated by county and county borough councils. These were formed when the Fire Services Act 1947 disbanded the National Fire Service and made county and county borough councils responsible for “fire-fighting functions”. Before World War II, there had been some 1,600 local fire brigades in operation in England. These were merged into the National Fire Service in 1941, along with the Auxiliary Fire Service units in Great Britain under the umbrella of the Civil Defence Service.

In contrast there have been three new combinations, namely: Devon and Somerset (2007), Dorset and Wiltshire (2016) and Hampshire and the Isle of Wight (2021). Apart from the Isle of Wight, each of these pre-combination FRAs served a larger population than Cumbria's.

2.2.1.2 *Scotland and Wales*

In Scotland in 2013 all Scottish fire services were merged into one, the Scottish Fire and Rescue Service.

In Wales the six county fire services created in the 1974 reorganisation were consolidated into three services when unitary authorities were introduced in 1996.

2.2.2 Fire service governance

2.2.2.1 *Legislation*

The Fire and Rescue Services Act 2004 is the main legislation under which fire and rescue services operate. The 2004 Act provides the legal basis establishing Fire and Rescue Authorities (FRAs), as the political bodies responsible for overseeing the work of fire and rescue services. It also sets out details of the statutory community safety-orientated duties that fire authorities have. These are the 'core functions', namely:

- promoting fire safety
- extinguishing fires, and protecting life and property when fires do occur
- minimising damage to property arising from firefighting operations
- rescuing people involved in road traffic collisions
- dealing with other types of emergencies, as specified by the Secretary of State in Statutory Instruments (Orders). So far, a single Order has been issued, requiring fire authorities to make provision to attend the following types of incident:
 - chemical, biological, radiological, or nuclear emergencies
 - emergencies involving the collapse of a building or other structure
 - emergencies involving trains, trams, or aircraft
- ensuring the provision of the resources necessary to meet all normal requirements (the 2004 Act does not define what constitutes 'normal', it is a matter for local determination)
- ensuring necessary training for firefighters
- ensuring that (999) calls for assistance can be dealt with effectively
- obtaining information needed to respond safely and effectively to emergencies.

As well as the duties outlined above, the 2004 Act provides FRAs with a power to exercise their discretion in responding to other emergencies that constitute a risk to life and/or the environment. It is under this power that fire and rescue services respond, for example, to flooding emergencies.

The 2004 Act was amended extensively by the Policing and Crime Act 2017 to enable Police and Crime Commissioners to become a Fire and Rescue Authority. Part 1 of the 2017 Act places a duty on police, fire and rescue and ambulance services to collaborate, and enables PCCs to take on responsibility for the governance of fire and rescue services. It also enabled PCCs and combined authority mayors with responsibility for both policing and fire to put in place a single chief officer for both services.

The 2004 Act also gives the Secretary of State powers to direct that the functions of an FRA may be discharged by another FRA or any other person.

2.2.2.2 *Fire and Rescue Authorities*

There are currently 44 Fire and Rescue Authorities (FRAs) in England. Where fire and rescue services share a boundary with a single upper tier council, as they do currently in Cumbria, the council is the fire authority. In these counties, the Fire and Rescue Service (FRS) is an integral part of the council, alongside other services such as social care, education, public health, and highways. There are currently 13 FRAs of this type in England (11 county councils, the unitary authority in Cornwall and the Council of the Isles of Scilly).

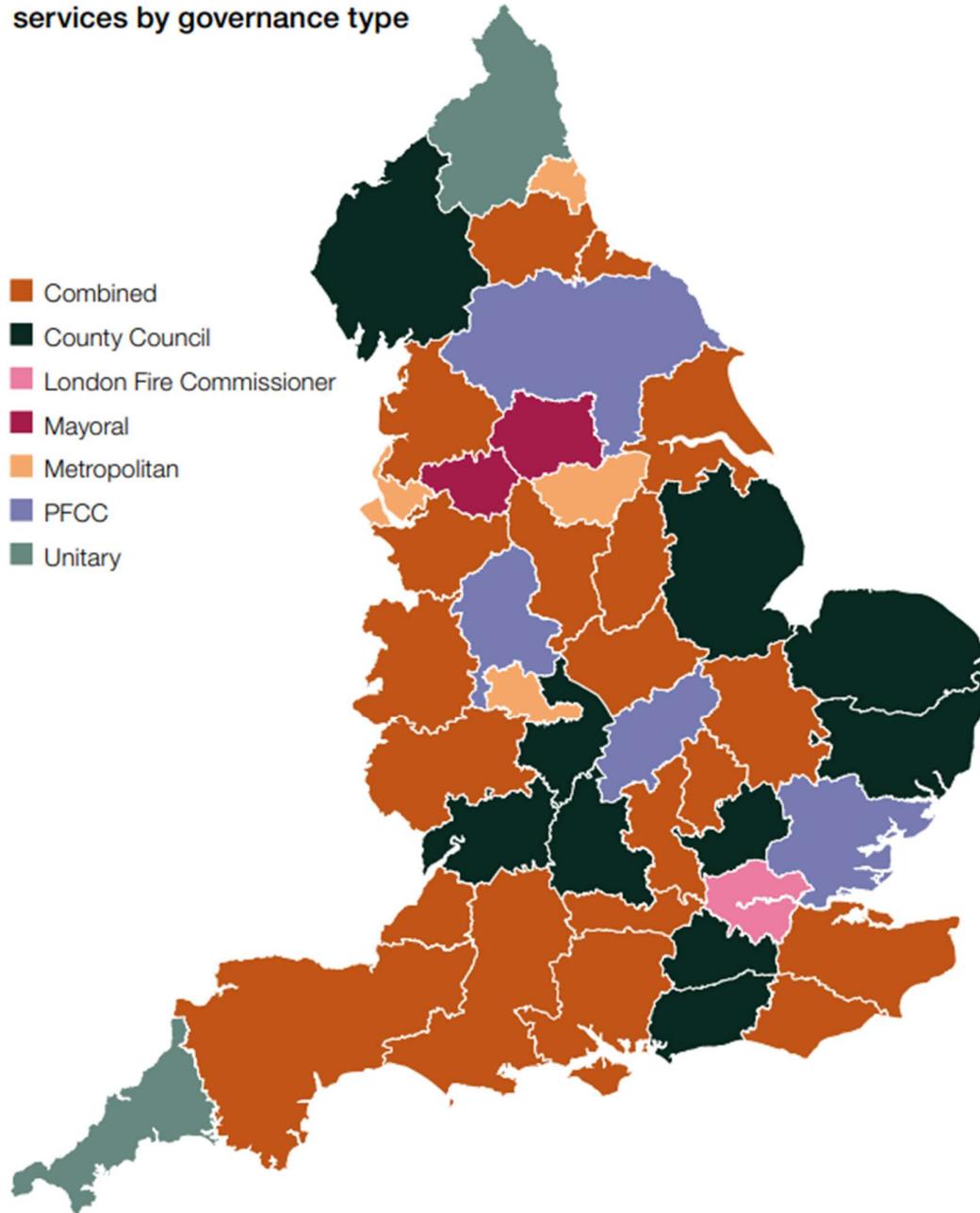
In non-metropolitan areas where the FRA's boundary incorporates more than one upper tier council, as they would do under the proposed unitary arrangements for Cumbria, a stand-alone combined fire authority (CFA) is responsible for its governance. CFAs are comprised of elected councillors appointed by the leaders of each constituent council (or whatever governance rules the constituent authorities have for appointments), with the number of members from each being in proportion to the size of the electorate. The requirement to reflect this, and the need to achieve political balance, informs a calculation on the overall size of CFAs, with the largest having around 25 members. There are currently 20 CFAs in England.

To date, there are four areas where the role of the FRA has been transferred to the PCC (Essex, North Yorkshire, Northamptonshire, and Staffordshire). One of them, Northamptonshire, was a county council FRA (though the county council has since been abolished). The others were combined FRAs, where there were already one or more unitary authorities within the 1974 county boundary (i.e. Southend, Thurrock, York, and Stoke-on-Trent).

The FRAs in England are shown in Figure 1 below.

Figure 1 - Fire and Rescue Authorities by type in England and Wales

Map of England fire and rescue services by governance type



Source HMICFRS, State of Fire and Rescue, 15 December 2021

2.2.3 Reforms since 2010

In December 2012, the Government commissioned Sir Ken Knight, former London Fire Commissioner, to undertake a review of efficiencies and operations in fire and rescue authorities in England. The resulting report 'Facing the Future'⁶ was published in 2013.

One of its principal findings was that “collaboration, co-responding and co-location with other blue-light services does happen and can deliver efficiency through consolidating public sector assets as well as closer working. But progress is patchy and driven or hindered by local relationships.” The report called for “national level changes to enable greater collaboration with other blue-light services, including through shared governance.”

The Government ran a public consultation exercise in autumn 2015 and published its response document, 'Enabling closer working between the emergency services' in January 2016. This confirmed its intention to legislate to accelerate the pace of collaboration between emergency services and enable Police and Crime Commissioners to play a pivotal role in making that happen.

That intended legislation became the Policing and Crime Act 2017, which amongst other things:

- placed a new statutory duty on the police, fire and rescue and emergency ambulance services to keep collaboration opportunities under review and to collaborate with one another where it would be in the interests of their efficiency or effectiveness; and
- enabled PCCs to:
 - be represented on the FRA or its committees with full voting rights, subject to the consent of the FRA, where a PCC has not taken on responsibility for fire but wishes to enhance collaboration opportunities (the “representation” model)
 - take responsibility for the governance of fire and rescue services where it would be in the interests of economy, efficiency and effectiveness or public safety and where a local case is made (the “governance” model) and
 - take an additional step of putting in place a single chief officer for fire and police where it would be in the interests of economy, efficiency and effectiveness or public safety and where a local case is made (the “single employer” model).

The statutory test to meet in making a case for a governance change under the 2017 Act includes that the change must not have an adverse effect on public safety.

2.2.3.1 HMICFRS

The Policing and Crime Act 2017 also extended the remit of HM Inspectorate of Constabulary to take on inspection of fire and rescue services in England. The first inspections were completed in 2018 and the main themes for each round of inspections have been summarised in HMICFRS' annual reports, the latest being published on 15 December 2021⁷. HMICFRS has praised the service's commitment to their profession and their communities; their life-saving prevention initiatives; and their highly skilled emergency response. But HMICFRS have also identified the need for the sector to reform.

⁶ Sir Ken Knight, Facing the Future: Findings of the review into efficiency and operations of fire and rescue authorities in England, May 2013

⁷ Her Majesty's Chief Inspector of Fire and Rescue Services, State of Fire and Rescue – The Annual Assessment of Fire and Rescue Services in England 2021, 15 December 2021

While acknowledging the reform and innovation already achieved, HMICFRS noted in the 2020 report that across every service, there are barriers to becoming more effective and efficient. These include:

- a lack of consensus as to what firefighters and FRSs ought to do
- negotiating mechanisms for determining staff working conditions that don't work as they ought to
- unclear demarcation between political oversight and operational leadership
- the considerable influence of the Fire Brigades Union (FBU)
- and services' varied capacity and capability to bring about change⁸.

In HMICFRS's view, taken together, these factors are preventing the sector from efficiently and effectively meeting the demands it now faces. The Chief Inspector commented on 15 December 2021:

"Firefighters and other staff continue to work hard to help their communities, and I thank them for their service – particularly during the pandemic. The fire and rescue sector has made progress in some areas since our first inspections in 2018, but more change is urgently required.

"I am disappointed that the windspeed of national reform has dropped. Although the pandemic has understandably delayed progress, the public cannot wait any longer. The efficiency and effectiveness of services is hindered by the continued threat of industrial action, and the removal of firefighters' right to strike should be considered.

"Another obstacle hampering progress to modernise this important public service is a woeful lack of workforce diversity".

Some of the reform needs to be addressed nationally and awaits the Government's White Paper previously promised for 2021 but expected in early 2022. Some aspects though can be addressed at a more local level, such as operational independence and the ability to change and transform.

2.2.3.2 Experience of PFCCs since 2017

The APCC has put forward⁹ examples of benefits and opportunities that the PFCC role offers to the public and to fire and rescue services. Based on the four in place, they highlight that PFCCs:

- Provide strong local accountability, with PFCCs directly elected by the public every four years and directly accountable to the communities they serve.
- Deliver direct public participation and engagement by consulting the public on local priorities, ensuring people have a real say on how fire and rescue services are run and delivered in their area.
- Deliver value for money on behalf of the public by setting an open and transparent fire and rescue service budget based on local priorities, and ensuring the funding is effectively spent on key fire and rescue services which directly benefit local communities.
- Enhance public safety by enabling greater collaboration across blue light services, including initiatives such as: sharing of fire and police buildings where it delivers real benefits to the

⁸ Her Majesty's Chief Inspector of Fire and Rescue Services, State of Fire and Rescue – The Annual Assessment of Fire and Rescue Services in England 2020, 17 March 2021

⁹ APCC, "PFCCs Making a Difference - Fire and Rescue Governance in Focus", 2021.

public; sharing of some back-office services which can save money in order for it to be re-invested back into valuable front-line services.

- Have oversight of both fire and policing which also allows PFCCs to identify areas of shared risk and explore how both emergency services can work together to protect the vulnerable.
- PFCC-led responses to the unique challenges associated with the Covid19 pandemic, which underline the vital leadership and convening role that PFCCs deliver in their communities.

More detail about the four existing PFCC FRAs is provided in Appendix 9.3

The Local Government Association (LGA) has argued that it should be for local areas to determine how they are governed, with transfers of fire governance to PCCs only where there is local agreement to the transfer. They have also suggested strengthening the role of Police and Crime Panels (PCPs), which provide the main check and balance on PCCs during the four-year PCC term. The LGA would also like to see HMICFRS extending its remit to corporate governance, including PCCs and engaging with panels in carrying out its own work to assess policing governance.¹⁰

2.2.3.3 Expected Government plans for reform

In her statement¹¹ on Part 1 of the PCC Review, the Home Secretary made clear the Government's intent to reform further fire and rescue services, in order to respond to the recommendations from Phase 1 of the Grenfell Tower Inquiry, the Kerslake Review (into the response to the Manchester Arena bombing) and to build on the findings of HMICFRS's State of Fire and Rescue Reports. Ministers have said that the reform will focus on three key areas: people; professionalism; and governance. The aim is to help deliver higher standards and greater consistency across fire and rescue services.

The Review kick-started the Home Office's work on fire service governance and Ministers have signalled strong support for a directly elected individual taking on fire functions to help simplify and strengthen the governance of fire and rescue services across England. The Home Office committed to publish a consultative White Paper on fire reform and this is now planned for early 2022. The White Paper is expected to make proposals on fire governance including:

- Consulting on whether to mandate the transfer of fire and rescue functions to the Police, Fire and Crime Commissioner model across England where boundaries are coterminous.
- Legislating to create operational independence for Chief Fire Officers and to clearly separate and delineate strategic and operational planning for fire and rescue.
- Considering options to clarify the legal entities within the PFCC model.

The National Fire Chiefs Council and HMICFRS have both supported proposals to create operational independence for chief fire officers. HMICFRS says the reform will give chief fire officers the freedom to implement "changes to improve the effectiveness and efficiency of their services"¹². The Fire Brigade Union (FBU) has opposed the proposal calling it a "Trojan horse for granting independence from appropriate scrutiny and accountability"¹³.

¹⁰ LGA, Review into the role of Police and Crime Commissioners (part one): LGA response, September 2020

¹¹ Home Secretary, Statement on Part 1 of the PCC Review, 16 March 2021

<https://fireengland.uk/publications/statements/part-1-pcc-review>

¹² HMICFRS, State of Fire and Rescue: The annual assessment of fire and rescue services in England 2019, January 2020, p29. See also: NFCC, NFCC responds to The Government's PCC Review, 17 March 2021

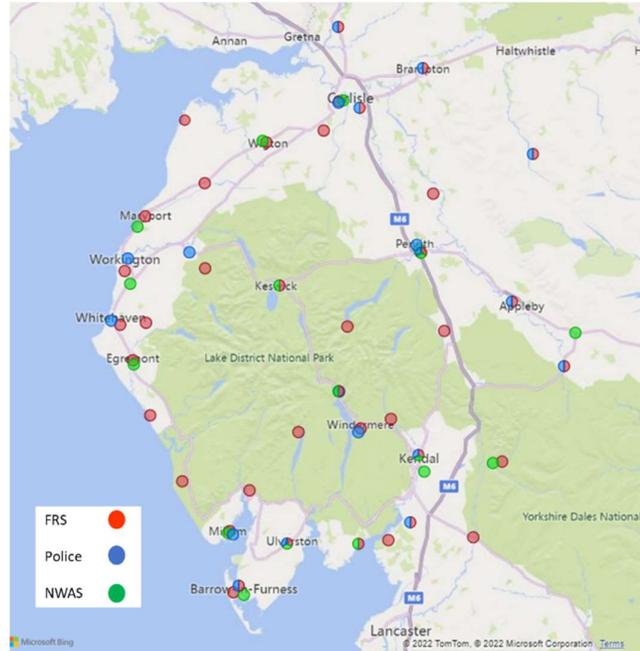
¹³ FBU, FBU brands annual HMICFRS report 'Trojan horse' for attacks on terms and conditions, 17 March 2021

2.3 Emergency services in Cumbria

The county of Cumbria was created in 1974. With an area of 2,634 square miles it is the third largest top-tier authority in England. The population of just under 500,000 makes it one of the smaller non-metropolitan counties by population. As the most rural county in England, the key sectors of the economy are, as expected, tourism (attracting 47m visitors in a normal year), agriculture and food processing, and also advanced manufacturing and nuclear.

The current emergency services in Cumbria consist of Cumbria Fire and Rescue Service, Cumbria Constabulary and the North West Ambulance Service. These are described further in the next paragraphs. Their locations across the county are shown in Figure 2 right.

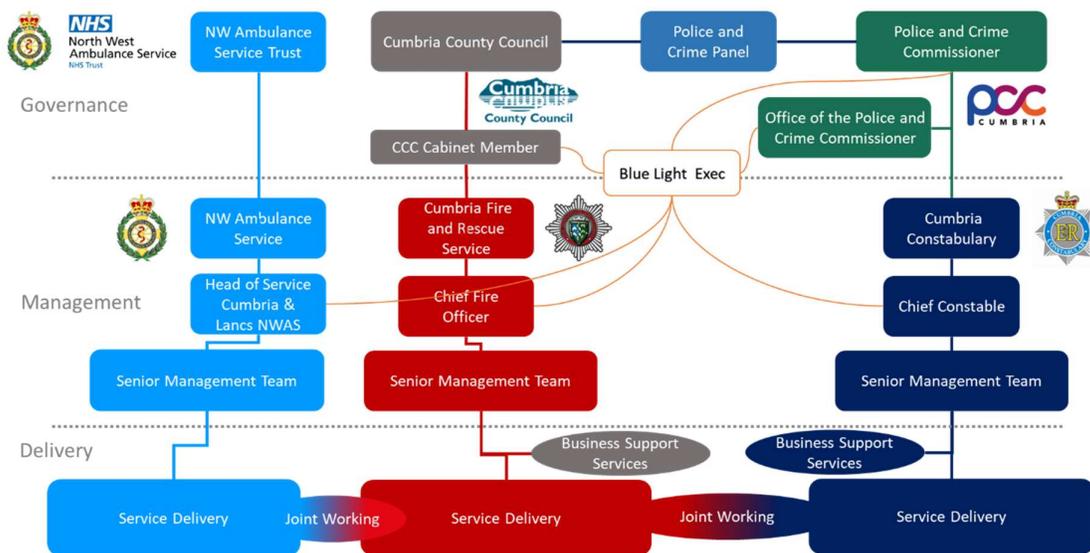
Figure 2 – The Blue Light Estate in Cumbria



In Cumbria community safety and emergency planning are led by the FRS, and this is part of the Cumbria Local Resilience Forum (CLRf). CLRf was formed in 2005, following the Civil Contingencies Act 2004, and brings together emergency services, local authorities, and other organisations to prepare, respond and recover from different emergencies

The way that the governance of the emergency services in Cumbria is arranged now is summarised in Figure 3 below.

Figure 3: Governance of emergency services in Cumbria

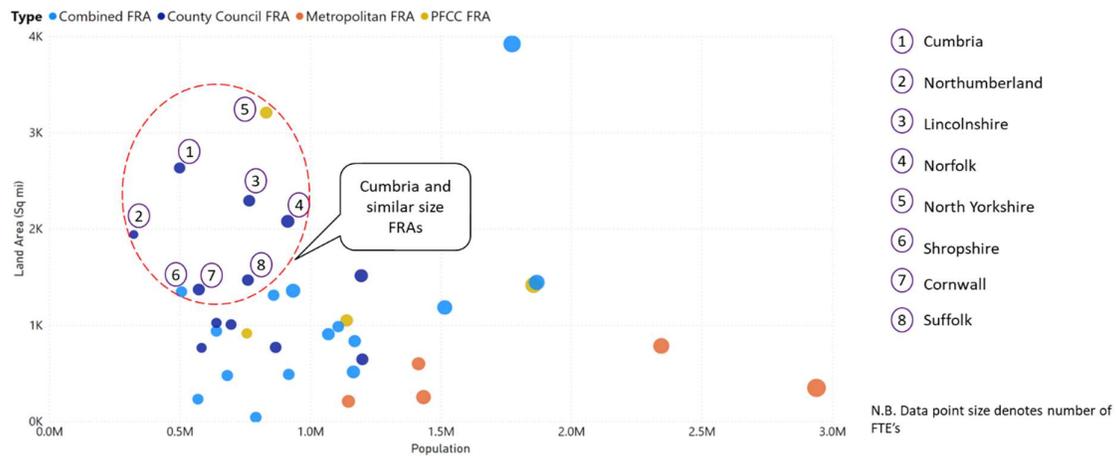


2.3.1 Fire & Rescue

Cumbria Fire and Rescue Service serves the whole of the county of Cumbria. Currently, it is governed through the County Council with most of the back-office functions being supported by them. The service operates out of 38 stations using 68 fleet vehicles, with the headquarters located in Penrith since 2012. In 2020/21 their annual net revenue budget was about £24m and in 2021 they employed 552 people (FTE). Of that, 227 are wholtime firefighters with roles at all levels, from Chief Fire Officer to firefighters. There are 363 on call firefighters equivalent to 283 FTE. There are also 41 FTE non-uniformed working as support staff.

Cumbria FRS serves one of the smallest resident populations in England, but it also serves one of the largest areas. As Figure 4 below shows, there are few very similar FRAs. The FRSs listed have been used to help check the analysis of the current arrangements and assumptions about a freestanding FRA.

Figure 4 - FRAs in England by population and area



Sources: The Home Office – Fire statistics data tables Fire1401, 21 October 2021¹⁴, HMICFRS – Fire and Rescue¹⁵

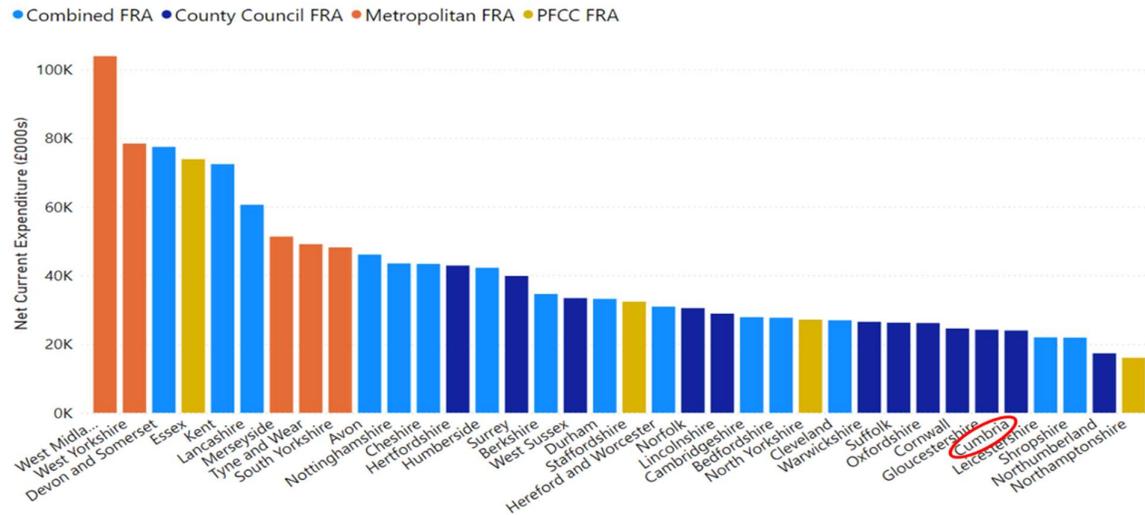
Appendix 9.2 provides some more details about Cumbria’s FRS. This shows that Cumbria has more fire incidents per million population than the English FRS average and the average for similar FRSs. The ratio of fire false alarms to primary fires is slightly lower and there are fewer non-fire incidents. Compared to the average FRS in England Cumbria has proportionately more on-call firefighters, however, there is less of a contrast compared to more similar FRSs listed in Figure 4 above.

Although the scope of services provided by FRAs varies and there can be differences in the way county councils account for FRA spending, the chart below shows that Cumbria is one of the smallest services as measured by net spending.

¹⁴ <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

¹⁵ <https://www.justiceinspectores.gov.uk/hmicfrs/>

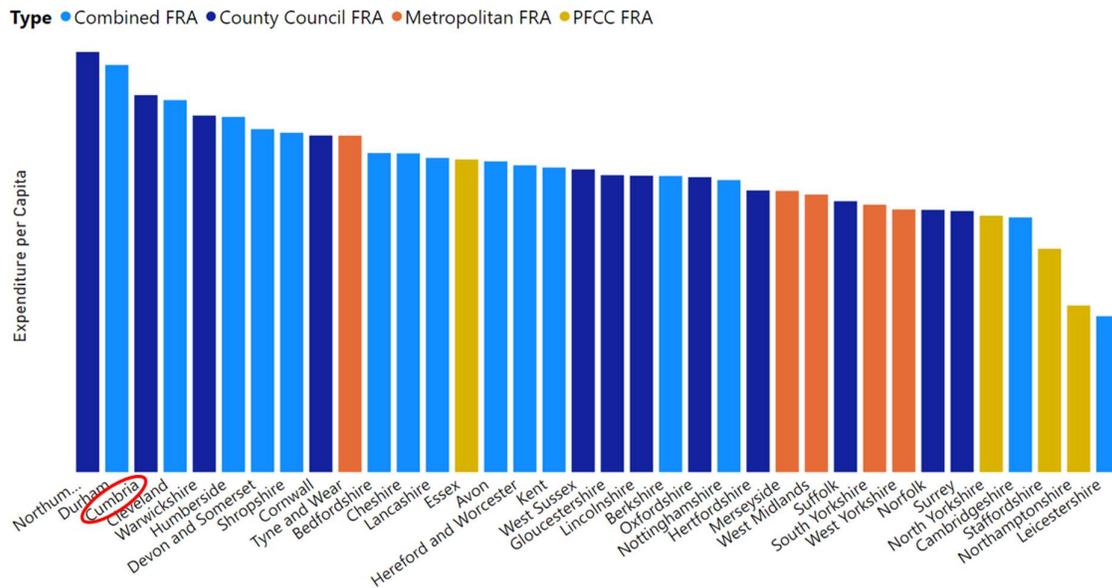
Figure 5: FRS expenditure in England 2020/21



RO6 - Central, Protective and Other Services 2020-21, 9 December 2021¹⁶

But expenditure per head is relatively high as can be seen in Figure 6 below.

Figure 6: FRS expenditure per head



Sources: The Home Office – Fire statistics data tables Fire1401, 21 October 2021¹⁷. RO6 - Central, Protective and Other Services 2020-21, 9 December 2021¹⁸

Figure 6 suggests that smaller FRS are likely to be more expensive per head; that combined FRAs in shire counties are typically more expensive than other FRAs; and that three of the four PFCC FRAs

¹⁶ <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2020-to-2021-individual-local-authority-data-outturn>

¹⁷ <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

¹⁸ <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2020-to-2021-individual-local-authority-data-outturn>

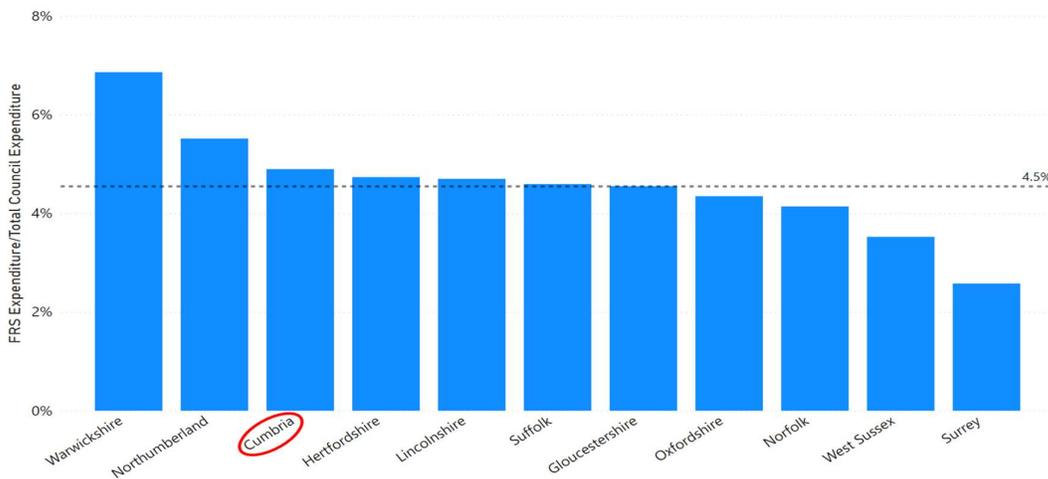
are cheaper than the FRA average. There will be a mix of good explanation (scope of service, geography, and day-time populations) as well as some unwarranted variation, so this analysis is provided as context. It is not a performance assessment.

As noted above, shire county council FRAs appear to have lower costs per head of population. This could be a statistical quirk (for example, because not all the costs attributable to the service are charged to it or maybe community safety is shown in a different budget), but it is possible that other services have been prioritised, given that most county council income is not ring-fenced to specific services.

Looking at the FRSs that are part of a county council FRA, Cumbria’s FRS spending as a proportion of total service spending looks close to the average for this group, as Figure 7 shows.

Figure 7: FRS spending as % all council spending in county councils with FRAs

Relative FRS spending of County Council FRAs

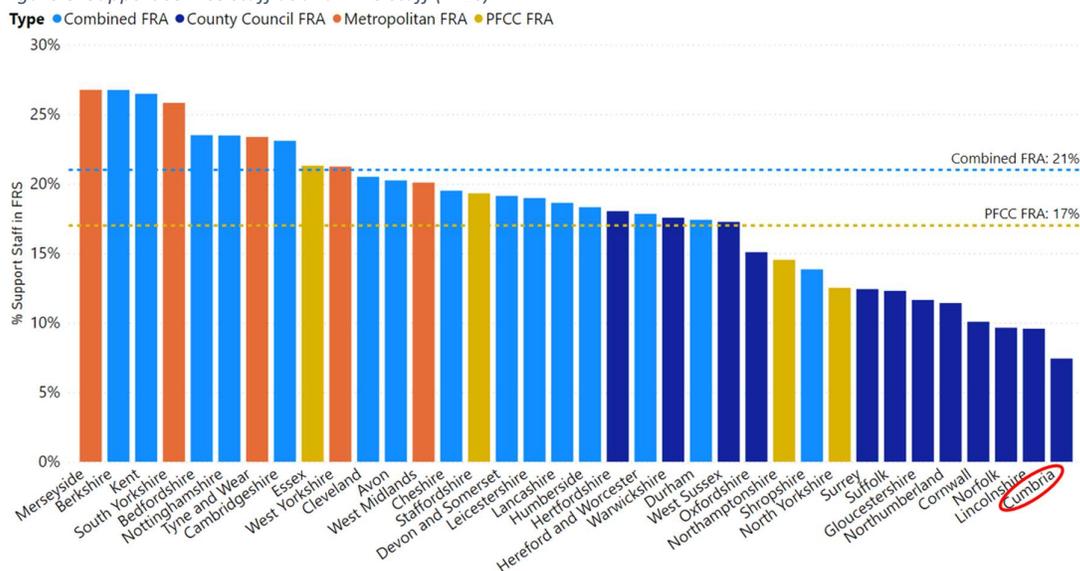


Source: National Overview, Fire England – Funding, 2021¹⁹

Looking at the proportion of the workforce who are classified as support staff shows that in most county council FRAs the support staff form a lower percentage of the total FTE workforce (see Figure 8 below). This is assumed to be because ‘back office’ and infrastructure services are typically provided corporately in county councils. This helps to give some scale to the question of how much change might be involved in establishing a new FRA, whichever model is preferred.

¹⁹ <https://fireengland.uk/national-overview/funding>

Figure 8: Support service staff as % all FRS staff (FTEs)



Source: The Home Office – Fire statistics data tables Fire1101, 21 October 2021²⁰

The variation in the proportion of support staff could be caused by the choice of whether to provide services in house or not. This may account for the absence of a clear relationship between size of the FRS and the proportion of support staff, which might be expected from economies of scale. Larger FRSs may tend to provide most services in-house, whereas others buy in more services. Besides differences in the prevalence of in-house services, there are likely to be some differences in the use of firefighters or support staff to carry out some roles and a possibility of differences in interpretation.

2.3.1.1 HMICFRS report

In their most recent report on Cumbria FRS, HMICFRS said that they were “pleased with most aspects of the performance of Cumbria Fire and Rescue Service in keeping people safe and secure. But it needs to improve how it looks after its people, to give a consistently good service. Cumbria Fire and Rescue Service is good at providing an effective service. It is good at:

- understanding the risk of fire and other emergencies
- preventing fires and other risks
- protecting the public through fire regulation
- responding to fires and other emergencies and
- responding to national risks.”

HMICFRS continued: “Cumbria Fire and Rescue Service is good at providing an efficient service. We found it to be good at making the best use of resources. And it is good at making its services affordable now and in future. Cumbria Fire and Rescue Service requires improvement to the way it looks after its people. In particular, it requires improvement at:

- promoting the right values and culture
- ensuring fairness and promoting diversity and

²⁰ <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

- managing performance and developing leaders.

But it is good at getting the right people with the right skills. We are encouraged by the positive aspects we have identified. We look forward to seeing a more consistent performance over the coming year.”

2.3.1.2 North West Fire Control

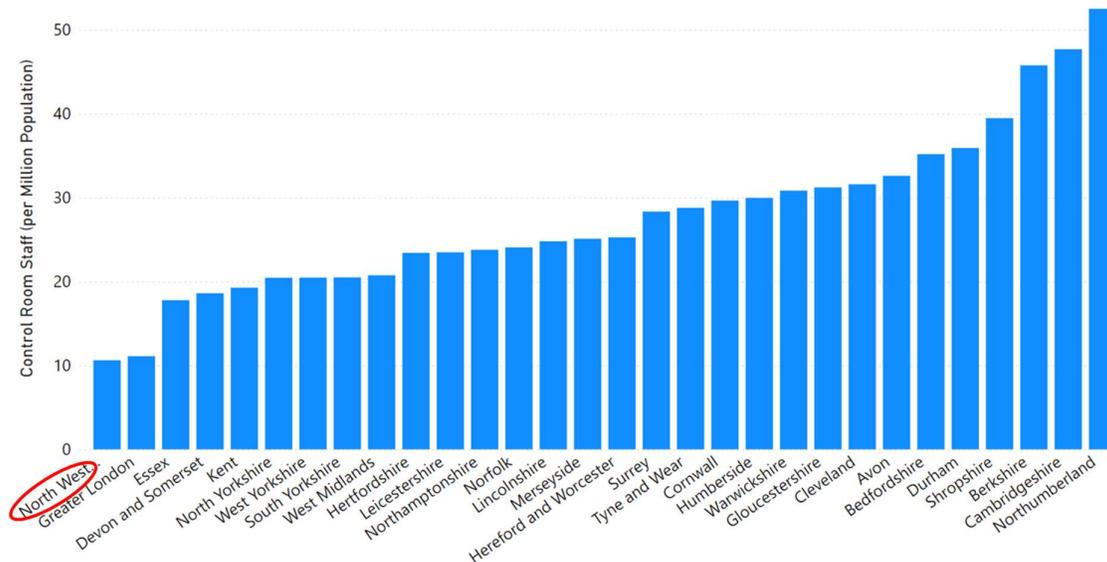
Cumbria is part of a regional collaboration, North West Fire Control, that provides the control room, based in Warrington, which jointly handles all 999 emergency calls and is responsible for mobilising firefighters and fire engines to incidents in Cumbria, Lancashire, Greater Manchester, and Cheshire. North West Fire Control (NWFC) started to handle all calls for Cumbria in May 2014.

NWFC was set up by the four FRSs in northwest England. It is a local authority controlled company and is governed by a board of directors made up of councillors from each FRA.

This collaboration is unique in England. Cumbria FRS estimates that it has saved about £200,000 a year by sharing fire control. This has provided it with a level of resilience that it would not be efficient for it to maintain alone. It has enabled the North West region to achieve good results while making over £15m savings²¹ in the initial years of operation.

Using control room staff per million population as a proxy for productivity, NWFC has the lowest ratio in England, as Figure 9 shows. This is a clear demonstration of how Cumbria FRS’s collaborative approach can achieve economies of scale despite being one of the smallest FRSs.

Figure 9: Fire Control staff per million population.



Source: Fire1101 – Staff Employed in post by fire and rescue authorities by headcount and full time equivalent, 21 October 2021²²

²¹ From North West Fire Control website.

²² <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

2.3.1.3 Community safety and civil emergencies

Total expenditure on fire and rescue services is about £24m. About 90% of this is on the firefighting and rescue operations, about 8% is spent on community fire safety and 2% on emergency planning and civil defence.

Table 1: Breakdown of Cumbria FRS expenditure 2020/21

£000	Employees	Running Expenses	Total Expenditure	Sales, Fees and Charges	Other Income	Total Income	Net Current Expenditure
Community fire safety	1,502	461	1,963	-	-	-	1,963
Fire fighting and rescue operations	14,956	6,901	21,857	57	155	212	21,645
Fire and rescue service emergency planning and civil defence	604	66	670	-	301	301	369
Fire and rescue services total	17,062	7,428	24,490	57	456	513	23,977

Source: RO6 - Central, Protective and Other Services 2020-21, 9 December 2021 ²³

Response to civil emergencies is shared among Category 1 responders, who include all the local authorities and emergency services in Cumbria. This is coordinated through the Cumbria Local Resilience Forum. The Forum provides leadership and coordination for planning, response and recovery to emergencies and major events. The Cumbria County Council Resilience Team undertakes the work required for the council to meet their statutory duties outlined under the Civil Contingencies Act.

2.3.2 Police

Cumbria Constabulary serving a population of around half a million is England's smallest territorial force (excluding the City of London). In 2020/21, the force had a budget of £132m and in March 2021 employed 1,921 FTE people: 1,244 FTE Police Officers, 62 FTE PCSOs and 616 FTE Police staff.

The locations of police stations in Cumbria are shown in . The Police Headquarters share the same site on the outskirts of Penrith and the FRS HQ is close by.

The most recent report²⁴ from HMICFRS concluded: *I am pleased with Cumbria Constabulary's performance in keeping people safe and reducing crime.*

The constabulary understands its communities. It is good at preventing and investigating crime. It has a clear focus on protecting vulnerable people. Since our last inspection, it has further improved how it supports people in need.

The constabulary understands well the current demand for its services. It uses this to inform its financial and workforce plans to meet future needs. There is a constabulary-wide culture of continuous improvement.

Senior leaders make sure that the workforce understands the importance of treating the public and each other with fairness and respect. I am pleased that the workforce is using body-worn video better during its interactions with the public.

Overall, I commend Cumbria Constabulary for sustaining its positive performance over the past year. I am confident that it is well equipped for this to continue.

²³ <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2020-to-2021-individual-local-authority-data-outturn>

²⁴ <https://www.justiceinspectors.gov.uk/hmicfrs/publications/peel-assessment-2018-19-cumbria/>

2.3.2.1 Police and Crime Commissioner

The governance of police forces is provided by Police and Crime Commissioners (PCCs), who have three core functions²⁵: to appoint the chief constable (and remove them, if necessary); to set the budget; and to set local policing priorities. PCCs must swear an oath of impartiality when they are elected, and a Policing Protocol sets out that chief constables must remain operationally independent.

The Policing and Crime Act 2017 extended the remit of PCCs to include responsibility for commissioning the majority of victims' services and, as noted at 2.2.3 above, the ability to take on governance of the local fire and rescue service.

Cumbria's Police and Crime Commissioner is supported by an office of 17.8FTE staff, this includes two statutory officers. Some roles, like the Chief Finance Officer are shared across the PCC and the Constabulary.

The Commissioner's Police and Crime Plan 2021-2025, "Keeping Cumbria Safe²⁶", has seven objectives of which one is "Integrating blue light services". This objective is to "work with the Police and partner agencies to:

- Continue to build relationships between blue light services (Police, Fire and Ambulance services) to ensure they are run as efficiently as possible;
- Understand the implications of Local Government Reorganisation for policing and other local services."

2.3.3 Emergency medical services

The Policing and Crime Act places a duty on ambulance trusts to collaborate with the other emergency services, but the opportunities to change governance do not apply to those trusts. Emergency ambulance services in Cumbria are provided by North West Ambulance Service (NWAS) and further information is provided in Appendix 9.4. This information is provided as context for the consideration of the options for changes in governance of the fire service in Cumbria, but there is no direct implication for the NWAS.

2.3.4 Applying the Policing and Crime Act 2017 in Cumbria

As noted above, the Policing and Crime Act 2017 placed a statutory obligation on the three emergency services to collaborate. The Act also included a specific opportunity for Police and Crime Commissioners to apply to the Secretary of State to allow them to take on responsibility for the

²⁵ The Police Reform and Social Responsibility Act 2011 introduced PCCs to replace police authorities in England and Wales. PCCs must:

- secure an efficient and effective police for their area
- appoint the Chief Constable, hold them to account and, if necessary, dismiss them
- set the police and crime objectives for their area through a police and crime plan
- set the force budget and determine the precept (the amount people pay through council tax for policing)
- contribute to the national and international policing capabilities set out by the Home Secretary
- bring together community safety and criminal justice partners to make sure local priorities are joined up.

²⁶ <https://cumbria-pcc.gov.uk/wp-content/uploads/2021/11/8.png?x74634>

governance of their local Fire & Rescue Service, if in the interests of effectiveness, efficiency, economy, or public safety to do so.

Known as 'police, fire and crime commissioners' (PFCCs), have responsibility for setting fire and rescue objectives through their area, appointing the chief fire officer (and again removing them, if necessary), and setting the service budget.

In response to this opportunity, the Police & Crime Commissioner for Cumbria undertook an options appraisal, over the spring/summer of 2017, of the four options made available under the legislation:

1. To maintain and enhance existing arrangements for collaboration with one another where it is in the interests of either their efficiency or effectiveness.
2. To seek membership of the Fire & Rescue Authority.
3. To become the Fire & Rescue Authority.
4. To delegate the Fire & Rescue functions to a single Chief Officer for policing and fire.

The intention of that options appraisal was primarily to help decide whether to produce a business case for a PCC led FRA, a Police Fire and Crime Commissioner (PFCC). Following consultation with key stakeholders, option one was considered the most viable locally at the time: *"To maintain and enhance existing arrangements for collaboration with one another where it is in the interests of either their efficiency or effectiveness."*

2.3.5 Progress with collaboration since 2017

In May 2018, the PCC, Cumbria County Council's Cabinet Member for the Fire Portfolio, the Chief Fire Officer, the Chief Constable, and NWAS's Head of Service for Cumbria and Lancashire, signed a Blue Light Collaboration Agreement²⁷. This Agreement (see Appendix 9.5) sets out the overall strategy and the strategic priorities.

There are various good examples of collaboration between emergency services in Cumbria which can be seen in the FRS annual report²⁸. One innovative example is the use of Safe and Well visits to older, frail or vulnerable people to check for indicators of risk of atrial fibrillation, which is likely to have saved people from having a stroke. The FRS has supported the NHS with the response to the Covid pandemic and the vaccine rollout and worked with the other emergency services in responding to storms and other major events.

The FRS shares five sites with other services. The fire stations at Milnthorpe, Keswick and Walney are shared with Cumbria Constabulary; Penrith Fire Station is shared with NWAS and the recently opened Furness Peninsular Blue Light Hub in Ulverston is shared with Cumbria Constabulary, NWAS and British Transport Police. A further four fire stations serve as the base for other County Council services including Trading Standards, Youth Offender Services, Occupational Health, Public Health and Community Services.

The Furness Peninsula hub was built with police and ambulance colleagues using central government grant funding. It was officially opened in November 2021 and will lead to closer collaborative working. The service has also commissioned detailed feasibility studies into providing similar facilities at Kendal and Whitehaven.

Other examples of the collaborative activities the Cumbria FRS is taking part in are:

²⁷

<https://councilportal.cumbria.gov.uk/documents/s80591/Blue%20Light%20Collaboration%20Agreement.pdf>

²⁸ <https://www.cumbria.gov.uk/elibrary/Content/Internet/535/612/44403144035.pdf>

- joint incident command units used by police and ambulance
- a memorandum of understanding to support the police with searches for highly vulnerable missing persons
- a trial of joint emergency service officers who can simultaneously act as police community support officers and on-call firefighters
- participation in daily task and co-ordination briefings with police and
- co-location of ambulances at fire stations and allowing ambulance staff to use stations for welfare needs

HMICFRS has concluded that the Cumbria FRS is working well with others and exploring opportunities that will provide improvements for the public in the future. HMICFRS noted the shared fire control function (see 2.3.1.2 above) which was estimated to have saved about £200,000 a year while providing Cumbria with a level of resilience that it would not be efficient for it to maintain alone. They also reported that CFRS had raised revenue through providing training and assurance for the industrial fire teams that operate within the Sellafield nuclear reprocessing plant. The Service is also looking at future potential commercial opportunities.

2.3.6 Impact of proposed local government reorganisation

On 21 July 2021 the Secretary of State for Housing, Communities and Local Government announced²⁹ the Government's proposals for introducing unitary authorities in Cumbria, North Yorkshire, and Somerset. For Cumbria the Secretary of State decided to implement, subject to Parliamentary approval, the proposal for two unitary councils - an East unitary council covering the existing areas of Barrow, Eden and South Lakeland (to be known as Westmorland and Furness Council) and a West unitary council covering the existing areas of Allerdale, Carlisle and Copeland (to be known as Cumberland Council).

More detail about the reorganisation and the rationale for the Secretary of State's decision is in Appendix 9.1

Figure 10: Map of the proposed unitary authorities



Source: BBC and Cumbria County Council

²⁹ <https://questions-statements.parliament.uk/written-statements/detail/2021-07-21/hcws234>

The Government's decision to create two new unitary authorities in Cumbria means that new governance arrangements need to be put in place for Cumbria's Fire & Rescue Service. Currently, Cumbria County Council are the Fire & Rescue Authority and accountable for the Fire & Rescue Service across the whole county. Assuming that the County Council is abolished, as proposed, there will need to be a new Fire & Rescue Authority in place before 1 April 2023.

The first elections to the new authorities are to take place in May 2022. After the elections the new authorities will exist in shadow form and assume their full responsibilities from 1 April 2023.

At the time of writing, Cumbria County Council's application for a judicial review of the Government's decision to approve the proposal for two UAs was refused by the High Court on 14 January 2022. The Council subsequently renewed its application on 24 January. Although this creates some uncertainty around the outcome, the local authorities and the government departments involved will continue to plan for reorganisation.

2.4 Strategic Context

The need to create an alternative arrangement for the Fire and Rescue Service in Cumbria sits in the context of a range of other political, economic, social, and technical developments. An analysis of these factors has been carried out based on a combination of local knowledge and more general material including reports from the Fire England website³⁰, analysis for the Chancellor's Autumn Statement by the Office for Budget Responsibility³¹, analysis of the implications of the statement by the Institute for Fiscal Studies analysis³², relevant developments from the CIPFA Police and Fire seminar³³ and The Economist³⁴ World in 2022, the World Economic Forum³⁵ analysis of global risks, and technology trends from Gartner³⁶ and BearingPoint³⁷.

Besides Local Government reorganisation in Cumbria the proposals need to consider:

- Fire service reform to be set out in an expected consultative White Paper
- PCC evolution of roles, linked to the Government's preference for more direct local accountability
- The Government's expressed intention not to split fire or police authorities as part of local government reorganisation
- Tight constraints on public spending other than health and some other priorities
- Improved readiness to collaborate through local programmes and increased Blue Light interoperability e.g. Emergency Services Network (ESN)
- Openness to new ways of working post-pandemic

The detail of the analysis is in Appendix 9.5.

³⁰ <https://fireengland.uk/>

³¹ OBR, Office for Budget Responsibility: Economic and fiscal outlook, October 2021

³² Institute for Fiscal Studies, What's happened and what's next for councils?, October 2021

³³ CIPFA Police and Fire Network, Scoping the Future for Police and Fire Finance, Seminar, 24 November 2021

³⁴ The Economist, The World Ahead 2022, November 2021

³⁵ World Economic Forum, The Global Risks Report 2021, 16th Edition, January 2021

³⁶ Gartner, Top Strategic Technology Trends for 2022, October 2021

³⁷ BearingPoint, Top 5 technology trends for 2022 – BearingPoint Survey, October 2021

2.5 Assumptions

The analysis has helped to identify several major assumptions for the options appraisal, which include the following:

- Although public sector spending is expected to increase as a share of GDP and this will lead to an increase in local government expenditure, the overall increases will be absorbed predominantly by the NHS and to a lesser extent social care. With inflation and demographic change, some council services will require real-terms cuts to remain with funding constraints and spending will be lower in real per capita terms than before 2015/16.
- While the economy is expected to recover, there will still be restrictions in place to manage Covid-19, which will have become endemic
- Some adaptations to the Covid-19 pandemic, like hybrid work, will become the norm
- The Government's fire reforms will develop the statement published in March 2021 and the recommendations of HMICFRS
- The Government will continue to develop the role of the PCC as part of a shift towards directly elected local political leaders and executive models of governance
- Increased emergency services collaboration will advance both through local developments and national programmes like Emergency Services Network (ESN)
- Increased climate related emergencies like floods and wildfires will call for wider scale and integrated initiatives for prevention, response, and resilience.
- Social and demographic changes, notably an ageing workforce and fewer people available for retained firefighter duties, will prompt radical changes
- The increase in the proportion of firefighter time spent on prevention and regulation compared to response will continue

2.6 Strategic spending objectives

Given the changes required to meet the future local government arrangements in Cumbria and central government policy expectations, four strategic spending objectives were set out:

1. New governance arrangements for the FRA in Cumbria must be in place, by April 2023 at the latest
2. Governance arrangements must have no adverse impact on public safety, compared to the next best alternative option
3. Governance arrangements must deliver improved value for money (economy, efficiency, and effectiveness), compared to the next best alternative option
4. Governance arrangements must be affordable for the successor organisation.

2.7 Strategic options

As explained at 2.2.3 above, the Policing and Crime Act 2017 provides four statutory options, namely:

- Current arrangements (with duty to collaborate)
- Representation
- Governance
- Single employer

But creating new UAs means that the current arrangements will no longer be an option, so two alternatives to the current arrangements have been identified for consideration:

- Making each UA an FRA and splitting the FRS
- Creating a combined FRA with representation from each UA (like other non-metropolitan counties with unitary authorities in their FRS area.

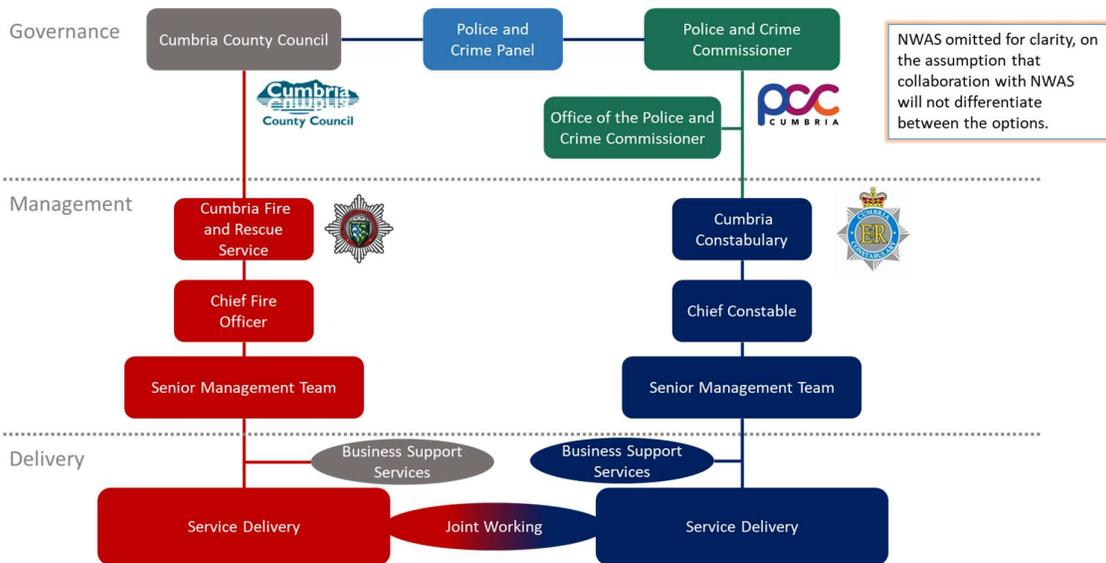
2.7.1 Governance models

These five possible options are illustrated below. It is also important to recognise that apart from option 5 (the single employer model) none of the options necessarily implies any change in the operational part of the FRS or the terms and conditions of the firefighters. This might be expected with Option 1 (two FRAs), but theoretically one FRA could provide services to the other³⁸.

The five options are illustrated below so that the changes from the current arrangements and the differences – and similarities – between the options is plain to see. The existing governance arrangements (see Figure 11 below) are presented as the baseline, but they cannot continue under Local Government Reorganisation in Cumbria.

Figure 11: Current arrangements for FRS governance that will need to be replaced

Baseline: Current Arrangements



³⁸ Fire and Rescue Services Act 2004, Sections 16 and 17

Figure 12: Option 1 - a separate FRA for each unitary

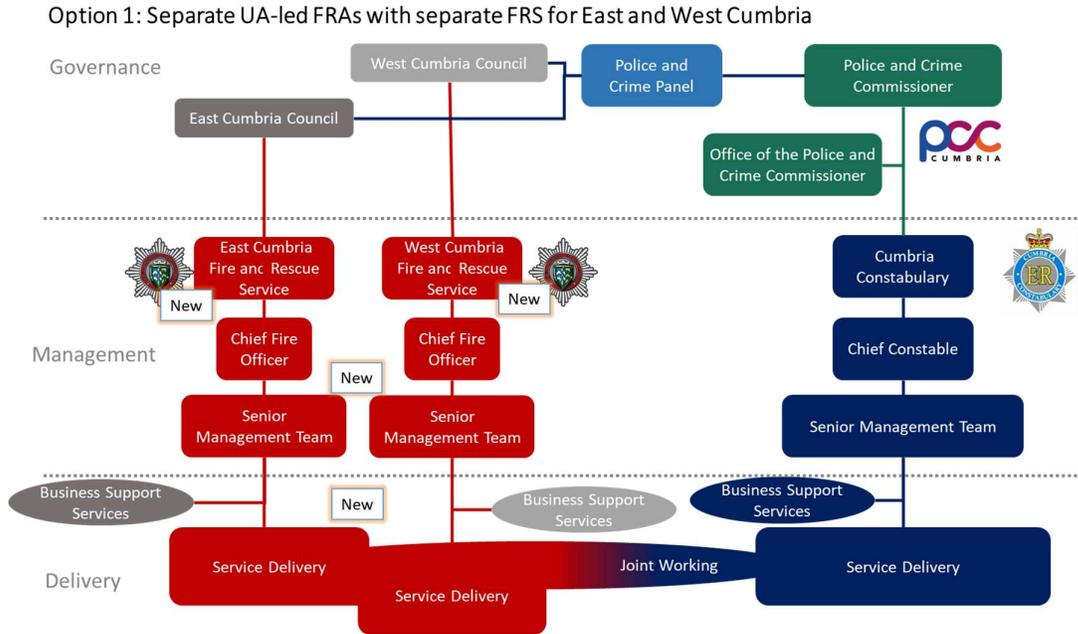


Figure 13: Option 2 a combined FRA for Cumbria

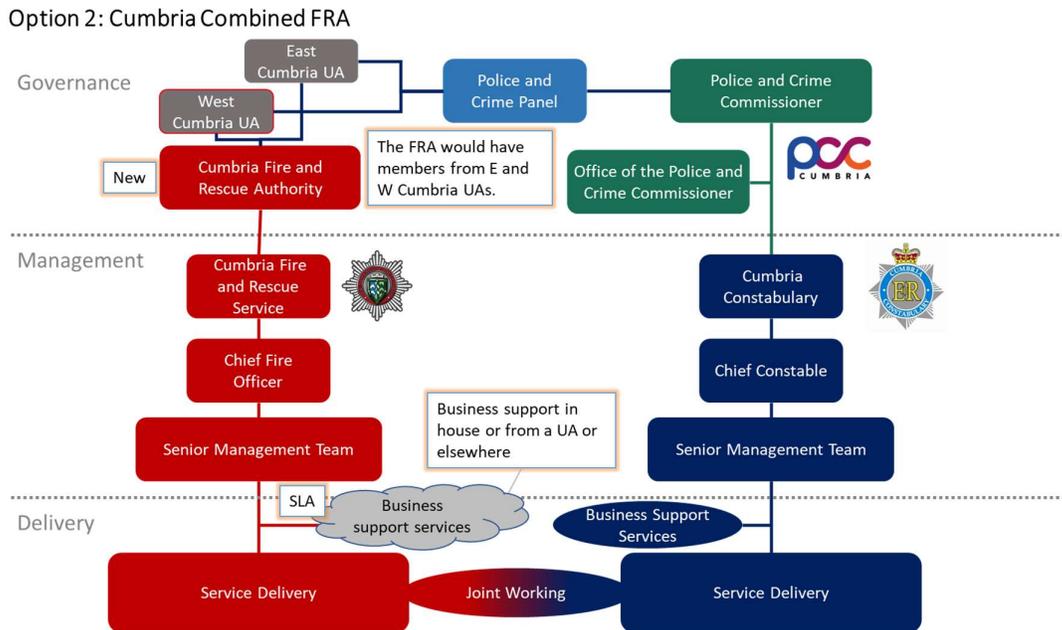


Figure 14: Option 3 - the Representation model

Option 3: Representation Model in Cumbria Combined FRA

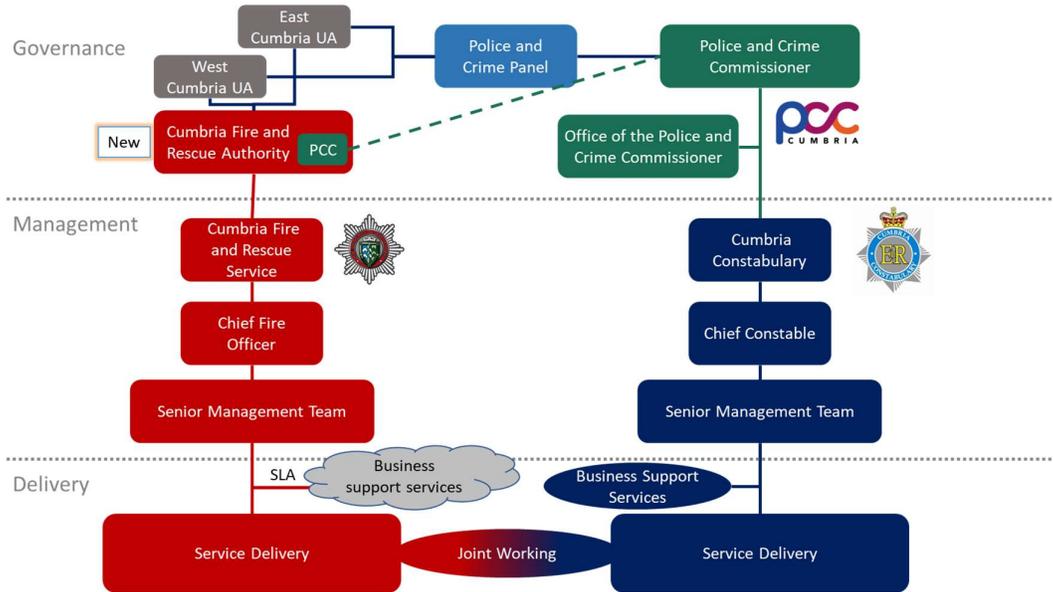


Figure 15: Option 4 - the PFCC FRA model

Option 4: Cumbria PFCC Governance Model

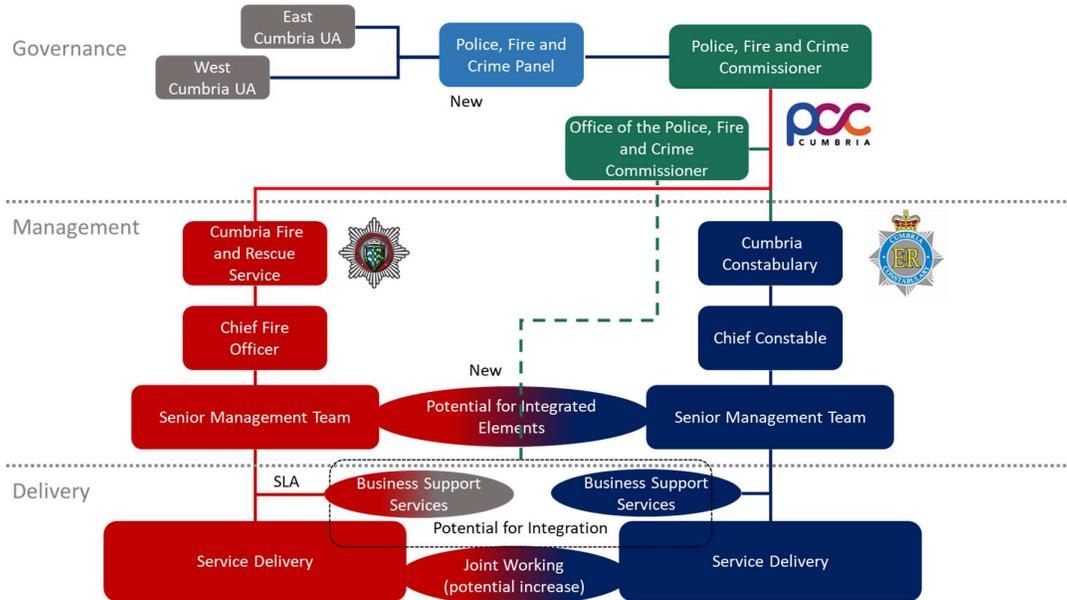
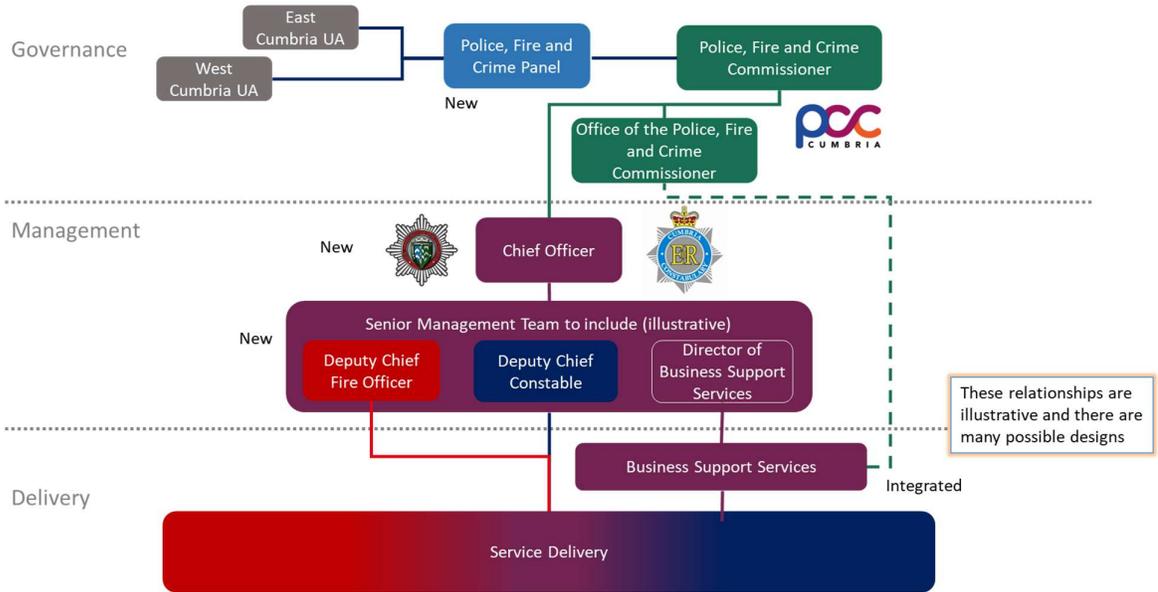


Figure 16: Option 5 - the single employer model

Option 5: Cumbria PFCC Single Employer Model



2.7.2 Assessment criteria

Each of these has been assessed against eight criteria. Besides the statutory tests of public safety, economy, efficiency and effectiveness, the options have been assessed against their strategic fit, affordability, achievability, and acceptability. The criterion and the test for each one is summarised in Table 2 below. Together they test whether the strategic objectives (see 2.6) would be met by a specific option.

Table 2: Assessment criteria for the options analysis

	Test
Strategic fit	Do the arrangements align with the way FRSs are evolving and with emerging Government policy?
Public safety	Would the arrangements help the FRS understand risk, prevent, and respond to fire risks and other emergencies, promote fire safety through regulation, contribute to national incidents and collaborate with other emergency services?
Economy	Do the arrangements help the FRS secure the right quality inputs for the lowest whole-life cost?
Efficiency	Do the arrangements help the FRS achieve the best productivity (most outputs from the inputs)?
Effectiveness	Do the arrangements help the FRS achieve the right outcomes from the outputs?
Affordability	Are the arrangements affordable to the proposed FRA(s) for both the transition and the medium term?
Achievability	Can the new arrangements be implemented before April 2023 without unnecessary risk?
Acceptability	Would the proposals be acceptable to the parties involved?

The assessment of each option against the criteria in Table 2 is explained in Appendix 9.7. This assessment is summarised in Table 3 following.

Table 3: Summary of assessment of strategic options

	1 East and West Cumbria FRAs and FRSSs	2 Cumbria FRA	3 Representation	4 Governance	5 Single Employer
Strategic fit	●	●	●	●	●
Public safety	●	●	●	●	●
Economy	●	●	●	●	●
Efficiency	●	●	●	●	●
Effectiveness	●	●	●	●	●
Affordability	●	●	●	●	●
Achievability	●	●	●	●	●
Acceptability	●	●	●	●	●

Fully satisfactory ● ● ● ● Unsatisfactory ●

2.7.3 Option 1: East and West Cumbria FRAs and FRSSs

There have been no previous suggestions of better service or value from splitting the FRS in Cumbria. The business case³⁹ prepared for the County Council in 2015 assumed that it “would need to be separated from local government to establish a new Fire Authority covering the county, rather than splitting it.”

The two new FRSs would sub-divide England’s second smallest FRS. While there is no reason to doubt that this could be made to work in theory, this could only be achieved following disruptive and costly change at an operational level and there would be continued financial and operational challenges. The impact of disaggregating councils has been explored elsewhere and has been shown to result in worse performance and higher costs.⁴⁰

The Government has committed in the Structural Change Order Explanatory Memorandum that the service will be kept together, and this is not therefore an acceptable option.

This is not a realistic option and should be rejected as it does not meet the tests for public safety or value for money.

2.7.4 Option 2: Cumbria Combined FRA

A combined FRA for Cumbria (CFRA) would be based on a proven model found in most non-metropolitan counties with more than one top-tier authority. This could readily meet the tests for public safety and value for money.

Implementing the combined FRA would need to be achieved against a tight timescale. A smooth transition, without undue extra expense, would rely on a pragmatic approach from the new unitary authorities. This would be easiest if the UAs keep the corporate services in some form of successor units that can continue to offer services to both UAs and to the combined FRA.

³⁹ EY, Strategic Financial Case for Local Government Re-organisation in Cumbria, January 2015

⁴⁰ See, for instance, Phil Swann, Learning the lessons from local government reorganisation, Shared Intelligence, 2016,; PriceWaterhouseCoopers, Evaluating the importance of scale in proposals for local government reorganisation, County Councils Network, July 2020

There is a risk that the corporate services might have to be set up from scratch and this will be more expensive than building those services on to the framework of an existing organisation (like the PCC). A combined FRA will also have inherent extra costs of governance and the statutory roles that will be higher than for a PFCC FRA. Over time some of the extra costs of the statutory roles might be reduced by sharing functions (and costs) with other authorities. In addition, there is some indication that combined FRAs and small FRAs are more expensive than county council FRAs and PFCCs, see Figure 6 above.

This would be an achievable and acceptable option and should be taken forward.

2.7.5 Option 3: PCC Representation on CFRA

Having PCC representation on a combined FRA would be very similar to the combined FRA, so this is a plausible option, which would meet the tests for public safety and value for money. However, based on the work carried in 2017, there is no support from the PCC or councils.

This is not a standalone option and would require a combined FRA to be in place.

For this reason, it should be rejected and is not considered further.

2.7.6 Option 4: PFCC Governance

The PFCC FRA is now an established model that has proven its value in the four areas that have adopted it since 2017. It would meet the tests for public safety and value for money. It is likely to have advantages over the combined FRA model in terms of lower implementation costs and lower ongoing costs.

There may also be scope for a PFCC-led FRA to drive forward collaboration more quickly than it would for a conventional FRA. Evidence from the four PFCCs that have been set up shows that they have indeed delivered the expected improvements.

This appears to be the best option from the initial analysis and should be taken forward to be considered in more detail against the combined FRA model.

2.7.7 Option 5: PFCC Single employer

This is an unproven model with no apparent advantages for Cumbria over the combined FRA or the PFCC models. It would not be achievable in the timescale, nor would be acceptable. It may meet the tests for public safety and value for money eventually, but there would be an unacceptable implementation risk or an unaffordable implementation cost. For these reasons the option should be rejected.

2.7.8 Conclusion and recommendation

In short, the analysis shows that there are two feasible and acceptable options, both of which would meet the statutory tests of public safety and value for money. These will be carried forward to the rest of the report so that they can be defined in more detail to enable a more thorough assessment against the public safety tests (see the Public Safety Case) and value for money (see the Economic Case).

2.8 Potential scope and service requirements

The functions carried out for Cumbria County Council as the FRA include:

- Statutory inspection, certification, and enforcement
- Prevention and education
- Operational responses
- Communications and mobilising
- Securing water supplies
- Fire Service Emergency Planning and Civil Defence
- Resilience
- Community safety
- Administering the Firefighters' pension scheme locally

Expenditure on these functions is grouped into three services: community fire safety, firefighting and rescue operations, and fire and rescue service emergency planning and civil defence. The scale of these services is shown in Table 4 below.

Table 4: Expenditure on FRA functions in Cumbria 2020/21

	Community fire safety	Fire fighting and rescue operations	Fire and rescue service emergency planning and civil defence	Total FRS reported 2020/21	Adjusted 2020/21	Total FRS forecast 2021/22
	£m	£m	£m	£m	£m	£m
Cumbria Fire and Rescue Service						
Staff costs	1.1	15.5	0.7	17.3	17.3	17.7
Non-staff costs	0.3	1.4	0.1	1.8	1.8	1.8
Property recharged	0.1	1.5	0.1	1.7	2.2	2.2
Overheads recharged	0.3	3.5	0.1	3.9	3.0	3.0
Revenue expenditure total (gross)	1.8	22.0	1.0	24.8	24.3	24.7
Income from sales, fees and charges	-	0.1	-	0.1		
Other income	-	0.2	0.3	0.5		
Grants	0.1	0.1	0.1	0.3		
Total income	0.1	0.3	0.4	0.8		
Revenue expenditure total (net)	1.8	21.6	0.6	24.0		

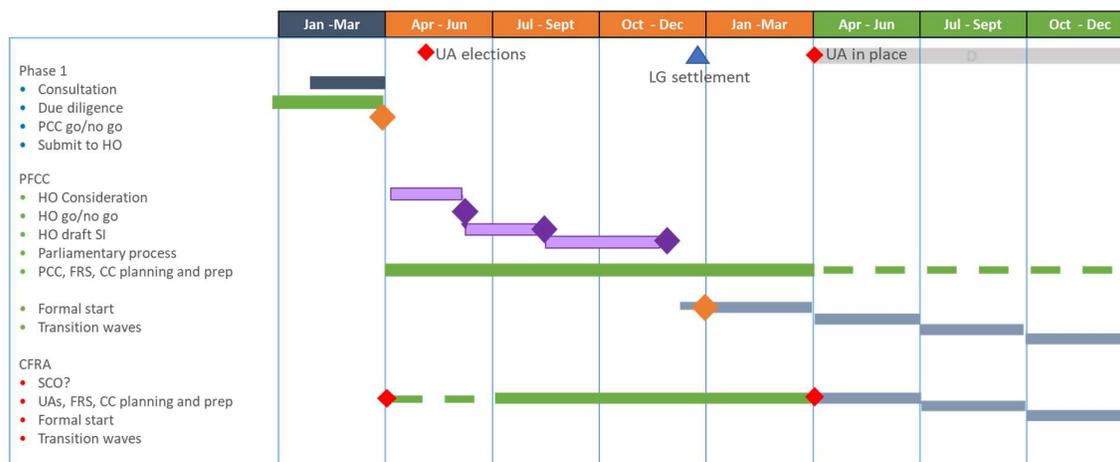
Source: Cumbria County Council statistical return to DLUHC and working papers

The successor FRA is assumed to take on all these responsibilities.

2.9 Constraints and dependencies

The greatest constraint is the timetable for local government reorganisation which is exacerbated by the general limitations on local government spending. As the response to the pandemic has shown, it is possible to set up new organisations quickly, but this will almost certainly be costly and to some extent risky.

Figure 17: Outline timetable for CFRA or PFCC implementation



In the case of a combined FRA, decisions on approach, structure, governance etc would need to wait until members have been elected to the two new unitary authorities. With elections planned for May 2022, the members will need time to consider proposals for the FRS in the context of all the other services at county and district level; and to agree across the two UAs. Decisions are unlikely to be made before July 2022. If the UAs create successor units to continue to provide corporate and support functions, then transition may be relatively simple. At present there is no agreed or definite plan for this, so the CFRA may need to set up these functions from scratch.

In the case of a PFCC FRA, the Home Office and Parliamentary process leaves little time before a formal start on 1 January 2023. However, there would be three months where the County Council is still in place to transfer functions to the PFCC. Additionally, the OPCC already undertakes most of the same corporate and support functions on its own or with Cumbria Constabulary. It will be easier to add capacity than to generate capability from scratch.

Besides the uncertainty that there is around the baseline for FRS expenditure and funding (see 6.2 below), the decisions about the new structures in a CFRA or PFCC FRA would need to be taken before the outcome of the Local Government settlement is announced (i.e. before councils and PFCCs know what grants and spending power has been allocated for the following financial year) – likely to be mid-December 2022.

With either a CFRA or a PFCC FRA, it would be desirable to limit the exposure to inherited liabilities (e.g. firefighters’ pensions or estates maintenance backlogs), given the small scale of either operation, and the likelihood of limited reserves being transferred from the County Council. This is considered further in the Commercial Case.

3 Public Safety Case

The public safety case focuses on public safety, operational, response and prevention issues.

The combined FRA and the PFCC governance models have both been compared with the current arrangements against the FRA priorities in the Home Office National Framework for Fire and Rescue Authorities.

The main conclusions from the assessment are:

- Both models would maintain the momentum of the current good performance in Cumbria and there is no reason to expect an adverse impact on public safety
- Both models offer some opportunities to strengthen public safety in Cumbria
- The differences between the two models do not show that either one has a decisive advantage.

3.1 Introduction

The purpose of the public safety case is to focus on public safety, operational, response and prevention issues.

The Policing and Crime Act 2017 provides that the business case for transferring governance to a PCC can be made based on a public safety case alone. This would however only be expected where there is a failing FRA. This does not apply in Cumbria. For example, HMICFRS has inspected Cumbria's FRS and rated it "good" on Effectiveness⁴¹ which covers understanding risk, preventing fires and other risks, protecting the public through regulation, responding to fires and other emergencies, and responding to national risks. For more detail see Appendix 9.8.1.

The 2017 Act also requires that for a transfer of governance to be made on the grounds of economy, efficiency, or effectiveness (collectively value for money), there should be no negative impact on public safety. As a minimum, therefore, the business case needs to demonstrate that there is no adverse impact on public safety from the proposed governance arrangements.

To make this assessment, the two acceptable alternatives – the combined FRA and the PFCC governance model – have been compared with the current arrangements.

3.2 Public safety assessment

To assess the impacts of the governance model on the performance of the FRS as distinct from considering the performance of the FRS in general, the assessment has adopted the priorities for fire and rescue authorities that are set out in the Government's National Framework for Fire and Rescue Authorities⁴².

The National Framework sets out the government's priorities and objectives for fire and rescue authorities. The government has a duty under the Fire and Rescue Services Act 2004 to produce the framework and keep it current. The framework published in May 2018 is the current version. Fire and rescue authorities must have regard to the framework in carrying out their duties.

⁴¹ Her Majesty's Chief Inspector of Fire and Rescue Services, State of Fire and Rescue – The Annual Assessment of Fire and Rescue Services in England 2019

⁴² Home Office, Fire and Rescue National Framework for England, May 2018

The priorities “are for fire and rescue authorities to:

- make appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents
- Identify and assess the full range of foreseeable fire and rescue related risks their areas face
- collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of the service they provide
- be accountable to communities for the service they provide and
- develop and maintain a workforce that is professional, resilient, skilled, flexible, and diverse.

The results of the assessment are set out in Appendix 9.8.2 .

3.3 Conclusion on public safety

The conclusions that have been drawn from the assessment are:

- Both the combined FRA and PFCC models would maintain the momentum of the current good performance in Cumbria and there is no reason to expect an adverse impact on public safety
- Both the combined FRA and PFCC models offer some opportunities to strengthen public safety in Cumbria
- The differences between the combined FRA and PFCC models are not so great that they suggest that either one has a decisive advantage.

4 Economic Case

The purpose of the Economic Case is to assess which of the options that have been brought forward from the Strategic Case and the Public Safety Case is better and to assess whether the preferred option would be value for money for Cumbria and more widely. The Case focuses on the four topics where there are expected to be differences between the options, namely:

- Governance and leadership
- Corporate and Support functions
- Transition and implementation
- Potential benefits

The operational workforce, infrastructure (such as fire stations, vehicles and equipment), fire control and other operational support functions are assumed to be the same as the current arrangements for either the combined FRA or the PFCC.

Having considered the areas that would be likely to change the key points from the assessment are:

- The PFCC would be less complicated and quicker to set up than the CFRA. The CFRA would be at least £0.5m more. The CFRA would be less able than a PFCC to manage the considerable uncertainties and risks in the implementation phase.
- The ongoing governance costs of the CFRA will be about £0.2m a year more than the PFCC.
- Ongoing corporate and support costs are likely to be about £0.5m (between £0.2m and £0.7m) a year more in the CFRA than the PFCC.
- The CFRA would be able to implement an improvement programme to create or buy in efficient corporate and support services, but this will take time and has inevitable delivery risks. The PFCC could make quicker progress. Overall, the CFRA is likely to cost £3m to £4m more over the first five years. This is about 3% of total net spending over the period.
- In addition the PFCC FRA would be better placed to realise potential benefits from collaboration more quickly and more extensively, although this is hard to quantify.

To take account of uncertainty, scenarios have been developed to allow for questions around the starting point for the new FRA, the running costs and potential for improvement. Risks have been quantified for each cost element. Even the most optimistic view of the CFRA is likely to cost more than the most pessimistic view of the PFCC.

In short, there are decisive advantages for the PFCC model compared to a combined FRA, worth between £3m and £4m over the first five years of operation. This would be within the range of equivalent figures in the other PFCC FRAs that have been implemented.

These numbers are all estimates, based on assumptions and judgments. More information is likely to become available over the coming months, but while this will help to better assess affordability it will not change the comparative assessment of the CFRA and PFCC.

The economic case demonstrates that the PFCC option would pass the tests for economy, efficiency and effectiveness.

4.1 Introduction

The economic case assesses which of the options that have been brought forward from the Strategic Case is the better value for money. This has been done by looking at what changes there would be compared to the current arrangements and estimating what differences there would be between the CFRA model and a PFCC model. The ongoing costs of the CFRS over the next few years and the cost of setting up the new arrangements have been considered.

The critical question posed by the Policing and Crime Act is whether the preferred option would be value for money (economy, efficiency and effectiveness) for Cumbria and more widely.

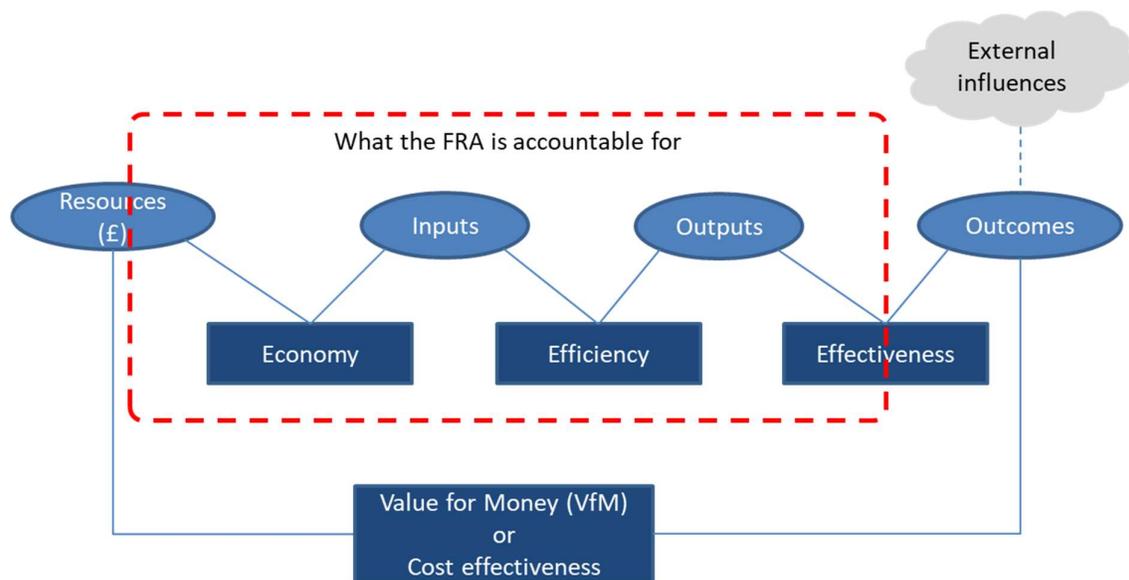
Economy, efficiency and effectiveness – the 3Es – are all ratios that together make up Value for Money⁴³ (VFM) or cost effectiveness.

- Economy focuses on spending less. But this is whole life not just procurement and without losing necessary quality or security.
- Efficiency is about spending well and is largely the same as productivity.
- Effectiveness is about spending wisely, doing the right things to achieve the best impacts.

An FRA has control of inputs and outputs but does not fully control resources or income (some of which is controlled by central government); nor can the FRS control external factors such as social attitudes and behaviours, which in part determine the outcomes.

The relationship between economy, efficiency and effectiveness, with some illustrative examples of how this applies to an FRA, and notes on the impact of the change in governance are shown in the diagram below.

Figure 18: defining economy efficiency and effectiveness



Source: adapted from NAO 'Assessing value for money', see footnote below.

While the prompt for the business case (i.e. local government reorganisation) is not based on making savings, value for money is central to this business case. Unlike other cases for changes in

⁴³ [Assessing value for money- \(nao.org.uk\)](http://nao.org.uk)

the governance of FRSs, there is no do-nothing option, and the question is which of the alternative options is better and the criteria are public safety and VFM. Since, public safety does not help distinguish between the options, VFM is decisive. Additionally, public bodies have a duty to demonstrate value for money and the reality is that central government grants for local services assume that productivity savings will be made.

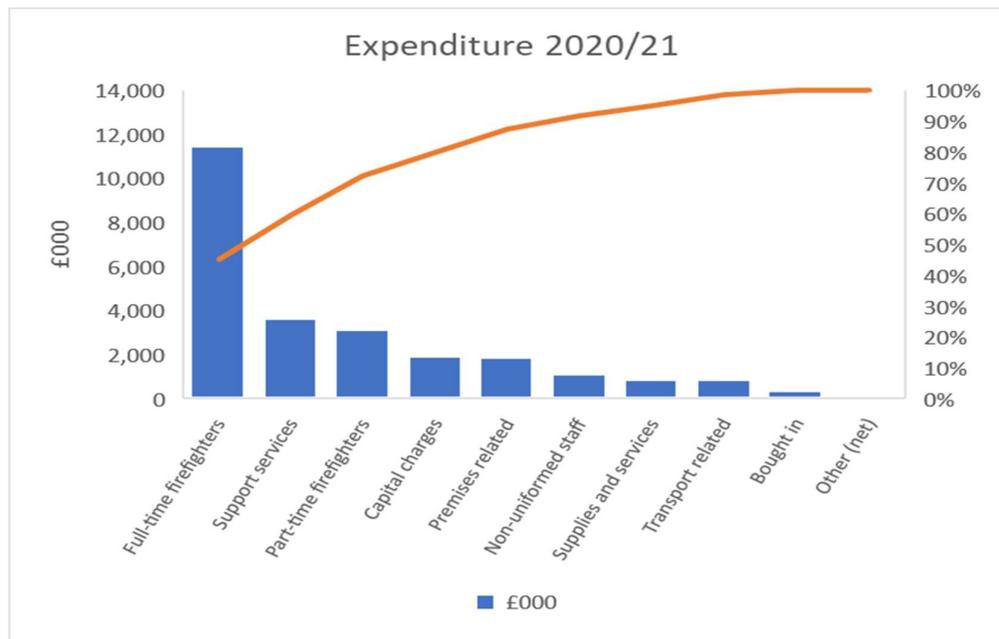
Although costs are a major part of both the economic case and the financial case, there is a clear distinction. The economic case is about value for money whereas the financial case is about affordability. One consequence of this is that the economic case focuses on the differences between the options, but the financial case looks at all the costs. The financial case also needs to take account of inflation and funding, neither of which are topics for the economic case.

Besides the assessment of value for money, the economic case considers risks and optimism bias. There are also a sensitivity analysis and assessment of impacts on equality and diversity.

4.2 Scope

The operational workforce of the CFRS will not be changed by either of the alternative governance arrangements, so these have been excluded from the economic case. This means that all the firefighters (93% of the total FTEs) are assumed to be the same in either option. A significant portion of the other functions will also be the same in both options e.g. property maintenance. To put this in perspective, the chart in Figure 19 below shows what the FRS spent its money in 2020/21. The area where the differences are expected as a result of the changes are in some of the support services (the second column on the left). In all other areas the change in governance is not expected to make a difference.

Figure 19: Subjective analysis of FRS expenditure in 2020/21



Source: Cumbria's CIPFA statistical return 2020/21

The focus is on what differentiates the options, and this has been grouped into four areas:

- Governance and leadership
- Corporate and Support functions
- Transition and implementation
- Potential benefits

For the purposes of the business case, corporate services are the functions like finance, HR, legal, ICT etc which any public body needs to have to deliver the frontline services. Support services are functions such as estates management and maintenance, and vehicle management and maintenance, that help directly or indirectly to deliver the frontline services.

4.3 Governance and Leadership

4.3.1 Context

As the Strategic Case explains, at 2.2.2.1 above, each fire and rescue service is overseen by a fire and rescue authority (FRA). There are several different governance arrangements in place across England (see 2.2.2.2), and the size of the authority varies between services. However, each authority has the same core functions:

- Determining the policy direction of the FRS
- Setting a budget to fund delivery of that policy direction
- Undertaking scrutiny to ensure that intended outcomes are being achieved economically, efficiently, effectively and in accordance with statutory requirements.

The main elements of the governance and leadership costs are the democratic costs of the authority itself, the statutory roles required and the support to e.g. FRA members, legal and policy advice etc.

The FRA and the statutory roles and the way that these are assumed to be discharged in the two options to be assessed are shown in Table 5 below.

Table 5: FRA governance and statutory roles

	<i>Baseline</i>	<i>Cumbria FRA</i>	<i>PFCC</i>
Fire and Rescue Authority	County Councillors Cabinet Member	Combined FRA members nominated by UAs	PFCC acting as the FRA
Chief Fire Officer	County Council Chief Officer/Head of the FRS	Head of the FRS	Head of the FRS
Head of paid service	Cumbria County Council	Role in the FRS	Shared with OPCC
Chief finance Officer	Cumbria County Council	Role in the FRS	Shared with OPCC
Monitoring officer	Cumbria County Council	Role in the FRS	Shared with OPCC
Employer	Cumbria County Council	FRA	PFCC

The FRS is currently one of the most embedded in a County Council (reflecting productivity improvements over the last decade). As a combined FRA, some roles could be carried out jointly with other bodies and there are examples of other combined FRAs sharing, for instance, chief finance officers. As a PFCC, where the standard statutory roles are already in place, the Chief Finance Officer role, for instance, is shared between the OPCC and Cumbria Constabulary and the expectation is that this would be extended to the FRS as well for the chief finance officer and the monitoring officer.

As noted in the Strategic Case (2.3.1.1) and the Public Safety case (3.2) the current governance arrangements are judged to be working well. The Covid-19 inspection carried out by HMICFRS reinforced this view, saying: “Cumbria Fire and Rescue Authority and the portfolio lead were actively engaged in discussions with the chief fire officer and the service on the service’s ability to discharge its statutory functions during the pandemic....The fire and rescue authority maintained effective ways of working with the service during the pandemic.”⁴⁴ The assumption is that both a CFRA and a PFCC would be seeking to maintain this performance and to minimise disruption.

Unlike other business cases for PFCC FRAs, where it has been possible to compare actual costs of an FRA with the proposed PFCC FRA, there is no historic baseline for the County Council FRA. This is, therefore, a comparison of two proposals.

4.3.2 CFRA

If a combined FRA were established in a similar way to existing combined FRAs in non-metropolitan counties, then there would need to be enough members to reflect the geographical pattern and historic changing balances of political support.

County wide elections for all 84 electoral divisions of Cumbria County Council were scheduled to take place on 6 May 2021 but were rescheduled to May 2022 due to the consultation on proposals for unitary government in Cumbria. those elections rescheduled to May 2022 would be cancelled under the provisions of the Statutory Change Order and the May 2022 elections will be to the two new UAs.

The political control of Cumbria County Council has changed frequently since its creation in 1973 and there have been periods of ‘no overall control’, including the present; see

Table 6 below.

Table 6: Party control in Cumbria from 1973 to 2021

<i>Party control</i>	<i>Years</i>
<i>No overall control</i>	1973 - 1977
<i>Conservative</i>	1977 - 1981
<i>Labour</i>	1981 - 1985
<i>No overall control</i>	1985 - 1997
<i>Labour</i>	1997 – 2001
<i>No overall control</i>	2001–present

The political variation across Cumbria, and the composition of the East and West unitaries, which is based on the current districts, suggest that to reflect the different sizes of the UAs and allow for representation of the variation, there would need to be at least one member per current district

⁴⁴ HMICFRS, COVID-19 Inspection: Cumbria Fire and Rescue Service, 22 January 2021

area, with larger areas having more members to give scope to reflect political diversity and scale. For example, if the three smaller districts had one member and the three larger ones had two, this would result in a CRFA with nine members as shown in column A in Table 7 below.

As the table below shows, a better match to the population⁴⁵ at the district level can be achieved if there are at least two members per district. Higher numbers do not appear to provide a better match and would simply add an overhead to the FRS.

Table 7: Comparison of possible membership numbers in a CFRA

	ONS 2020 MYE		Possible Members			Pop per Member			Over/under representation +/- 5%		
Allerdale	97,300	19%	2	3	4	49	32	24	0.88	1.04	1.02
Carlisle	108,500	22%	2	3	5	54	36	22	0.98	1.16	0.91
Copeland	68,000	14%	1	2	3	68	34	23	1.23	1.09	0.95
Cumberland	273,900	55%	5	8	12	55	34	23	0.99	1.10	0.96
Barrow	66,700	13%	1	3	3	67	22	22	1.20	0.71	0.94
Eden	53,800	11%	1	2	2	54	27	27	0.97	0.86	1.13
South Lakeland	104,900	21%	2	3	4	52	35	26	0.95	1.12	1.10
West'land & Furness	225,400	45%	4	8	9	56	28	25	1.02	0.90	1.05
Cumbria	499,300	100%	9	16	21	55	31	24	1.00	1.00	1.00

Looking at possible membership combinations as shown in Table 7 it is apparent that there are many conceivable solutions for a combined FRA for Cumbria that could be accountable for a FRS that serves the whole of Cumbria, exercising the duties set out in the Fire and Rescue Services Act 2004. As a working assumption for the options appraisal, a combined FRA of up to 15 members has been selected.

Looking at similar standalone FRAs of a similar size, the cost of members' allowances, travel expenses, committee support and so on this appears unlikely to cost less than £75,000 a year and could be £150,000 a year.

Looking at the leadership costs, the role of the Chief Fire Officer is assumed to remain the same in either a CFRA or PFCC and is therefore excluded from this calculation. Based on similar size FRAs, it seems likely that a standalone CFRA would need two senior staff to cover the statutory roles, one of whom could head the corporate services. In addition, there are policy development roles, representation and collaboration (like Local Resilience Forums). There are many ways that this could be organised, but it is unlikely to cost less than £250,000 a year and could cost more than £400,000.

4.3.3 PFCC

In the case of a PFCC FRA, there are no council members, and the role is fulfilled by the Commissioner. There may be some support required for a Police Fire and Crime Panel and there could be other new consultative forums. Some PCCs absorbed these costs into their existing structures when they became PFCCs, but the Cumbria OPCC has only 17.8 FTEs and it would be prudent to assume that more capacity would be required.

The statutory roles, like chief finance officer and monitoring officer, are already in place in the PCC or Constabulary. There would be more workload – because the accountability is distinct from the

⁴⁵ Overall population from the ONS 2020 mid-year estimates has been used, rather than electorates, but this is unlikely to change the analysis.

existing work in the PCC and Constabulary. Some of this is likely to be at a senior level. As with the CFRA, there are many ways that this could be organised.

The comparable costs in the PFCC are estimated to unlikely to be less than £100,000 a year but should not need to be more than £200,000 a year.

4.3.4 Comparison

The estimates of the costs of the two models are set out in Table 8: Governance and leadership costs below.

Table 8: Governance and leadership costs

	CFRA			PFCC		
	Pessimistic £000	Central £000	Optimistic £000	Pessimistic £000	Central £000	Optimistic £000
Governance						
FRA members etc	120	100	90	-	-	-
Statutory roles	130	120	100	70	60	60
Other	70	60	50	70	50	50
Total Governance	320	280	240	140	110	110

The CFRA is probably around £100,000 a year more expensive than the current County Council arrangements. This is because there would be less scope to share the cost of the statutory roles with other parts of the County Council; and having two UAs involved may make the delegation to a single cabinet member less likely. The PFCC is likely to be less expensive, based on the experience of existing PFCCs, albeit a small sample and the assumption that the PFCC would be able to share the statutory roles with the counterparts in the PCC and Constabulary and would have a PFCC acting as the FRA rather than a committee.

4.3.5 Conclusion

The extra costs of a CFRA compared to a PFCC are a logical result of having streamlined governance in the PFCC model and a greater potential to share statutory and senior leadership roles. It is acknowledged that there is a wide range of conceivable arrangements and therefore a wide range of possible cost differences between the two models. The conclusion is further supported by the experience of existing combined FRAs and PFCC FRAs

Even though there is a clear difference, this is likely to represent less than 1% of the cost of the FRS and would not on its own be decisive.

4.4 Corporate and support services

For the purposes of this business case, corporate services are the functions like finance, HR, legal, ICT etc which any public body needs to have to deliver the frontline services. Support services are functions such as estates management and maintenance and vehicle management and maintenance that help directly or indirectly to deliver the frontline services.

In Cumbria, most of the corporate and support services are provided to the FRS by the County Council. HMICFRS have noted⁴⁶ that the FRS has made significant savings over the past decade, which support larger savings required by the council. As a result, a range of services that were delivered in-house by the FRS are now provided by the council, including occupational health and human resource support. HMICFRS also point out that sometimes, delays in the services that are now provided centrally have an impact on the quality of the fire service. For example, if firefighters

⁴⁶ HMICFRS, Effectiveness, efficiency and people 2018/19 - Cumbria Fire and Rescue Service, December 2019

have to wait to see occupational health staff, this can increase the time it takes for them to return to work.

In the County Council’s financial returns to DLUHC, the corporate costs appear in the recharge for overheads. Support services appear in the recharge for property and in some non-staff costs – as shown in Table 9 below.

Table 9: Overhead recharges in Cumbria FRS

	Community fire safety	Fire fighting and rescue operations	Fire and rescue service emergency planning and civil defence	Total FRS reported 2020/21	Adjusted 2020/21	Total FRS forecast 2021/22
	£000	£000	£000	£000	£000	£000
Cumbria Fire and Rescue Service						
Staff costs	1,134	15,503	693	17,330	17,330	17,664
Non-staff costs	328	1,371	66	1,765	1,765	1,765
Property recharged	115	1,542	61	1,718	2,214	2,214
Overheads recharged	264	3,541	140	3,945	3,018	3,018
Revenue expenditure total (gross)	1,841	21,957	960	24,758	24,327	24,661

The County Council are currently analysing the apportionment of overheads and property costs for the local government review. This has different apportionments from the Revenue Outturn reports and the adjusted numbers are shown in Table 9.

The analysis of the revised apportionments is shown in Table 10 to the right.

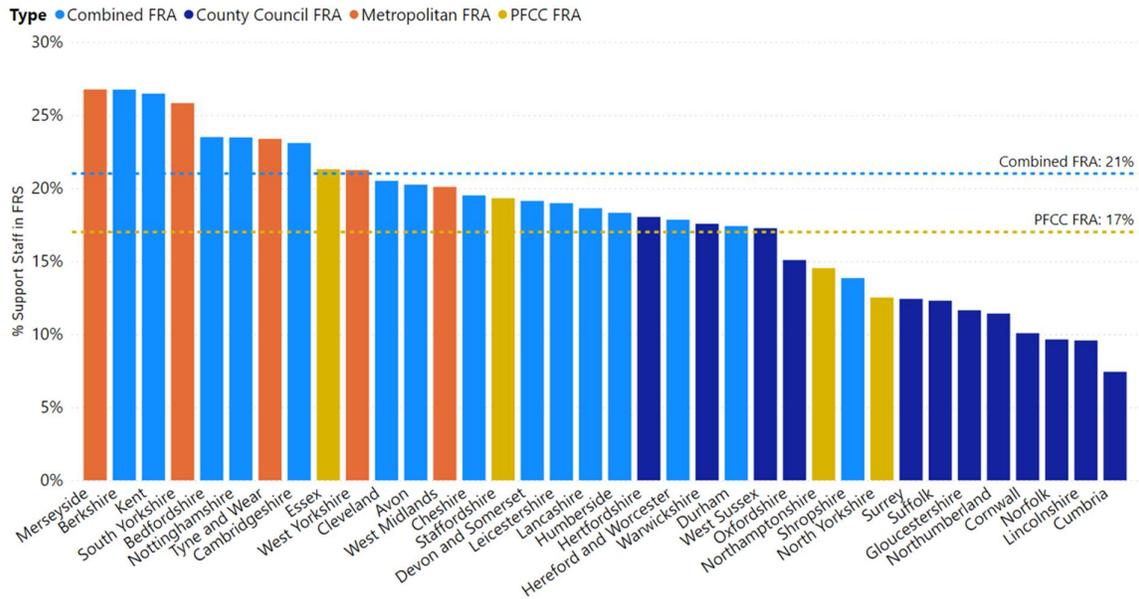
Service	£000
Corporate Management	62
Finance	205
HR	850
Estates management	79
ICT	1,068
Legal Services	19
Procurement	82
Communication	71
Fleet	77
Performance & Risk	72
Resources Business Support	191
Other	243
Overheads recharged	3,018
Estates maintenance	2,214
Property recharged	2,214
Total recharges	5,232

Table 10: Analysis of recharges 2020/21

4.4.1 Support staff in context

The Home Office publish statistics on fire service staffing and these have been considered to put Cumbria’s FRS in context and to see if there are systematic differences between different types of FRS. This is shown in in Figure 20 below.

Figure 20: Support service staff as % all FRS staff (FTEs)



Source: Home Office, Fire and rescue workforce and pensions statistics - England, April 2020 to March 2021: data tables - Table 1101, 21 October 2021

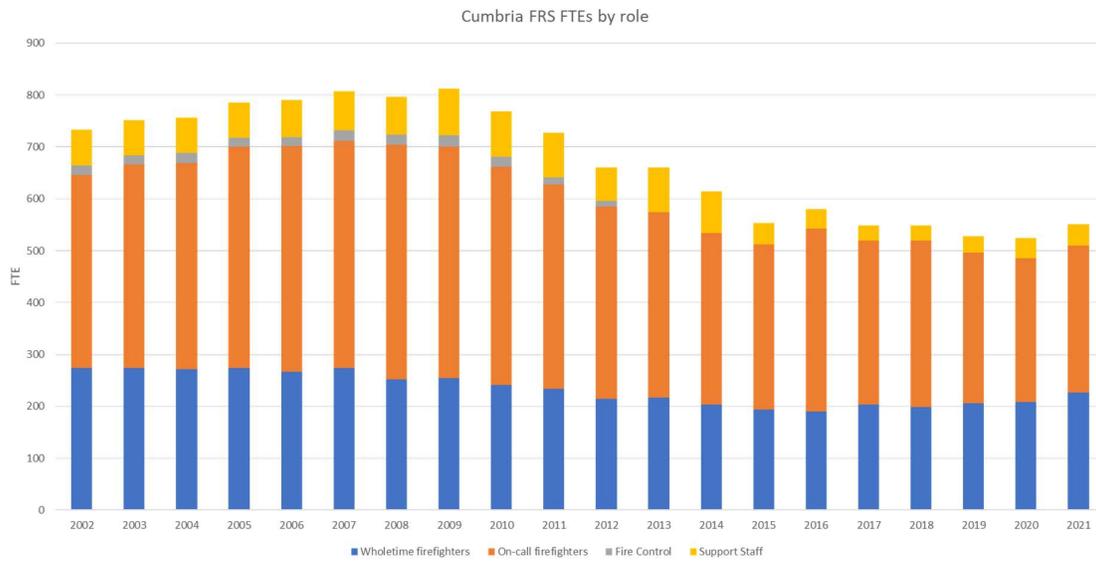
The table suggests that County Council FRAs have fewer support staff proportionately. However, this probably reflects the way that support functions are typically provided by the corporate services in county councils, which tends not to be picked up in the statistical returns. It also tends to confirm the perception that Cumbria’s FRS is more integrated with the rest of the County Council than is the case in other county council FRAs.

The table does not seem to show any clear relationship between size of the FRS and the proportion of support staff, which might be expected from economies of scale. However, this is probably because larger FRAs tend to provide most services in-house, whereas others buy in more services or receive them from the host council.

Besides differences in the prevalence of in-house services, there are likely to be some differences in the use of firefighters or support staff to carry out some roles and a possibility of differences in interpretation. Nonetheless, the table can provide some sense of the expected scale of the requirement of a standalone Cumbria FRA. The support staff in the Cumbria FRS currently number 41FTE. There are about a further 50FTE identified in the activity analysis. At the average level for combined FRAs, this would be 120FTE. At the average level PFCC FRA (a very small sample), this would be about 100.

The Home Office statistics also show how the proportion of Cumbria FRS’s staff have changed over the past 20 years. This is shown in Figure 21 below.

Figure 21: Trends in roles at Cumbria FRS



Source: Home Office, Fire and rescue workforce and pensions statistics - England, April 2020 to March 2021: data tables - Table 1101, 21 October 2021

The table shows the impact of forming the North West Fire Control consortium as well as the impact of sharing corporate functions with the County Council. In March 2013 and 2014, the proportion of support staff was 13% (80-90 FTEs), whereas from 2016 it has been about 6% (30-40 FTEs).

4.4.2 Baseline

For the purposes of the business case, the scope of the services in the corporate and support functions was defined as shown in Table 11 below:

Table 11: Definition of corporate and support functions considered

Function	Process/sub-functions/ services/ activities examples
Secretariat	Support FRA/FRS board Assurance framework processes, H&S etc Maintain corporate risk registers, business continuity/disaster recovery; emergency planning Monitor equality and diversity process and coordinating business continuity and information governance Collaboration e.g. NW Fire Control
Finance	Planning, budgeting and in year management Provision of management accounts and other returns as required e.g. grants Maintain delegations and financial regs Payment of invoices/Accounts Payable Collection of income/Accounts Receivable Management of cash Management of fixed assets Production of monthly accounts FRS Board General ledger/production of annual financial statements as required by FRS Internal and external audit
HR	Recruitment Reward including pay administration HR policies Retention Retirement including pension contributions Redundancy and transfers Disciplinary and performance management processes staff relations/unions FRS employee advice and support including welfare FRS employee capability building including training, apprenticeships etc
Estates	Rents, assets (buildings and land) Property management Property maintenance 'Front of house' functions in shared premises
ICT	Corporate systems/office automation Mobile working and desktop support Infrastructure and networking services Locally managed operational ICT
Legal	Routine (e.g. review of commercial contracts) Ad hoc legal services to support where necessary
Procurement	End-to-end procurement transactional processes – small/medium scale and compliant with EU/post-EU public sector procurement regulations Contract management Supplier management

Function	Process/sub-functions/ services/ activities examples
PR and Comms	Comms guidance and advice Media and FOI management Staff briefings & FRS community-wide comms Website management Crisis/issues management Public engagement and consultations Ministerial and MP briefings and intelligence Editorial, design and publishing services e.g. graphic, video and social media delivery Design and social marketing Insight and research
Vehicle management and maintenance	Specialist and general vehicles Acquisition/leasing Fleet management Fleet maintenance
OR/BI/etc	Business Intelligence, operations research or other analytical service not already included e.g. review of fire risks and deployment of fire tenders

Cumbria County Council’s Annual Report and Accounts explains that “costs of overheads and support services are charged to service segments in accordance with the authority’s arrangements for accountability and financial performance⁴⁷”, but this is not at a level of detail to show how the functions listed above are properly attributable to the FRS. An exercise is underway, as part of the preparation for Local Government Reorganisation, to establish these costs and to show how these can be fairly attributed to either one of the two successor UAs or the FRA. The results of the apportionment for the FRA in 2020/21 are shown in Table 10: Analysis of recharges 2020/21 above.

The apportionments differ from the results of the fieldwork carried out for this options analysis. This is to be expected given that the apportionments for the LGR do not need to be exact but need to be broadly fair between the UAs. The FRA however has a different mix of employee, infrastructure and other costs, so the reality of the workload will not necessarily be the same. In several areas, including the larger areas of spending (HR, finance and ICT) the fieldwork suggests significantly higher workload.

Because the apportionments and the fieldwork have a different scope and different approaches the costs used in the comparison that follows do not reconcile to the apportionments, though they are sufficiently consistent. This is an area which will need to be explored in the due diligence phase of the project (whether that is the PFCC or CFRA),

For the purposes of this options appraisal, in the absence of a reconciled, detailed baseline, the comparison between a combined FRA and a PFCC has used several perspectives to provide sufficient evidence to distinguish between the two models. These perspectives are:

- Activity analysis i.e. interviews with managers of these functions and their estimates of the time spent on FRS activities
- Experience and analysis from similar PFCC transitions
- ‘Should cost’ models for e.g. the unit cost of ICT
- Extrapolation from the known costs of the Cumbria PCC

⁴⁷ Cumbria County Council, Audited Statement of Accounts for the year 2020/21, p40

- Available data from Fire England etc

As discussed in 4.5, there are many ways in which a future FRA could choose to organise the corporate and support functions, some of which will be determined by the way that the UAs choose to set up their own functions. The assumptions for this part of assessment are that:

- the UAs choose to set up their own corporate services, like finance or HR, and expect the CFRA or PFCC FRA to do the same.
- Volume transactional services (especially those like Payroll which are provided by a Service Centre) can continue to be supplied by one or other UA. The PFCC could use these but more probably the PFCC would extend generic services (like the financial accounts) to include the FRS. This would avoid the risk of a two-step transition.
- Specialist teams would be identified and maintained, and would be hosted in the most appropriate body. Examples of specialisms, include firefighter pension and IT support to the fire-service deployment systems.

These are merely assumptions that are needed to be able to develop fair and reasonable estimates of the costs of the alternative new FRA models. They are not decisions about the eventual design or transition process. Decisions for either alternative will be taken after further detailed analysis which will be undertaken when the selected option is taken forward.

4.4.3 Corporate and support costs compared

Based on the approach described above, the costs of the corporate services considered and the estimates of what they would be in in the first year of operation for a CFRA or PFCC are set out in Table 12 below.

Table 12: Estimated costs of corporate and support functions

Corporate and Support	CFRA	PFCC	Notes
Ongoing costs annual	£000	£000	
Corporate Management	150	70	Assumed head of corporate services plus admin support, both FT in CFRA; shared roles in PFCC.
Finance	480	470	Based on activity analysis for CFA. Extrapolating costs for pre-existing functions in PCC.
HR	910	770	Based on activity analysis for CFRA. Extrapolating costs for pre-existing functions in PCC.
Estates management	200	210	Based on activity analysis for CFRA. Head of estates and vehicle management roles combined and shared in PFCC.
Estates maintenance	-	-	Assumed to be the same for CFRA or PFCC.
ICT - generic	100	50	Based on activity analysis, with some economies of scale for a PFCC.
ICT - FRS specific	350	300	Based on activity analysis, with some economies of scale for a PFCC.

Corporate and Support	CFRA	PFCC	Notes
Legal	80	80	Based on activity analysis for CFRA and PFCC. Assumed to be essentially the same for both.
Procurement	150	90	Based on activity analysis for CFRA. Extrapolating costs for pre-existing functions in PCC.
PR and Comms	140	70	Based on activity analysis for CFRA. Extrapolating costs for pre-existing functions in PCC.
Vehicle fleet management	60	-	Based on activity analysis for CFRA. Head of estates and - vehicle management roles combined and shared in PFCC.
Vehicle fleet maintenance	-	-	Assumed to be the same for CFRA or PFCC.
OR/BI/Performance/Intel	130	130	Based on activity analysis for CFRA and PFCC.
Business Support	230	230	Based on activity analysis for CFRA and PFCC.
Other	-	-	Spare heading
Total Corporate and Support	2,950	2,470	These are the central estimates. The ranges and scenarios are considered in 4.9

The corporate and support functions considered in 4.4.3 are estimated to have about 70FTE in the CFRA and almost 60FTE in the PFCC. Headcount is expected to be about 90 and 70 respectively. Using generalised employee costs from the County Council’s pay bands and generalised average costs from PCC data and applying those costs equally to the two models, costs have been calculated and are shown in the table above. Overall, the services are estimated to cost about £0.5m (between £0.2m and £0.7m) a year more in the CFRA than the PFCC.

4.4.4 Other costs

There are also other costs driven by the numbers of people: accommodation (which has been based on FTEs) and corporate ICT costs (which is driven by headcount). These costs plus the costs of managing an improvement programme are shown under ‘Other’ costs in Table 13 below.

There is some overlap between the governance costs and the corporate costs. Some topics e.g. legal or PR could be included with governance instead; conversely, some of the leadership roles could have been included in corporate management. This does not change the assessment because the roles are shown only in one section.

4.4.5 Ongoing costs summarised

There is considerable uncertainty surrounding the costs of services in these two future models. Optimistic and pessimistic costs have been estimated, as well as the central assessment, and scenarios have been represented by assigning a probability to the likelihood of the pessimistic, central, and optimistic outturns. This is summarised in Table 13 below.

Table 13: Estimated ongoing costs of a CFRA or PFCC

	CFRA			PFCC		
	Pessimistic £000	Central £000	Optimistic £000	Pessimistic £000	Central £000	Optimistic £000
Full year						
Total Governance	320	280	240	140	110	110
Total Corporate and Support	3,350	2,950	2,390	2,880	2,470	2,340
Total Other	370	290	240	270	220	220
Total Full Year	4,040	3,520	2,870	3,290	2,800	2,670
Scenarios weighting	15%	60%	25%	15%	60%	25%
Weighted		3,436			2,841	

4.4.6 Improving productivity

Over time, the CFRA would be able to reduce the difference (from the PFCC estimates) through collaboration with other parties. Existing combined FRAs appear to be more expensive than county council FRAs and PFCC FRAs, but there is no inherent reason why a CFRA should not be as efficient through collaboration. This has been demonstrated by Cumbria, for instance, in the NW Fire Control collaboration. The impact of combining functions is also illustrated by the merger of Dorset and Wiltshire FRAs.⁴⁸

The PFCC improvements can start sooner and there is a track record that is apparent in the existing PFCCs. This is why the potential savings are expected to be greater for the PFCC.

As with the costs of services, there is uncertainty about the scale and pace of improvements in these two future governance models. Optimistic and pessimistic programmes have been estimated as well as the central assessment. These are shown in summary below.

Table 14: Improvement programmes in a CFRA and PFCC compared

Improvement programme to 2028/29	CFRA			PFCC		
	Pessimistic £000	Central £000	Optimistic £000	Pessimistic £000	Central £000	Optimistic £000
Corporate and support	2,952	2,535	1,986	2,107	1,772	1,353
	0	417	966	358	693	1,112
<i>% Saving from 2023/24</i>	<i>0%</i>	<i>14%</i>	<i>33%</i>	<i>15%</i>	<i>28%</i>	<i>45%</i>

Given that wage inflation and general inflation is running ahead of the planned increase in central government grants (and is likely to continue to do so) then there is a clear advantage in being able to be more confident about the ability to deliver efficiency savings.

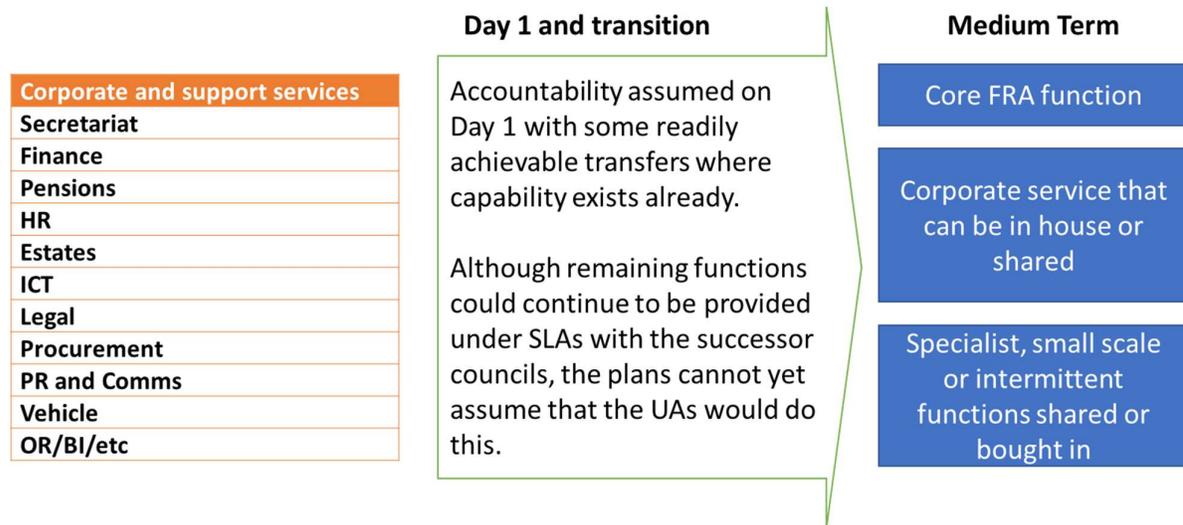
⁴⁸ Dorset & Wiltshire Fire and Rescue Authority, Medium Term Finance Plan 2020-21 to 2023-24, February 2021

4.5 Implementation and transition

Given the absence of a complete and detailed analysis of the baseline and the range of possible organisational designs and processes of either the CFRA or PFCC option, estimating the implementation and transition costs is particularly uncertain.

The starting point was defining the overall approach, and this is summarised in the diagram below.

Figure 22: Implementation schematic



As discussed above, corporate and support services are all provided by in-house teams in Cumbria County Council. Very few services are bought in. If the corporate and support services are carried forward in successor provider units, this will simplify the transition process to a new FRA and especially a combined FRA. If these functions are disaggregated, this will make a for a more complex transition; if these services are simply terminated, the CFRA will have to set up these functions from scratch.

This suggests that various scenarios that need to be tested, and these have been characterised as follows:

- Optimistic – the UAs decided to create successor units for each corporate service, hosted by one of the UAs, and these continue to offer services, to a CFRA or a PFCC FRA, using a service level agreement, without interruption between Cumbria CC and the successor UAs
- Central – the UAs choose to set up their own corporate services, like finance or HR, and expect the CFRA or PFCC FRA to do the same. Volume transactional services (especially those like Payroll which are provided by a Service Centre) continue to be supplied to the CFRA by one or other UA, under a service level agreement. The PFCC extends generic services (like the financial accounts) to include the FRS. Specialist teams however are identified and maintained and are hosted in the most appropriate body. Examples of specialisms, include firefighter pension and IT support to the fire-service deployment systems.
- Pessimistic – the UAs choose to act completely locally and the service centre is disbanded as a county-wide function. This would require new corporate systems (like finance and HR) and the recruitment of any staff not transferred under TUPE provisions. Specialist teams would be left to either of the UAs or the new FRA.

This uncertainty cannot be resolved until new members are elected to the new UAs in May 2022. The working assumption is therefore the central one.

The implications of this uncertainty are explored in the section on sensitivity analysis (see 4.9).

These are assumptions and scenarios that are used to develop reasonable estimates of the costs of the alternative new FRA models. They do not represent any decisions about the design. Decisions for either alternative will be taken after further detailed analysis which will be undertaken when the selected option is taken forward.

Each function has been considered in turn and overall, the extra one-off implementation costs for the CFRA would be about £0.5m and plausibly more than £1m more.

The CFRA faces a risk of having to set up the main back-office systems (e.g. finance, HR etc) from scratch and of having to recruit over 50 people. With goodwill, these costs can be avoided and even though it is likely they will indeed be avoided, there is a quantifiable risk that needs to be reflected in the appraisal.

The PCC already has the standard corporate systems and staff in place, so would be better able to manage the worst-case scenario.

Table 15: Implementation costs compared

Implementation	CFRA			PFCC		
	Pessimistic £000	Central £000	Optimistic £000	Pessimistic £000	Central £000	Optimistic £000
Governance	100	40	20	20	10	-
Corporate and Support	890	550	290	520	330	170
Other	670	440	260	360	210	110
Total	1,660	1,030	570	900	550	280

4.6 Potential benefits

4.6.1 Further collaboration

As Appendix 9.3 shows, existing PFCCs have delivered a wide range of financial and non-financial benefits from strengthening collaboration. This is at least in part attributable to the way that an executive model of governance can act more decisively and quickly than a committee model. The committee model of a combined FRA may well be able to take advantage of the expected Government reforms that would give Chief Fire Officers operational independence. This may reduce the difference between the PFCC model and the CFRA model in the propensity to collaborate, but the executive model is inherently more flexible and nimbler.

As the 2017 options paper noted, interoperability between blue light services across sparsely populated rural communities can deliver real improvements to public safety. Examples include:

- Shared use of fleet and the property estate has potential to reduce cost and reduce the distance between calls for service and the response.
- Dual and tripartite front line community safety officers can significantly improve resilience, support the preservation of neighbourhood services against reducing budgets and make a significant contribution to blue light prevention activity.

The Blue Light Collaboration Agreement⁴⁹, signed in 2018, sets out the overall strategy (see Appendix 9.5) and the strategic priorities. The priorities, listed below, give a sense of the potential benefits that the Blue Light Executive foresaw for Cumbria:

- Operational collaboration through Local Focus Hubs.
- Shared tasking and coordination - daily and monthly partnership tasking and coordination, linking to the wider county partnerships CSPs, CRASH and Safer Cumbria.
- Shared mobile working initially for Police and CFRS, with a view to broadening.
- Joint Command and Control Centre
- Volunteers
- Premises/Estate Strategy
- Engagement and Communication (external and internal).
- Continue the development of existing operational initiatives (subject to evaluation and performance measurement).
- Workforce Development – e.g. joint training, and staff development through secondments and exchanges.

The Blue Light Executive is chaired by the PCC and various projects for joint working (based on the priorities summarised above) have been brought into business as usual. Two current examples illustrate the projects that are underway. The Constabulary and FRS have agreed in principle to share drone provision and there is also agreement to shared incident support facilities.

4.6.2 Other financial benefits

4.6.2.1 Other organisation's overheads

Until there is a clear design for the organisation of the PFCC it is difficult to judge whether there would be benefits for the PCC and Constabulary from an expanded overheads function. In principle, this would be expected, and it has been a result in other PFCCs. This is however an uncertain calculation, so has not been included here.

The impact of the CFRA on the successor UAs is not likely to be material. The FRS accounts for about 2.5% of the County Council's gross budget and under 9% of the FTEs, so the share of overheads not likely to have any impact on the viability of those functions in the successor UAs, especially since there will be similar overhead functions in the district councils.

4.6.2.2 Estate rationalisation

Other PFCCs have achieved marked efficiency gains from rationalising the estate, typically by making fire stations available to other services.

Cumbria does not appear to have much scope to reduce the number of fire station locations based on area served per station see

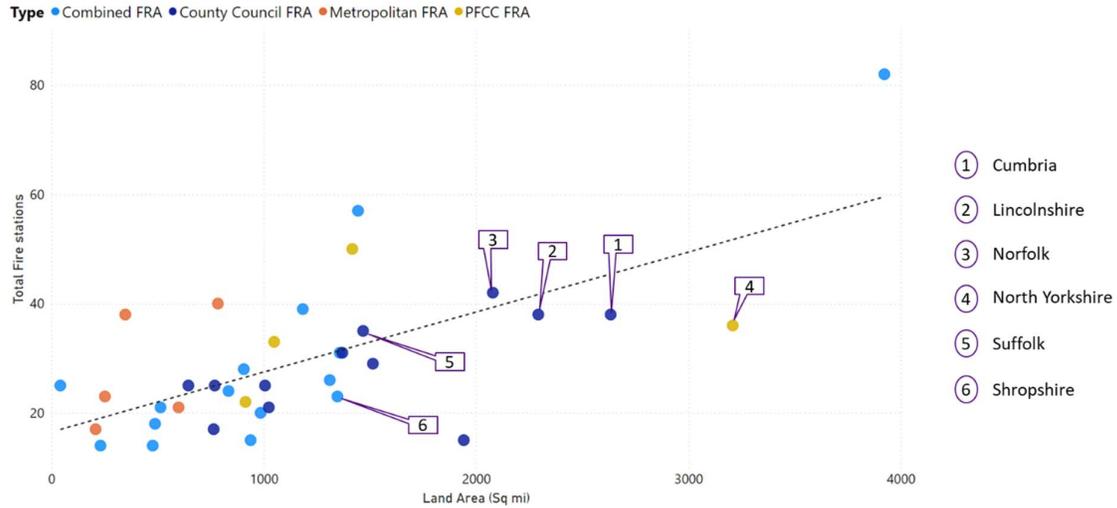
Figure 23 below or the operations research⁵⁰ undertaken for CFRS in 2017, which shows that removing a location would have a material detriment to response times.

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<https://councilportal.cumbria.gov.uk/documents/s80591/Blue%20Light%20Collaboration%20Agreement.pdf>

⁵⁰ ORH, Strategic Service Delivery Review, July 2017

Figure 23: English FRAs land area per fire station



As noted in 2.3.5 above, there are already several fire stations that are jointly used, so either a CFRA or PFCC would be expected to explore further joint development of sites with Cumbria Constabulary or the North West Ambulance Service, depending on the availability of capital funding for these blue-light services. This is especially so, given the urgent work needed on the estate (see 6.3.5 below). While there is a duty to collaborate that applies to all parties in either model it is likely to be easier for a PFCC to coordinate the estate strategies.

4.7 Risks and issues

The top risks for the CFRA and PFCC options are summarised in the following table

Risk/Issue	Consequence
There is a risk that the two Unitary Authorities do not agree to host the corporate and support functions for Cumbria Fire & Rescue Service after transition.	This will result in the timetable for transferring functions/staff being very tight. It will also incur increased costs of implementation.
Some critical decisions about the Fire & Rescue Service need to be taken before the Local Government finance settlement is known and possibly before the assets, liabilities and reserves are disaggregated from Cumbria County Council.	This could result in making the wrong decision which could waste public money and cause a loss of public confidence in the governance arrangements.
The definitive information about Cumbria Fire & Rescue Service assets and liabilities will not be available before the precept needs to be calculated and set.	This will result in having to calculate a precept without all the necessary information. This could result in exacerbating the financial challenges and could be unsustainable.
The true costs of the maintenance work required for the Cumbria Fire & Rescue Estate are not clear before the settlement has to be made.	This will result in future financial pressures that may be difficult to resolve through an increase in council tax precept.

Risk/Issue	Consequence
The specific costs associated with the Firefighters' pensions linked to the McCloud/Sargeant ruling are not known.	This may result in financial pressures if the government does not support increased employers' pension contributions
Too few staff who work on FRS tasks transfer to the new CFRA or PFCC organisation.	There will be a loss of corporate knowledge and an increased cost of recruitment

The Key points from the analysis of the risks:

- There are no risks that mean that either the CFRA or PFCC options are impractical
- While there are differences between the two alternatives, these are not decisive

4.8 Net present cost

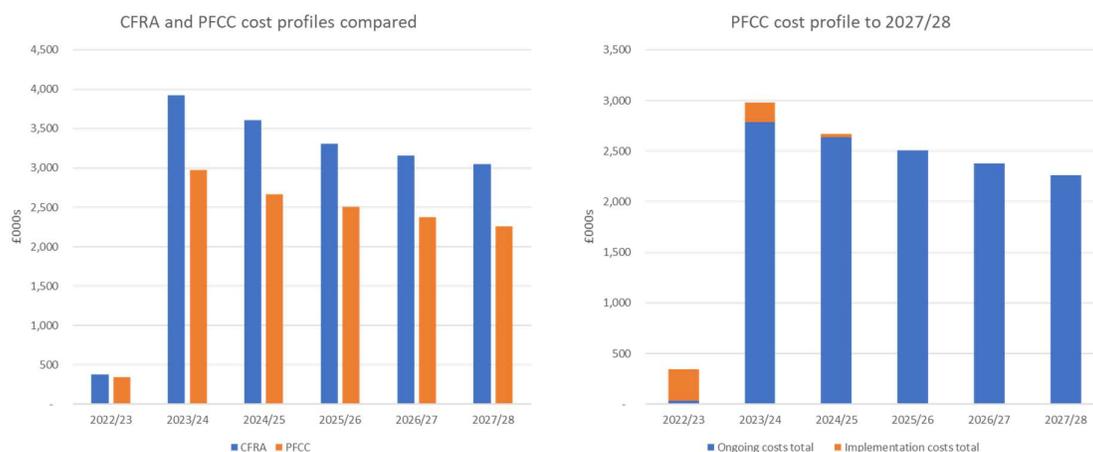
The net present cost of the CFRA implementation, governance and corporate functions would be £3.8m more than the PFCC over five years and more than £7m over 10 years.

Table 16: Summary Net Present Value of the Options

Summary	CFRA			PFCC		
	Pessimistic	Central	Optimistic	Pessimistic	Central	Optimistic
	£000	£000	£000	£000	£000	£000
5-year NPV (with productivity)	14,067	12,828	11,772	10,529	9,708	8,839
10-year NPV (with productivity)	27,289	23,963	21,051	20,248	17,897	15,330

The cost of the options has been calculated over 10 years as that would be a reasonable horizon for a reorganisation. However, given the levels of uncertainty, it is more helpful to consider the results over five years. The differences between the options are towards the early years (notably implementation costs) see the left-hand diagram in Figure 24 below. The PFCC does not rely on benefits in later years to demonstrate that it is the better option. Furthermore, the costs which are logically going to be most decisive for the PFCC compared to the CFRA are implementation (at the start) and governance (which is not assumed to be made more efficient over the period).

Figure 24: NPV profiles



4.9 Sensitivity analysis

A sensitivity analysis has been carried out and the results can be seen most clearly in Table 17 below.

Table 17: Sensitivity analysis

Summary	CFRA			PFCC		
	Pessimistic £000	Central £000	Optimistic £000	Pessimistic £000	Central £000	Optimistic £000
5-year NPV (with productivity)	14,067	12,828	11,772	10,529	9,708	8,839
10-year NPV (with productivity)	27,289	23,963	21,051	20,248	17,897	15,330
Central assumption (weighting)	15% 60% 25%			15% 60% 25%		
Weighted 5-year NPV	12,750			9,614		
Weighted 10-year NPV	23,734			17,608		
Difference in 5-year NPV				3,136		
Difference in 10-year NPV				6,126		

Over five years even the most optimistic view of the CFRA (A above) is likely to cost more than the most pessimistic view of the PFCC (B above). Over 10 years the difference (C compared with D) is less marked as the CFRA realises efficiency gains. Nonetheless it remains more expensive.

4.10 Optimism bias

Optimism bias is the proven tendency for project sponsors and appraisers to be over-optimistic about key project parameters. This includes underestimating capital costs, operating costs, project costs and project duration; and overestimating benefits delivery in both scale and speed. It is well evidenced in the public and private sectors across a wide range of projects.

The approach to adjusting for optimism bias is set out in HMT's Green Book. However, the values provided for making block adjustments are now over 20 years out of date and they do not relate to similar projects. There are no examples based on running costs generally or on reorganisation or mergers specifically.

Using an adjustment for optimism bias based on the risks associated with mergers was considered, but instead a specific estimate of pessimistic and optimistic costs and probability has been applied to each cost element for ongoing costs and the implementation. Applying a global adjustment for optimism bias would double count the value of the unmitigated risks. The relationship between risk and optimism bias is explained in HM Treasury's Guide to Developing the Project Business Case⁵¹.

4.11 Other adjustments

The potential distributional impacts or wider social or environmental impacts have been considered and are judged not to be material. These impacts would not help to differentiate between the alternative governance arrangements.

⁵¹ HMT, Guide to Developing the Project Business Case - Better Business Cases: for better outcomes, 2018, p52 onwards

4.12 Summary

4.12.1 Approach

Costs have been estimated for the areas that are expected to change as a result of the new governance arrangements. These cover: ongoing costs of governance & leadership, and corporate & support services; and one-off costs of implementation.

The estimates are based on a combination of information from the activity analysis, other CCC information, PCC corporate costs, other FRAs (combined and PFCC) and yardsticks for public sector back-office costs.

Scenarios have been developed to allow for the uncertainty of the starting point for the new FRA, the running costs and potential for improvement.

Risks have been quantified so there is no block adjustment for optimism bias.

No costs or benefits have been included for any operational FRS functions, the PCC's existing responsibilities, or wider impacts on society. At this stage, there is no robust evidence to support quantification of any systemic differences between a CFRA and PFCC model in Cumbria, though these benefits have been material in the experience of PFCCs elsewhere..

4.12.2 Key findings

The PFCC would be less complicated and quicker to set up than the CFRA. The CFRA would have one-off implementation costs of at least £0.5m more. There is a risk that this could be considerably more.

The ongoing governance costs of the CFRA will be about £0.2m a year more than the PFCC.

Ongoing corporate and support costs are likely to be about £0.5m (between £0.2m and £0.7m) a year more in the CFRA than the PFCC.

The CFRA would be able to implement an improvement programme to create or buy in efficient corporate and support services, but this will take time and has inevitable delivery risks. The PFCC could make quicker progress.

Overall, the CFRA is likely to cost over £3m more over the first five years. This is about 3% of total net spending over the period. There is a risk that it could be considerably more.

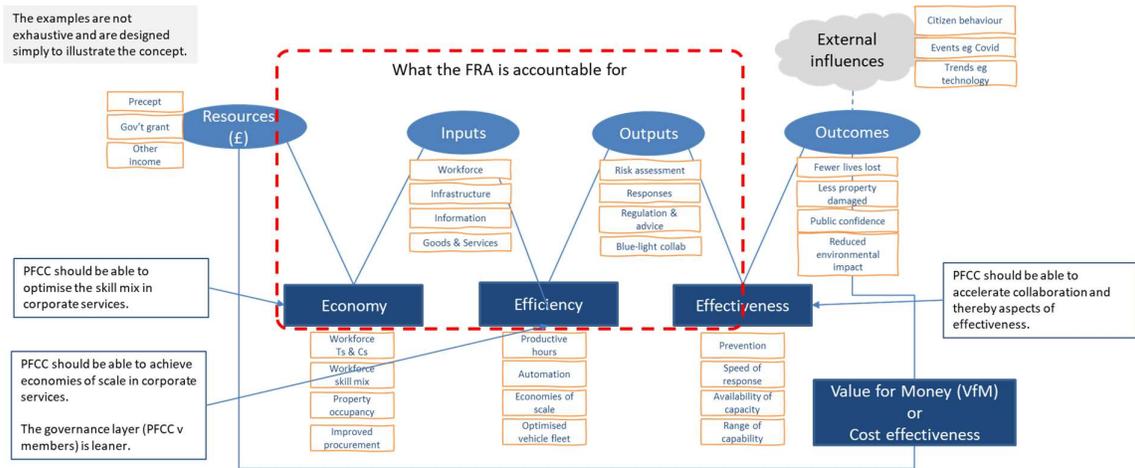
4.13 Conclusion

There are decisive advantages for the PFCC model compared to a combined FRA, worth between £3m and £4m over the first five years of operation. This would be within the range of equivalent figures in the other PFCC FRAs that have been implemented.

These numbers are all estimates and the assumptions, and judgments are still being reviewed. The baseline costs (the current CCC service costs) and the estimates will be refined in the due diligence phase of the project. Any updated or refined information, however, will help to assess affordability but will not change the comparative assessment of the CFRA and PFCC.

The economic case demonstrates that the PFCC option would pass the tests for economy, efficiency and effectiveness as summarised below.

Figure 25: The 3Es test summarised



5 Commercial Case

The commercial case considers practical issues that are relevant to the preferred option. These include: people involved and protection of employment; pensions; and contracts, especially PFI.

Workforce – the activity analysis has identified about 50 FTE staff attributable to FRS workload. But this is spread over a much larger number of employees and the analysis suggests that there are relatively few employees who spend most of their time on FRS tasks. On the one hand, there is not likely to be a problem for the new PFCC FRA in finding suitable roles, but on the other hand there is a risk that important expertise could be lost if staff choose to join the new UAs or decide to leave.

Pensions – the working assumption is that the administration of the Firefighters' Pension Scheme and the LGPS would continue through the Local Pensions Partnership Administration. Most of the risk of this unfunded scheme year to year is carried by central government but there is uncertainty around the impacts of the McCloud/Sargent judgements. This is a material risk that is recognised by the Government. This is a national problem (not specific to Cumbria) and there are many uncertainties which will not be resolved before a decision is required on the business case.

Collaboration and contracts – the major contract is with North West Fire Control (costing about £0.4m a year). This arrangement works well and appears to be the most efficient in England. It has been estimated to be saving Cumbria around £0.2m a year. This is assumed to continue, and it would be in the interests of Cumbria and the partner FRAs for it to do so.

PFI – there is a PFI contract, joint with Merseyside and Lancashire FRAs, that has funded five fire stations in Cumbria and has 17 years to run on the contract, at the end of which Cumbria will own the fire-stations. This is assumed to continue. Liabilities are £0.4m within one year and £1.9m within 5 years. The County Council receives a specific grant from the Home Office for the PFI scheme and the arrangement appear to be manageable for the successor FRA.

Insurance – Cumbria County Council operates an insurance fund which it uses to self-insure. This will be discussed further with the County Council to establish whether the current arrangements could continue to the advantage of the FRA and successor UAs. This is not expected to be an issue.

In summary, while some areas of detail remain to be determined, none of these practical issues presents insuperable problems for a PFCC FRA. The firefighters' pension liabilities are potentially large, but this issue faces all local government pensions scheme and can be assumed to be solved as part of a national arrangement that protects all FRAs, regardless of governance arrangements.

5.1 Introduction

The commercial case considers practical issues that are relevant to the preferred option.

While the focus is on the PFCC option and the implications for the PFCC and FRS, the case also considers whether the proposals would have material adverse impacts on other parties involved.

The Home Secretary is expected to publish a consultative White Paper shortly and this could make some changes to the roles of PFCCs and Chief Fire Officers, but this is not expected to result in legislative change before new arrangements need to be enacted.

5.2 Legal Powers and Statutory Duties

If the Secretary of State approves the business case for the introduction of the Governance Model, she will make an order, under the provisions of the Police and Crime Act 2017, which will give Cumbria's PCC responsibility for the functions of the Cumbria FRA.

The order will also enable the creation of a corporation sole for the Police and Crime Commissioner as the Fire and Rescue Authority. This arrangement is designed to "preserve the distinct legal identity of the fire and rescue service by creating the PCC-style FRA as a separate corporation sole, rather than transferring the fire and rescue functions to the PCC."

At that point, the Police and Crime Commissioner will have two separate corporations sole: one as the PCC and one as the FRA.

A transfer scheme, which will form part of the order, will be developed and that will transfer all the property, rights, and liabilities from the Cumbria County Council FRA to the new PCC-style FRA – or Police, Fire and Crime Commissioner (PFCC). This will include the transfer of all the staff working for the existing FRA to the new PFCC on their existing terms and conditions, in accordance with the Cabinet Office Statement of Practice (COSoP). It will also include the transfer of all FRA contracts with commercial suppliers.

The new PFCC will have all the same powers and responsibilities as the previous FRA.

There is no provision in the legislation for police and fire and rescue funding to be mixed. The Police and Crime Commissioner will approve separate budgets for each service, levy separate Council Tax precepts and maintain separate accounts.

Similarly, there is no legislative provision to blur the operational distinction between police officers and firefighters. Warranted police officers will not be able to tackle fires and firefighters will not be able to take on the warranted powers of police officers. Under the PFCC governance model, there would still be two separate services: Cumbria Constabulary and Cumbria Fire and Rescue Service.

5.2.1 Corporate Governance for a Cumbria Police Fire and Crime Commissioner FRA

A PFCC as a corporation sole has a statutory duty and electoral mandate to hold the Chief Fire Officer to account on behalf of the public. The PFCC will therefore receive all funding, including the government grant and precept and other sources of income related to the statutory functions of the fire and rescue service. How this money is allocated is then a matter for the PFCC in consultation with the Chief Fire Officer, or in accordance with any grant terms. The Chief Fire Officer will provide professional advice and recommendations.

The Chief Fire Officer will be accountable to the PFCC for the delivery of efficient and effective fire and rescue Services and management of resources and expenditure by the Fire and Rescue Service.

The work of the Commissioner will be scrutinised by a Police, Fire & Crime Panel (PFCP) made up of local councillors (appointed from each of the new councils) and, possibly, some co-opted members. The PFCP will have the ability to review the decisions made by the Commissioner and have the opportunity to question the Commissioner, Chief Constable and the Chief Fire Officer. The PFCP will have the power of veto over the precept decision made by the Commissioner, the choice of a new Chief Constable, and will also be required to review the Police, Fire & Crime Plan before it is published.

5.2.2 Commercial implications

In the first instance, there will be very limited commercial implications. All existing County Council FRA contracts will be the subject of a statutory transfer to the new PFCC. None of the associated terms and conditions will change.

For future procurements, the new PFCC should have access to all the contract routes and framework contracts available to the current FRA. The new arrangements will have access to three different sets of framework contracts: those currently available to Cumbria County Council FRA, those available to the PCC and those available to Cumbria Constabulary.

The following procurement routes are understood to be available

- Council frameworks
- NW Regional framework
- National programmes
- OPCC/CC options

All are assumed to continue to be available.

5.2.3 Key contractual arrangements

All major functions are in house within Cumbria County Council, so the only critical contractual framework is North West Fire control. This is explained at 2.3.1.2 above. The contract is assumed to be novated without other changes to the new FRA. No other material contractual agreements have been reported.

5.3 Implications for staff

For employees who do spend the majority of their time working on FRS tasks, the TUPE⁵² rules are expected to apply. TUPE regulations protect the rights of employees who transfer to a new employer. TUPE applies to public sector transfers if the transfer is from the public sector into the private sector or from one public authority to another. TUPE does not apply to transfers within the public sector where the employer does not change

The activity analysis identified about 50 FTE staff attributable to FRS workload. This is spread over a much larger number of employees and the analysis suggests that there are relatively few areas where staff spend the majority of their time on the FRS. Staff who do spend most of their time on the FRS are in the Service Centre (typically HR processes like recruitment) or in Business Support (typically front of house staff in fire stations that are multi-use).

⁵² TUPE stands for Transfer of Undertakings (Protection of Employment). [TUPE transfers | Acas](#)

The activity analysis will be used to establish clearly who would be affected by the transition to a new organisation and concerns of staff involved will be considered in focus groups that are planned for the next phase of work.

On the one hand, the activity analysis and the emerging ideas for a PFCC's corporate functions suggest that there is not likely to be a problem for the new PFCC FRA in finding suitable roles. Furthermore, the economic case for the PFCC does not rely on any reductions in the current workforce. (The PFCC is cheaper because it avoids expenditure, especially implementation).

On the other hand, uncertainty about their future can unsettle staff and they may choose to leave before the new organisation is in place. There is, therefore, a risk that important expertise could be lost if staff choose to join the new UAs or decide to leave. The consultation and communication programme planned for the next phase will address these issues.

5.4 Pensions

Cumbria County Council employees working in the Fire and Rescue Service (FRS) are members of either the Firefighters' Pensions Scheme, in the case of uniformed personnel, or the Cumbria Local Government Pension Scheme (LGPS), in the case of other eligible employees.

The LGPS and the Firefighters' Pension Scheme are separate schemes. These have separate published accounts and audited statements, shown in the County Council's Annual Report and Accounts. They are however managed and administered as one. The costs of the Firefighters' scheme administration are not shown separately in the County Council's Annual Accounts.

Cumbria County Council staff manage the fund day to day and time spent working on the Fund and their associated costs e.g. office space and information technology are charged to the Fund. Employee and employer contribution records, paying benefits and provision of other pension administration services, are provided by Lancashire County Council, through the Local Pensions Partnership Administration (LPPA), the costs of which are charged to the Fund. This is in line with the regulations on the management of local government pension schemes.

The LGPS is a funded scheme (i.e. future pension liabilities are matched with investments), whereas the Firefighters' schemes are unfunded (i.e. pensions are paid from employees' and employers' contributions, with shortfalls between income and expenditure being made up by central government and surpluses being paid to central government).

5.4.1 Firefighters' Pension Schemes

There are four schemes for firefighters' pensions (the 1992 scheme, the new 2006 scheme, the retained modified scheme, and the 2015 open to firefighters appointed after 2015 and others transferred into the scheme).

Contributions to the schemes are made by firefighters and employers, which are paid into a separate Pension Fund Account, from which most commutations and pension payments are made. Any deficit on this account will be met by the Home Office, and any surplus at the end of the year must be paid back to the Home Office.

Firefighters' pensions schemes are facing an increase in scheme liabilities arising from McCloud /Sargeant judgement⁵³. These could be significant but are currently unknown. The liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The Firefighters Pension valuation took place in 2020 with implementation of the results planned for 2023/24. FRAs will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

5.4.2 Local government pension scheme

Membership to the Cumbria LGPS is open to other eligible employees of admitted employers of the Fund (usually this includes employers to whom contracts have been awarded for the provision of public services within the county). It is not open to eligible employees who are covered by alternative pension arrangements, such as fire service uniformed personnel and police officers.

Employees other than uniformed personnel can therefore continue to be members of the Cumbria LGPS and this would be the case for either option. Cumbria PCC and Cumbria Constabulary employees are among current members of the scheme.

5.5 PFI – Fire Station Replacement PFI Scheme

Cumbria County Council is part of a PFI project, with Merseyside and Lancashire Fire and Rescue Authorities, to provide sixteen new fire stations, five of which are in Cumbria. The basis of the partnership is set out in a joint working agreement. Contracts were signed between Balfour Beatty Fire and Rescue NW Ltd in February 2011, with construction commencing in 2011/12 and completion in 2013/14. At the end of the concession period the fire stations will be transferred to the Council's ownership.

The cost to the Council of the Cumbria element of the contract is expected to be £44m. The contract will run for 25 years from the date of final handover, and the Council pays a unitary payment. The stations built in Cumbria are:

- Carlisle East
- Carlisle West
- Workington – includes the Locality Headquarters.
- Penrith – includes the Council's Resilience Unit and Fire & Rescue Service Headquarters & Learning & Development Department
- Patterdale.

A PFI reserve has been set up to smooth the differences between the unitary payment and the PFI grant provided by the Government towards the cost of the PFI, which is a fixed amount. The PFI unitary payment was lower in the earlier years but increases each year, because it is partly linked to RPI.

The financial implications will need to be fully explored in the next phase of the project.

⁵³ The McCloud/Sargeant judgements refer to the 2018 Court of Appeal ruling. In 2015 the government introduced reforms to public service pensions. In 2018, the Court of Appeal found that some of the rules put in place back in 2015 to protect older workers by allowing them to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken to remedy those 2015 reforms, making the scheme fair to all members. Most active members will start seeing changes in their pensions from April 2022.

5.6 Insurances

Cumbria County Council self-insures a proportion of its risk and there is an insurance fund which had a balance of £9.9m at 31 March 2021. Further work is required to find if this fund could continue to be available to the FRA. If not, some self-insurance for the FRS could be considered, assuming some transfer of the relevant share of the reserve. Otherwise, the PFCC would be able to determine the best strategy taking account of the existing PCC/Constabulary insurance strategy.

Although more work is required to determine the best approach and any share of reserves and relevant liabilities, this is not expected to be a problem.

5.7 Accountancy treatment

The FRA will be a separate legal entity so the accounts will be separate and will follow the relevant CIPFA standards for Local Government, PCCs and FRAs

6 Financial Case

The financial case addresses the question of whether the preferred option is affordable. This focuses on the impact on a PFCC for Cumbria, but also considers the impact on other bodies in Cumbria.

There is considerable uncertainty in the assessment of affordability. There is inherent uncertainty because of the timing: the forecast period is for 2023/34 onwards and budgets have yet to be agreed for 2022/23. In addition, the estimated baseline spending levels for earlier years will change as the Local Government Reorganisation programme progresses. Although the estimates will be refined, this is not expected to change sufficiently to alter the overall conclusion. It is though clear that there is a shortfall in the capital programme especially for buildings, where maintenance has been restricted to safety and watertightness for some time.

A key area of uncertainty is the way assets and liabilities will be apportioned between the future UAs and the FRA. Compared to other freestanding FRAs, Cumbria's reserves that are relevant to the FRS are relatively low. A prudent balance for the general reserve would be at least £1m, but it is more likely to be about half that. There are some earmarked reserves, related to unspent grants for fire services and the PFI scheme. The uncertainties around expenditure, assets and liabilities make the expected low levels of general reserves related to the FRS a real risk.

The financial sustainability of the FRA will depend on a fair settlement between the future UAs and the FRA, whether that is a combined FRA or a PFCC FRA. There are number of complex issues, which will be explored as part of the financial diligence process including a detailed understanding of overheads, pensions and the PFI contract. In particular, the financing of the capital programme requires consideration as there is a potential backlog to be addressed.

Assessing overall affordability and the FRA precept for the forecast period, 2023/24 onwards, depends on sound estimates not only for the budget, reserves and liabilities, but also government grants. The Government has made a one-year local government funding settlement (for 2022/23) and there is an overdue reform of grant arrangements expected. This means that at this stage it is only possible to calculate indicative figures for the council tax requirement. Preliminary calculations suggest that had there been a separate FRA, with its own precept, for 2020/21, the Band D Council Tax bill, about £90, would be towards the upper end of the range of precepts set by combined FRAs. This is, though, a preliminary assessment, made to check the plausibility of the numbers available now, and should be treated with caution.

Any future FRA will face considerable challenges in financial sustainability and there are no differences between a PFCC or combined FRA in terms of government grants or precepts. Either arrangement would need to manage considerable uncertainty about reserves, grants and other funding, but the PFCC model would be better placed to achieve efficiency savings early on. The initial assessment suggests that the proposals should be affordable, with a precept within the range of existing combined FRAs. Issues with reserves and liabilities ought to be possible to resolve with a sensible approach from the UAs and support from the Home Office.

The assessment has not identified issues of affordability for other bodies caused by new arrangements for the governance of the FRA.

6.1 Introduction

The financial case addresses affordability. This focuses on the impact on a PFCC for Cumbria, which has been identified as the preferred option, but also considers the impact on other bodies in Cumbria. Since local government reorganisation will not bring new or extra resources for Cumbria, the assessment is about whether a PFCC FRA would have sufficient funding to cover the costs of operating the FRS from April 2023 onwards, based on the current trends of government grants, other income, and a precept.

6.2 Uncertainties

At the time of writing (January 2022), there is considerable uncertainty about the affordability assessment. This will not be resolved before a decision must be taken on the future governance arrangements. The main elements of the affordability assessment and the uncertainty surrounding them are summarised in Table 18 below.

Table 18: Uncertainty in the affordability assessment

	Element	Uncertainty
1	Service expenditure	The period to be assessed is 2023/24 onwards. The budget for 2022/23 has not yet been set and later years are even more uncertain. The baseline of 2021/22 spending will not be known until April 2022.
2	Capital requirement	The period to be assessed is 2023/24 onwards. The budget for 2022/23 has not yet been set and later years are even more uncertain. The extent of slippage in the current programme and new requirements is not known.
3	Reserves	Until the years 2021/22 and 2022/23 are complete the exact level of reserves will be unknown. The apportionment of the general reserves between the UAs and the FRA has not yet been agreed. There is information about the current balances in the earmarked reserves for PFI and for Emergency Services Mobile Communications Programme (ESMCP) grant.
4	Assets	The asset list (of land, buildings, vehicles and equipment) is available. This will be refreshed over the current and next FY as vehicles are replaced. About a third of the fire stations are very old and, overall, about 75% need urgent repairs or improvement. There may be assets, such as land available for development, which should be apportioned to the FRS or, in some cases, has been received for FRS purposes.
5	Liabilities	There are known liabilities for PFI contracts. The debt related to FRS assets has not yet been identified and is unlikely to be agreed until the apportionment of assets between the UAs and the FRA has been agreed. There is uncertainty for all local government (including FRAs) around the effect of the McCloud and Sargent cases and their implications for the firefighters' pension scheme and the local government pension scheme.
6	Revenue Support Grant and Baseline Funding	The Local Government Finance Settlement for 2022/23 was published for consultation on 16 December 2021. This will not be finalised until early February 2022. The Government has only made a one year settlement, so grant estimates for 2023 onwards are not known. The formula used to calculate RSG dates back to 2013 and is overdue for reform.
7	Specific Grants	The Government has used specific grants to respond to the pressures imposed by the response to Covid. There are some small grants for PFI, firefighters pensions and the EMSCP. Cumbria CC also receives Rural Services Delivery grant based on indicators 'super sparsity'.

	Element	Uncertainty
8	Precepting limits	<p>Council Tax increases are generally limited to under 2% a year without requiring a referendum. There are some exceptions and additional limits (notably for social services), but these do not apply to FRAs. Some low precept combined FRAs have been given a £5 limit in 2022/23.</p> <p>The limit in 2023/24 will apply to the overall precept of the UAs and the FRA (i.e. the average over the area of each UA). This may mean that the scope for a 2% limit may be limited by the precept required for the UA. This will not be known until autumn 2022.</p>
9	Borrowing powers	FRAs can finance capital expenditure from borrowing subject to prudential limits. The borrowing related to Cumbria's FRS is not known yet.
10	Inflation	<p>Wage inflation is currently running higher than the assumptions in the Finance Settlement and the Autumn Statement.</p> <p>Local government faces an increase in employee costs from April 2022 when the National Insurance contributions are increased.</p>

6.3 Assumptions

The areas of uncertainty are now considered in turn before presenting an outline estimate of the precept requirement and a conclusion on affordability. This also sets out what assumptions have been made in the calculation.

6.3.1 Service expenditure

The baseline used for this business case is the 2020/21 outturn as reported to DLUHC (see Table 19: Cumbria FRS expenditure baseline 2020/21 Table 19). This is the latest complete year and is based on the information that is reconciled to the financial returns submitted to DLUHC, which are published as part of the Local Government Finance Settlement.

Table 19: Cumbria FRS expenditure baseline 2020/21

	Community fire safety	Fire fighting and rescue operations	Fire and rescue service emergency planning and civil defence	Total FRS reported 2020/21	Adjusted 2020/21	Total FRS forecast 2021/22
	£000	£000	£000	£000	£000	£000
Cumbria Fire and Rescue Service						
Staff costs	1,134	15,503	693	17,330	17,330	17,664
Non-staff costs	328	1,371	66	1,765	1,765	1,765
Property recharged	115	1,542	61	1,718	2,214	2,214
Overheads recharged	264	3,541	140	3,945	3,018	3,018
Revenue expenditure total (gross)	1,841	21,957	960	24,758	24,327	24,661
Income from sales, fees and charges		57		57		
Other income -	5	160	301	456		
Grants	58	121	89	268		
Total income	53	338	390	781		
Revenue expenditure total (net)	1,788	21,619	570	23,977		

The analysis can be updated when the 2021/22 forecast outturn is available in the same detail and the 2022/23 budget is published. The County Council's 2022/23 budget is expected in February.

The business case has used the DLUHC return because it was the best available information at the time the analysis was undertaken. It is though a better representation of the full cost of the FRS than the service analysis in the published accounts of Cumbria County Council, which serve a different purpose. In the published accounts the recharges are not included so the FRS appears to cost about £20m rather than about £25m. In addition, all the DLUHC data is in the public domain and can readily be compared with other FRAs. The analysis is also more readily adapted to assess the related funding.

As Table 19 shows, about £5m of the gross £25m expenditure on the FRS is recharges of property, overheads, central costs and corporate services. The apportionment of these costs to the FRS has recently been completed by Cumbria County Council as part of the preparation for local government reorganisation. The way the £5m is built up is shown in Table 10: Analysis of recharges 2020/21 in 4.4.3 above.

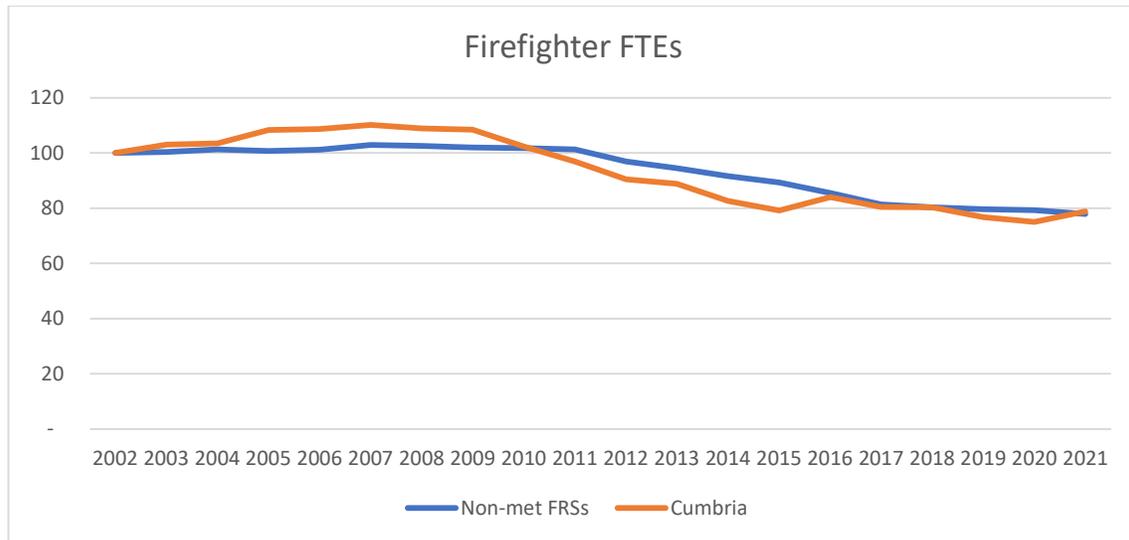
The results of the apportionment seem generally to give lower estimates of costs than the results of the activity analysis. For example, in the activity analysis the ICT figure built up from the staff time, infrastructure charges and software licences is around £1.3m rather than the £1.1m in the apportionment. Similarly, in the activity analysis there were about 13FTE identified as working on FRS payroll admin, HR admin, and recruitment and about 9FTE working as front-of-house in the fire stations, which suggests that the costs in the apportionment for HR and Business Support is on the low side.

The bases for the apportionments are reasonable for splitting costs between the two UAs, because they have the same overall profile of requirements from the corporate and support services. The FRS has a notable different profile and the activity analysis, which is based on what people estimate they do, is showing different numbers. This means that while the apportionments may provide a fair split between the UAs, they may not be fair for the future FRA. Furthermore, while the differences may not be material for the UAs, they are likely to be material for the FRA.

6.3.2 Trends in FRS expenditure

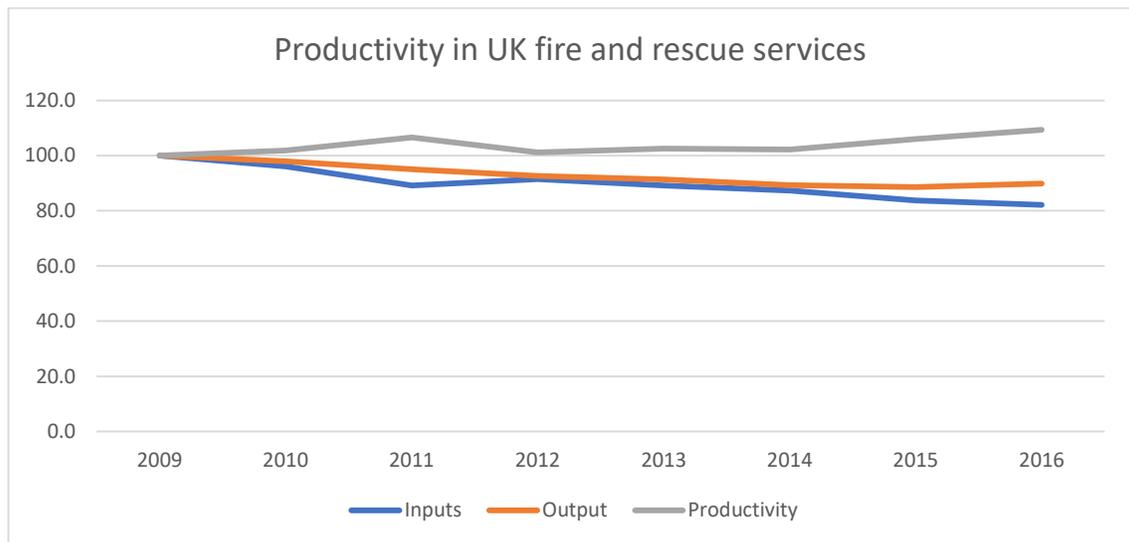
Cumbria FRS has also been placed in context in the strategic case (see 2.3.1 above). The known 2020/21 outturn and budgeted 2021/22 numbers have been projected assuming no changes in the demand. This is because Cumbria's FRS (like most of local government and other FRSs) has been working for about 10 years in an environment of austerity in public sector spending. Firefighter numbers have been reduced as Figure 21 above shows. The reduction in numbers of FTE firefighters in Cumbria has been similar to the rate of reduction in other non-metropolitan FRSs as Figure 26 shows.

Figure 26: Trends in firefighter FTEs indexed to 2002



This implies that Cumbria kept pace with improvements in productivity over the period and the Office for National Statistics (ONS) has shown that productivity in UK FRSs improved over the period 2009 to 2016, as Figure 27 shows.

Figure 27: ONS public service productivity, fire and rescue, UK, 2009 to 2016

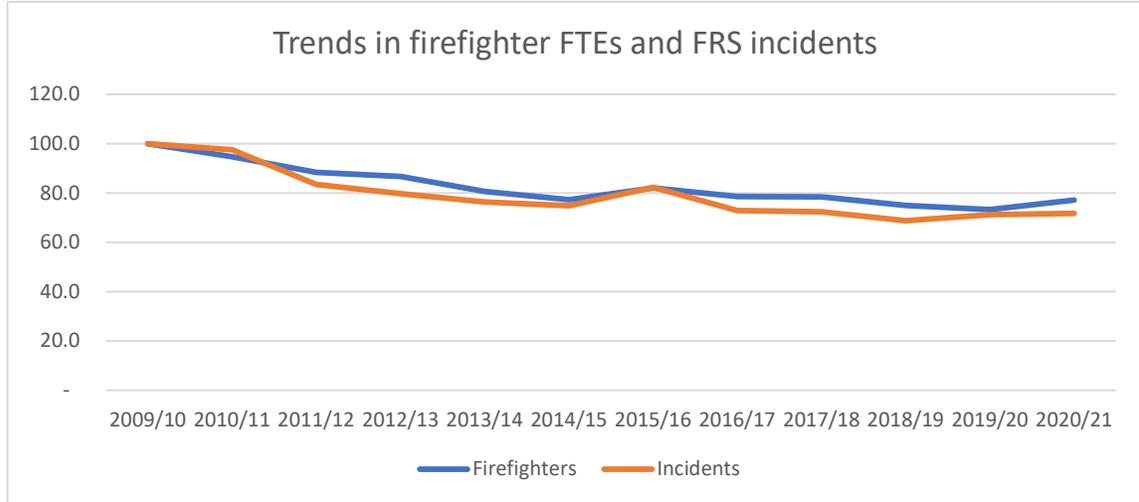


Source: Office for National Statistics, Activities, spending and productivity in the Fire and Rescue Services since 2009, 30 May 2019

The ONS productivity estimates for the UK FRSs calculate the ratio of overall output to inputs in each year, weighting both inputs and outputs. Since 2009, inputs have declined faster than outputs, meaning productivity is estimated to have grown by 9% between 2009 and 2016. The volume of main activities undertaken by UK FRSs has not declined as much as the staffing and other resources used to deliver these activities.

Evidence of improved productivity, calculated in a more simplistic way, can be seen in the way that the reduction in firefighter FTEs in Cumbria is broadly in line with FRS incidents attended (see Figure 28).

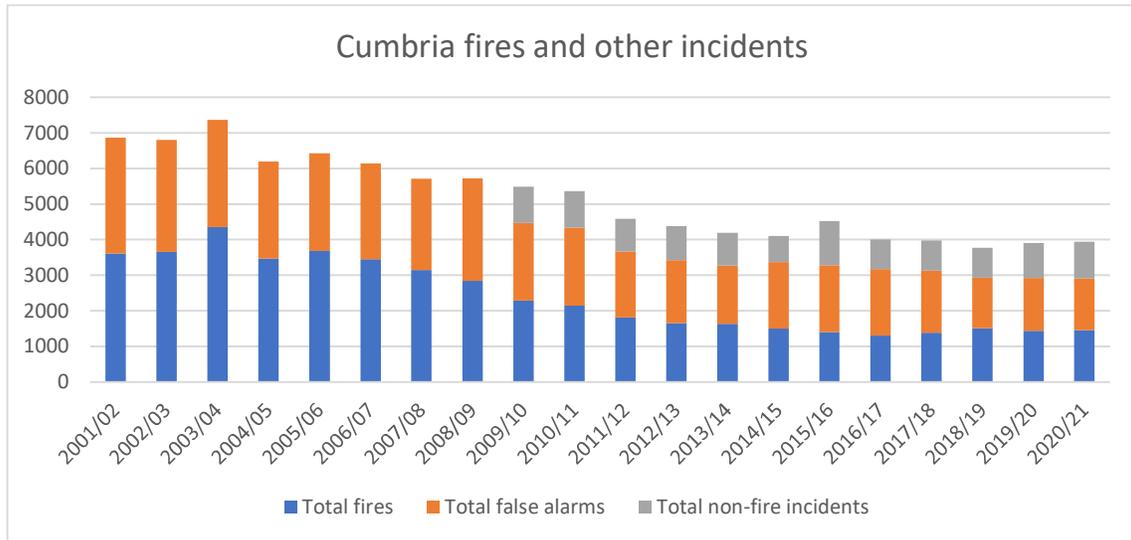
Figure 28: Trends in firefighter FTEs and fire incidents



Source: Home Office Fire and rescue incident statistics, 11 November 2021

The reduction in fires and non-fire incidents appears to have levelled across the last five years (see Figure 29).

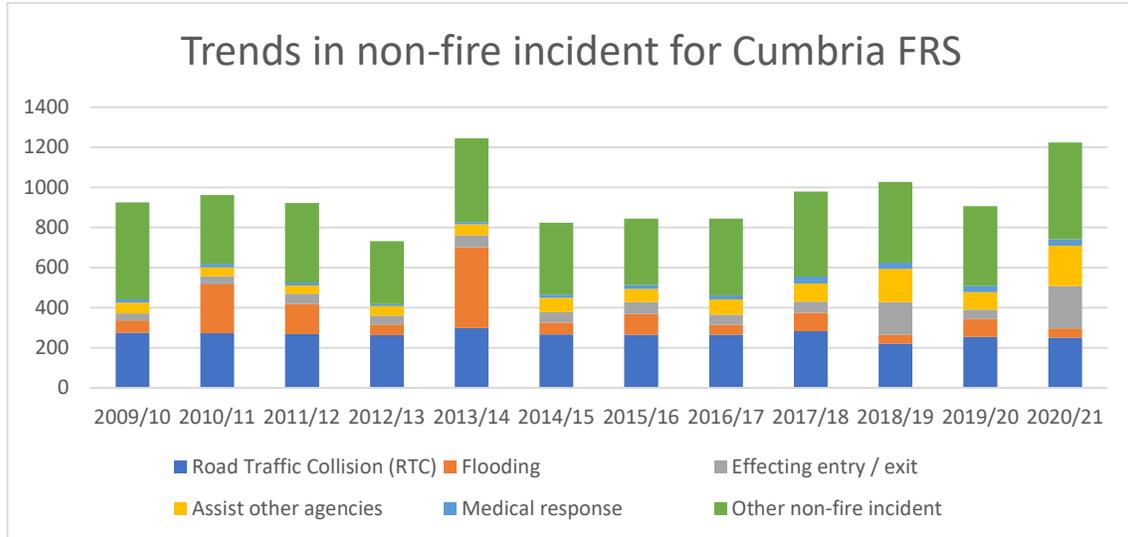
Figure 29: Trends in fire and other incidents



Source: Home Office Fire and rescue incident statistics, 11 November 2021

Non-fire incidents vary considerably from year to year and do not suggest a clear pattern that should be built in to expected expenditure plans (see Figure 30 below).

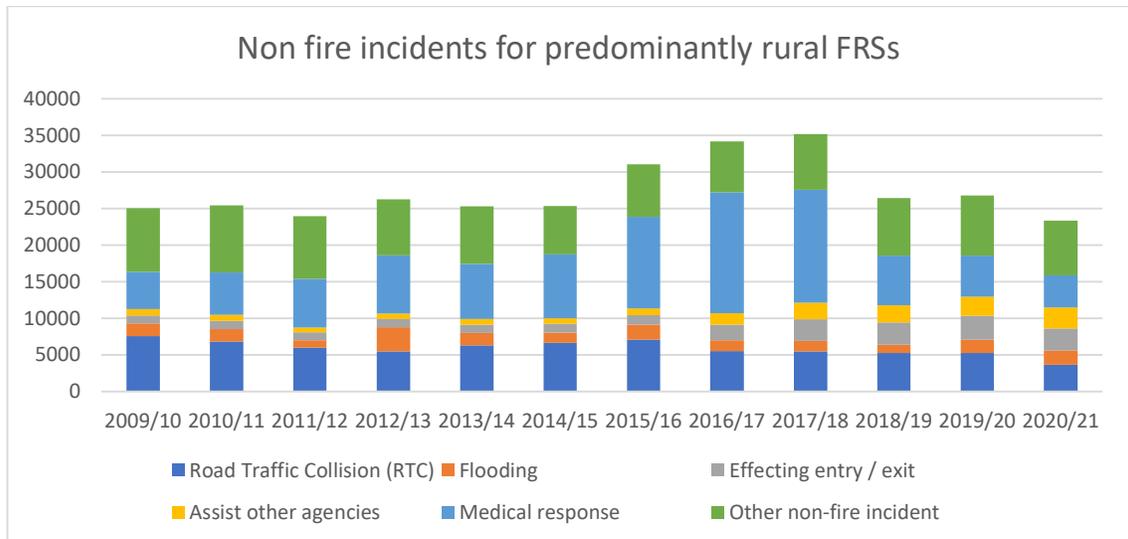
Figure 30: Trends in non-fire incidents in Cumbria



Source: Home Office Fire and rescue incident statistics, 11 November 2021

This is similar to other predominantly rural FRSs (see Figure 31 below).

Figure 31: Trends in non-fire incidents in predominantly rural FRSs



Source: Home Office Fire and rescue incident statistics, 11 November 2021

The conclusion from this analysis if the statistics is that demand for FRS services is likely to continue around its current level and the capacity to cope with variations in non-fire incidents, especially flooding, needs to be maintained. The medium-term budget should reflect this.

6.3.3 Capital requirement

The FRSs main assets are fire stations and vehicles, as would be expected. The 2021 values are shown in Table 20 below.

Table 20: FRS asset values at 1 April 2021

2021/22 opening current cost	Gross Book Value	Accumulated Depreciation & Impairment	Net Book Value
Operational Land	3,171,250	-	3,171,250
Operational Buildings	40,512,499	- 1,257,232	39,255,267
Vehicles	12,216,041	- 8,260,567	3,955,475
Plant	162,346	- 69,575	92,771
Furniture and Equipment	3,017,351	- 1,091,541	1,925,810
	59,079,488	- 10,678,915	48,400,573

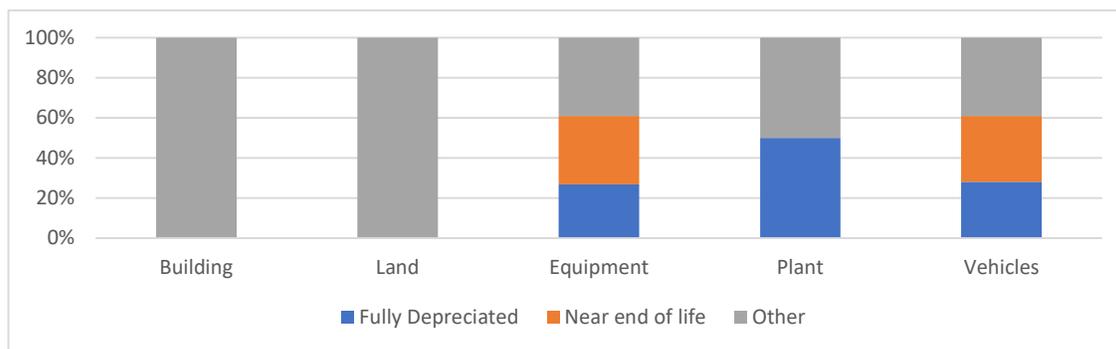
Source: Cumbria County Council accounting records

Fire service property maintenance has been restricted to safety and watertightness for about 10 years, driven by the decade of austerity for local authority expenditure, and consequently FRS management report a maintenance backlog. There are also some fire stations where the facilities do not meet current requirements e.g. for female firefighters. A condition survey of the 38 fire stations shows that there are only 10 that do not have an immediate need (i.e. in the next two years) for structural, electrical, plumbing or welfare requirements.

Only six of the 38 fire stations came into service in the last 10 years, whereas a capital replacement programme would be roughly one replacement or upgraded station a year. Fifteen fire stations are over 40 years old, of which nine are over 60 years old.

The County's MTFP explains the requirement to replace frontline Fire fleet vehicles. CFRS fleet replacement programme is based on the national guidelines which recommend a 12-year-old vehicle replacement programme for front line vehicles, falling to 15 years old for secondary appliances (used for training etc). However, due to low mileage and good maintenance programmes Cumbria's FRS has adopted a 15-year programme for all frontline Fire Engines. As Figure 32 illustrates, a significant proportion of vehicles, plant and equipment are fully depreciated or near the end of life.

Figure 32: Age of FRS assets



Cumbria County Council’s MTFP sets out a capital programme for the FRS which is for replacement of fire vehicles.

Table 21: Fire vehicle planned capital expenditure

MTFP (£000)	2021/22	2022/23	2023/24	2024/25	2025/26
Fire Vehicle replacement	1,710	1,165	1,330	0	350

The MTFP also shows £0.25m a year investment in the FRS for each year 2021/22 to 2025/26.

To obtain a simple assessment of the capital requirement in future, the current asset values have been divided by the typical asset lives. This suggests that investment to maintain the operating capacity of the FRS assets would require between £2.3m and £3m a year. This is a crude assessment and does not allow for changes in requirement, changes in technology etc.

The assessment assumes that the current planned expenditure would be the minimum required and that there should be some increase in capital spending to address historic backlogs in structural maintenance and upgrades to meet current standards.

Consideration will also need to be given to the method of funding future and historic capital expenditure as this will directly link to the revenue budget requirement. This will need to be discussed as part of the financial diligence exercise to be undertaken with the County Council.

6.3.4 Reserves

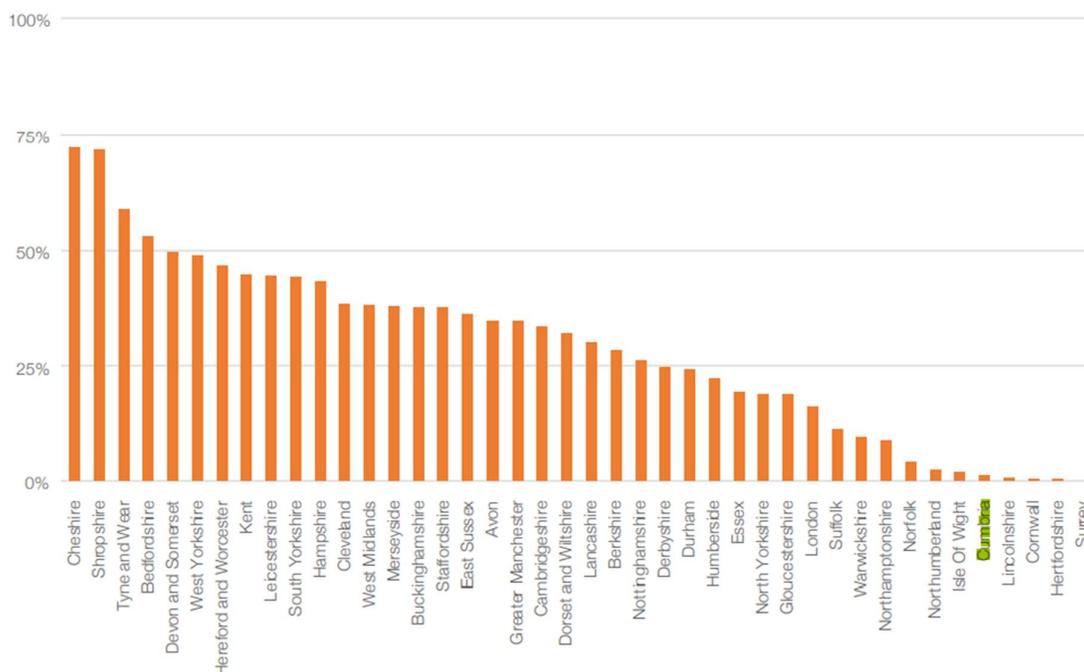
Cumbria County Council is budgeting for a general reserve of £25m, which has been assessed as reasonable by the external auditors. The rationale for the reserve in the MTFP shows that there are several requirements that are not related to the FRS (e.g. demand led budgets and delivery of savings in other services). Leaving these areas aside suggests that the relevant share of the general reserve could be between £0.3m and £0.6m. This is a very uncertain calculation but is indicative of the scale.

Using the indicative value for the FRS share of the general reserve suggests that the new FRA would be starting with a general reserve of about 2%. This is in sharp contrast with standalone FRAs. Resource reserves held by standalone fire and rescue authorities increased by 80% between 31 March 2011 and 31 March 2018. Overall, this was equivalent to 42% of their core spending power.

HMICFRS have highlighted the use of reserves in their most recent state of the fire and rescue report (see Figure 33 below). This shows how relatively low Cumbria FRS’s reserves are and means that there is not much resilience in the event of unexpected events or unforeseen liabilities.

Figure 33: FRA reserves and provisions as a percentage of total expenditure 2019/20

Figure 1: Reserves and provisions as a percentage of total expenditure 1 April 2019 to 31 March 2020



Source:: Annual financial data returns to Chartered Institute of Public Finance and Accountancy

Note: Data is not available for all services

Copied from HMICFRS, *State of Fire and Rescue*, 15 December 2021

There are earmarked reserves for the PFI scheme related to the fire stations (see 5.5 above), and for the Emergency Services Mobile Communications Programme (ESMCP)⁵⁴.

The PFI reserve was set up to smooth the differences between the PFI grant provided by the Government towards the cost of the PFI, which is a fixed amount, and the PFI unitary charge, which was lower in the earlier years but is partly linked to RPI and so increases each year. There is a contribution to it in the early years when the unitary payment was less than the grant; in 2021/22 there is a budgeted contribution of £0.078m. A contribution from the reserve is planned for later years when the payment will be more than the grant.

The ESMCP earmarked reserve relates to grants from the Home Office to Cumbria CC for expenditure related to ESN that has not yet been incurred.

Both these earmarked reserves are essentially managing the timing differences between the receipt of the government grant and its related expenditure. These have not been included in the calculations at this stage (given the scale of the other uncertainties) but will be in the next phase of work.

⁵⁴ ESMCP is the Home Office programme that is delivering the Emergency Services Network (ESN). ESN is the replacement for Airwave, the network currently used by emergency services across Great Britain. It will use the 4G network for voice, video and data communication, and improve coverage and interoperability.

6.3.5 Assets

The assets that are directly related to the FRS have been summarised in Table 20 above. There are also the fire stations that have been funded through the PFI scheme (see 5.5 above). There are new vehicles in the capital programme but no major changes expected.

In addition to the assets associated with the FRS cost centre, there will be a share of corporate assets that should be apportioned to the FRS. Some of the assets are directly attributable to the FRS (such as ICT) but some will be corporate (such as a share of investments or land available for redevelopment). Whether any of these assets are material values and the part they would play in a fair settlement between the future UAs and the successor FRA will need further examination in the next phase. They are not included in the calculation at this stage.

6.3.6 Liabilities

There are separately identified liabilities relating to the PFI schemes (see 5.5 above). In addition to these, there will presumably be a share of the long-term borrowing that relates to FRS assets. Overall, the County Council has about £400m of long-term debt, mostly from the Public Works Loan Board. How this will be treated in a fair settlement between the future UAs and the successor FRA will need analysis in the next phase. They are not included in the calculation at this stage.

There are other risks for a successor FRA that are driven by potential pre-existing liabilities (such as environmental remediation work or the effect of employment tribunals). The next phase will need to consider how far these can sensibly be part of the fair settlement between the future UAs and the successor FRA. They are not included in the calculation at this stage.

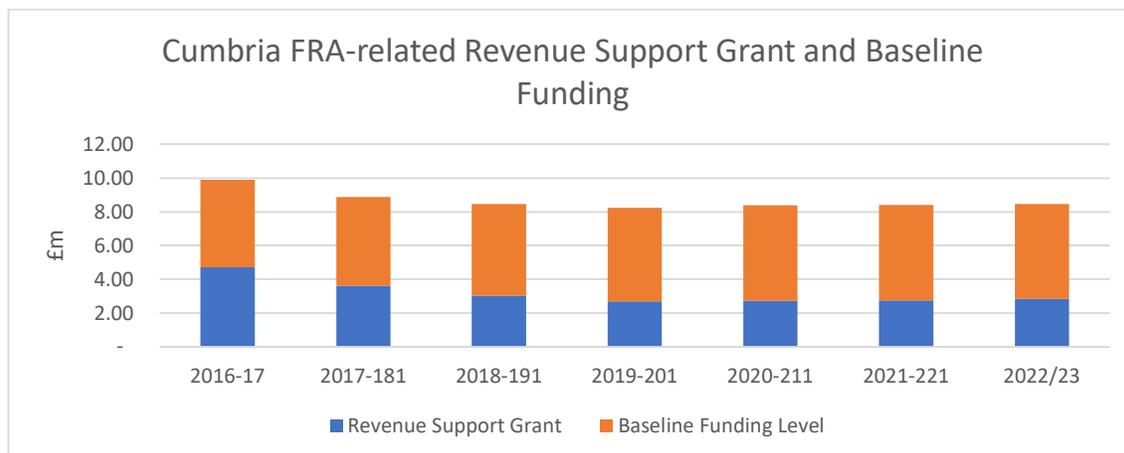
The uncertainty is acknowledged as a risk for the successor FRA.

6.3.7 Revenue Support Grant and Baseline Funding

The Government is not proposing to change the distribution of RSG from that used in 2021/22 and has proposed increasing the 2021/22 RSG levels in line with the September 2020 to September 2021 change in the Consumer Price Index (CPI), which was 3.1 per cent. The calculation has used the available RSG and Baseline Funding data have been used and have been indexed in line with the statement.

Over the last decade the levels of RSG and retained business rates have fallen, increasing the reliance on Council Tax. The calculations assume that the current levels are maintained.

Figure 34: Trends in Revenue Support Grant and Baseline Funding



No adjustment has been made for possible changes in RSG formulae which are now around 10 years out of date. A Fair Funding Review has been delayed once more. Since much of RSG is driven by the population living in the local authority area, those parts of the country that have experienced lower growth over the last decade are likely to lose out when the review is ultimately implemented. Cumbria has some of the lowest population growth over the last 20 years, so would potentially lose funding relatively, even though there may be recognition of greater needs driven by a relatively old population and issues such as sparsity.

This is a risk for the successor FRA, though previous reforms of block grant have usually had transitional arrangements to cushion the shock to some degree.

6.3.8 Specific Grants

Besides Revenue Support Grant, successive governments have used specific grants to address particular issues (such as support in response to the Covid pandemic), to correct specific cases of unfairness or to promote changes in policy. In the calculation, grants related to Covid are assumed to end, but smaller specific grants are assumed to continue.

FRA that serve sparsely populated areas are eligible for the Rural Services grant and a share of this grant is assumed to continue.

The Emergency Services Mobile Communications Programme (ESMCP) grant has not been included as the related capital spending is also not specifically included.

The FRA will receive the Fire Pension Grant, £1.285m in 2020/21. This is not included in the calculation as this is a reimbursement of differences between the contributions made by employers and employees and the pensions paid by the scheme. As noted there are uncertainties about the way in which contributions might change as a result of the McCloud/Sargent judgements (see 5.4 above).

6.3.9 Precepting limits

In the recent Local Government Finance Settlement FRAs announced the Band D council tax referendum principles. For most FRAs this was up to 2%. There are eight low precepting FRAs that have been offered the opportunity of a £5 cap on the Council Tax increase.

The 2% limit is assumed to apply across the future years of the calculation. Cumbria is unlikely to be among the lowest precepting FRAs.

6.3.10 Borrowing powers

The borrowing for the FRS is assumed to be within the prudential limits (like the rest of the County Council). The FRA is assumed to be able to borrow on the same basis. No changes have been assumed for the calculation.

6.3.11 Inflation

Costs have been indexed in line with the OBR's forecasts included in the Chancellor's Autumn Statement.

Employers' National Insurance costs will increase from April 2022. A simplified calculation has been used to give an indication of the impact.

6.4 Baseline

A combined FRA or PFCC-style FRA will need to set a precept for 2023/24. The DLUHC data provides some information about the implied share of RSG and Baseline Funding that relates to the FRS (see Table 22 below).

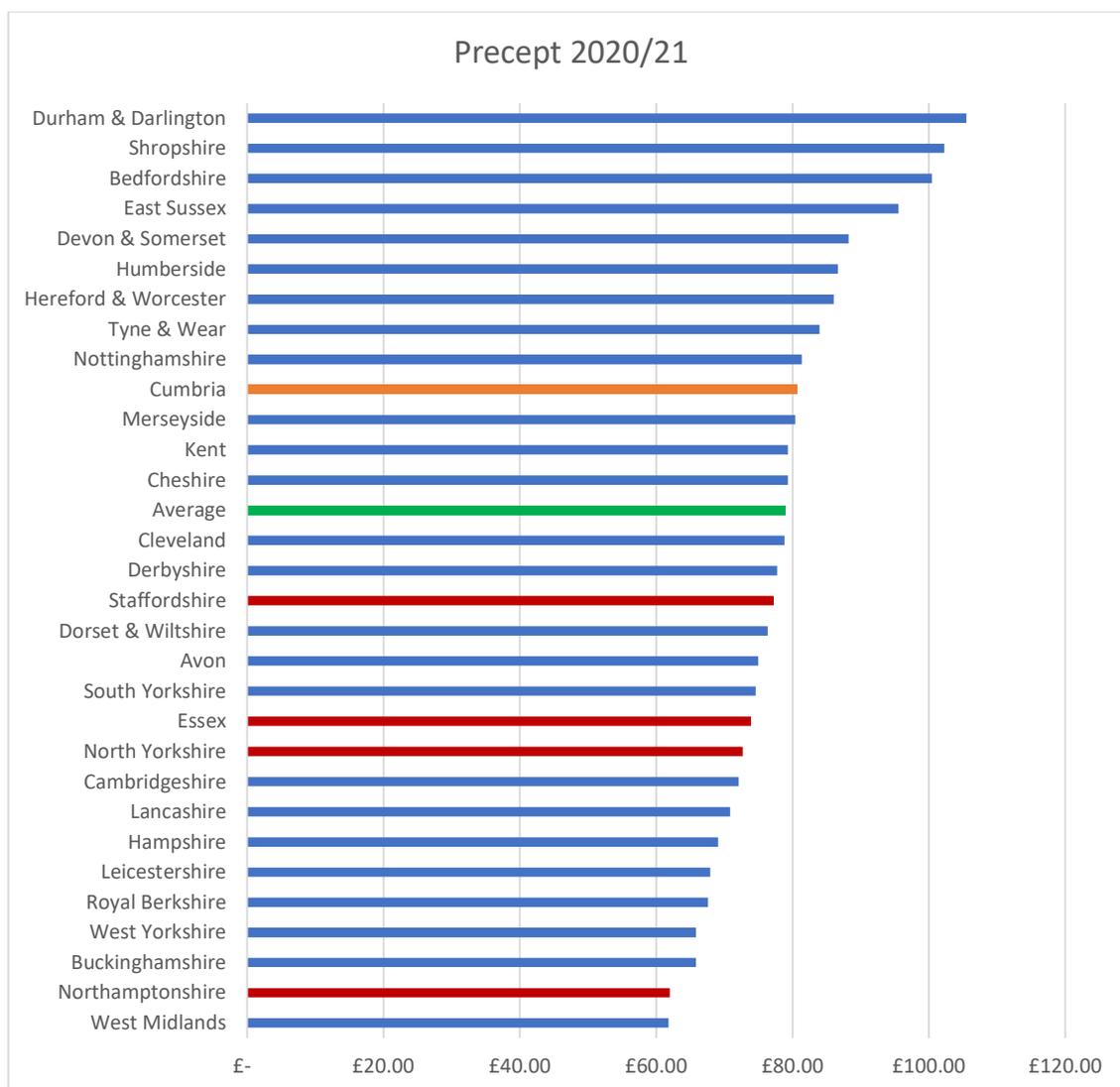
Table 22: Illustrative precept calculation

	2020/21	2021/22
	£m	£m
FRS staff costs	17.3	17.7
FRS non-staff costs	1.8	1.8
Property recharge	1.7	2.2
Overheads recharge	3.9	3
Reported to DLUHC	24.8	24.7
Revisions to recharges	-0.4	0
Total FRS expenditure	24.3	24.7
Income and specific grants	0.8	0.6
RSG and baseline funding	8.4	8.4
Fire pension grant	1.3	1.3
Total income and grants	10.4	10.3
Precept requirement	13.9	14.4

Estimated precept for Band D dwelling	£	80.71	£	82.92
2020/21 + 1.99%			£	82.32

Given the need to build reserves, the precept is likely to be closer to £90. This level of precept would be around the average of the range of precepts found in combined FRAs and the chart below shows.

Figure 35: Combined FRA precepts 2020/21



Based on the assumptions and approach set out in section 6.3 above, precepts have been calculated for the period 2021-22 to 2025/26. The calculations are very uncertain, but it seems clear that the expected inflation rates for FRS expenditure exceed the projected increases in central government grants and the 2% cap on increases in precept from year to year without triggering a referendum. This suggests that there are substantial challenges which will require some spending to be de-prioritised or marked improvements in productivity.

In other areas where there has been local government reorganisation, there has been a process of converging precepts between different districts within the area of a new unitary authority. This may take up to seven years to equalise. This allows for council tax to increase more quickly in some districts so that eventually the same precept is charged across the UA area. However, precept increases are limited for the UA area overall in relation to the predecessor councils (so in some former district areas higher increases may apply so long as the overall average increase is within the cap). The interaction of the FRA precept with the overall average in each UA is an issue that needs further exploration in the next phase of the programme.

It is also clear that establishing a sufficient baseline for the inferred precept for 2022/23 will be critical, since later increases will be limited to 2% without a referendum. Further work will be undertaken to refine the calculation in the next phase of the work.

The expected squeeze on the FRA budget means that the ability to make quick and substantial improvements to the efficiency of the corporate and support services (as described in the Economic Case) underlines the advantages that a PFCC FRA would have over a combined FRA.

6.5 Conclusion on affordability

The overriding theme of the financial case is about making sense of the uncertainty, ranging from inherited assets and liabilities to projections for future government grants. Following the Chancellor's Autumn Statement, the Institute for Fiscal Studies (IFS) concluded that "this uncertainty means that setting firm plans for council funding for the next three years is an impossible task"⁵⁵. On top of this national uncertainty, there are all the local uncertainties associated with the reorganisation. Nonetheless a decision about the affordability of a future standalone FRA for Cumbria is required.

The pressures on spending (like the maintenance backlog) and the limitations on income (such as the constraints on Council Tax precepts) means that the same challenges will face the new FRA, whether it is PFCC-led or a combined FRA. Even though there is still considerable uncertainty about reserves, grants and other funding, the PFCC model is the better option, with the greater opportunity to improve efficiency from an earlier stage. The initial assessment suggests that the proposals would call for a precept above the average of existing combined FRAs, but it will be critical to have a fair settlement for the UAs and the FRA, which will enable a realistic precept to be set for 2023/24.

The financial case has not identified any specific issues for other bodies, but the apportionment of assets and liabilities between the UAs and the FRA is a zero-sum game.

⁵⁵ IFS, What's happened and what's next for councils?, 7 October 2021

7 Management Case

The Management Case sets out how the preferred option can be delivered. This includes how the preferred option will be implemented and thereafter managed successfully in an operational setting.

A suitable governance structure has already been established building on the Blue Light collaboration that is already in place.

The deadlines are driven by the Local Government Reorganisation in Cumbria and the Home Office and Parliamentary timetable for establishing a Cumbria PFCC. The outline plan is shown below.

The transition timetable is tight. For instance, it would be desirable to have at least 6-months lead time to finalise the new organisation and follow the good practice processes in transferring and appointing people. For a 1 January 2023 start, this would imply starting in July 2022, which is before the SI is expected to be laid before Parliament and only just after the expected elections to the UAs.

The tight timetable is one of the top risks. Another is that some critical decisions will need to be taken without all the necessary information e.g. before the structures for 1 April onwards and the related budgets are decided, before the LG settlement is known and probably before the reserves are disaggregated.

Another risk is that there will be no clear plan until June 2022 at the earliest for how the corporate and support services currently in CCC will be delivered in future by the UAs. The PFCC does however have almost all these capabilities in the OPCC or Constabulary already, though not necessarily the capacity available now. There would also be a three-month cutover possible with the PFCC model.

Other risks and issues are being managed by the project team following normal project management disciplines.

Change management processes will be put in place once the preferred option has been agreed. Stakeholder management has started, beginning with identifying and classifying the stakeholder groups.

The consultation will run from late-January to mid-March and will use a variety of methods, including surveys and focus groups. The business case will be updated in the light of responses.

The outcomes of the implementation will need to be managed and a suite of leading and lagging indicators covering inputs, outputs and outcomes will be put in place. This will be done from April 2022, assuming the proposals are submitted to the Home Secretary.

Some specific evaluations for equality, security and information governance are planned and the equality impact assessment has been completed in draft and will continue to be updated as the implementation progresses. There are no concerns raised by these assessments.

There are risks and challenges to a successful implementation of a PFCC FRA, but the management case suggests that a PFCC FRA can be implemented successfully in the timescale if there is sufficient goodwill from the County Council and the shadow UAs when they are elected next May.

7.1 Introduction

Governance arrangements have been put in place to deliver the new model to be overseen by the PCC. These sit under the Blue Light Executive that was established in 2018.

The PCC recognises the importance of an inclusive approach to the development of the business case and has engaged with key stakeholders throughout the process, to share progress and validate the information at each stage contained within. The public consultation is part of the ongoing engagement with stakeholders that will continue throughout the implementation.

The transition programme will be governed by the PCC and managed by the OPCC, and in close liaison with the Cumbria County Council Fire and Rescue Service, and Cumbria County Council. A Project Manager is assigned to the programme, with additional business change support as required.

The timescale for implementation of the Governance model is approximately 9-months. This is dependent on the timelines indicated by the Home Office being met at each stage. Subject to the Secretary of State making the order, the ambition is to transfer responsibility on 1 January 2023, but it should be possible to agree a pragmatic approach with the County Council to fit with the wider local government reorganisation which will formally take effect from 1 April 2023. This could minimise disruption, reduce risk and provide more support for staff involved.

7.2 Roadmap to April 2024

The Government announced its decisions on restructuring in Cumbria on 21 July 2021. Cumbria will be restructured into two unitary authorities. The first elections to the new authorities are to take place in May 2022, and they will assume their full responsibilities in April 2023.

The expected Home Office timetable is shown in Table 23 below.

Table 23: Home Office timetable

Stage	Date	Activity
1	September 2021	Start drafting proposal for PFCC FRA
2	March 2022	Submit proposal to the Home Office
3	March	Home Office consider proposal (and commission Independent Assessment if no local agreement)
4	April	Ministers and Home Secretary consider the proposal
5	May	Home Secretary announces the decision If approved, start drafting Statutory Instrument (SI), engaging with OPCC, drafting the transfer scheme and sign SI
6	August	SI laid before Parliament
7	November 2022	If approved, SI comes into force

Putting the local government reorganisation timetable together with the Home Office timetable, suggests that the transition to a PFCC will look like the outline plan presented in Figure 36 below.

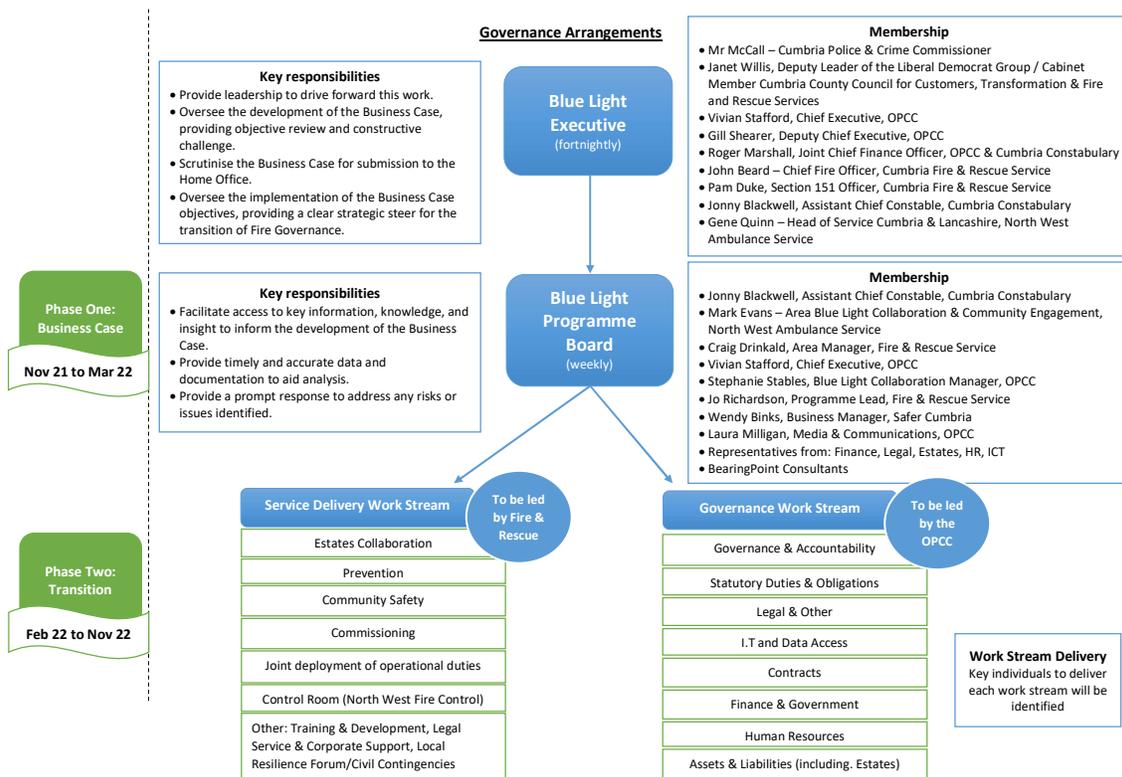
Figure 36: Outline transition plan



7.3 Governance Arrangements

The oversight of the transition to a PFCC will be provided by the Blue Light Executive Group that is already in place. Together with a Blue light Programme Board, they have overseen the development of the business case. The next phase of work will start with planning the transition, with more operational aspects led by the FRS and the governance and corporate support aspects led by the OPCC. This is shown in Figure 37 below.

Figure 37: PFCC FRA Programme Governance Arrangements



7.4 Public Sector Equality Duty

Under the provisions of the Public Sector Equality Duty (PSED) contained in Section 149 of the Equality Act 2010, all public bodies are required in the exercise of their functions to have due regard to the need to:

- Eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act;
- Advance equality of opportunity between persons who share a relevant protected⁵⁶ characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

In accord with the Public Sector Equality Duty, the potential impact of the new governance arrangements on the protected characteristics has been considered, as has the possible impact on firefighters and other staff. The consultation on the proposals contained in the 2017 Police and Crime Bill did not find any equality issues but noted that the PCCs would need to consider the Public Sector Equality Duty in developing their proposals. This is now addressed in terms of direct impacts and indirect impacts.

7.4.1 Direct impact of the governance arrangements

The proposals relate to governance and not to operations. Governance is about setting strategies and policies to discharge the statutory duties; providing sufficient budget to pay for services to deliver the strategy; providing scrutiny of the legality, fairness, and value for money of the services delivered; and being publicly accountable.

The interim assessment carried out by the project suggests that the change to PFCC from the FRA does not affect the people with protected characteristics differently from other citizens eligible to vote. The Policing and Crime Panel already reflects the diversity of the community and will continue to do so as the Policing, Fire and Crime Panel.

The consultation on the proposals will involve bodies already appointed to represent people with protected characteristics to ensure that there are no adverse impacts.

7.4.2 Indirect impact of the governance arrangements

There could be indirect impacts on people with protected characteristics if the governance changed the operational functions of the FRS.

Some groups are more likely to be at risk from fires due to their age or disability. For instance, the fire-related fatality rate per million is higher for men and older people⁵⁷. On average there were 4.2 fire-related fatalities for every million people in England but for those aged 80 and over, the rate for men was 27.5 per million and for women was 10.1 per million. The proposals, however, do not adversely affect public safety (see the Public Safety case above). The protected groups should therefore not be adversely affected.

⁵⁶ Protected characteristics are identified as age, gender, sexual orientation, gender reassignment, disability, pregnancy and maternity, race, religion or belief, marriage and civil partnership.

⁵⁷ <https://www.gov.uk/government/statistics/detailed-analysis-of-fires-attended-by-fire-and-rescue-services-england-april-2020-to-march-2021/detailed-analysis-of-fires-attended-by-fire-and-rescue-services-england-april-2020-to-march-2021>

The proposals for changing governance maintain the operational independence of the firefighters and warranted officers. This operational independence may be given legal force if the Government accepts the recommendations of HMICFRS⁵⁸. Legislation is already in place to maintain the established roles (e.g. warranted officers) and there is no intention to change the traditions, values, or ethos of either service. As each service will retain its distinct identity and will remain distinct in the public facing roles, there will not be adverse impacts on any of the protected groups.

The Public Sector Equality Duty will be considered at the appropriate point for each significant collaboration project considered by the Blue Light Executive Board.

7.5 Specific assessments e.g. GDPR, IG and security.

In the next phase specific assessments will be carried out to make sure that all the relevant issues relating to GDPR, information governance, and security are identified and managed.

7.5.1 Security

A Security Impact Assessment (SIA) identifies the impacts of proposed changes on information systems, security measures and technologies in order to understand the risks to information security and whether additional security design requirements are necessary.

The initial assessment is that the security impact is potentially high. With an OPFCC there will be greater sharing of buildings and greater, albeit appropriate, sharing of information. A comprehensive SIA will therefore be undertaken and maintained once the new organisational design and operating model have been defined.

7.5.2 Post implementation and evaluation arrangements

Much good work has been done on developing collaboration between blue light services over recent years. One area for improvement is the evaluation of the results.

Under the plans set out in this business case the extent and speed of future collaboration is expected to accelerate and deliver further benefits (see 4.6 above). It will be important to assess the benefits delivered against those expected.

The outline arrangements for post implementation review (PIR) will be established in accordance with good practice as set out in the HM Treasury's Green Book and Magenta Book⁵⁹. The key elements will be:

- How well did the intervention meet its SMART objectives?
- Were there unexpected outputs and outcomes?
- Were costs, benefits and delivery times as predicted at approval?
- Was delivery achieved as expected and were any changes needed?
- What can be learnt for future interventions?

Given the lead time to realise some of the benefits, it would be prudent to develop a scorecard of leading and lagging measures that monitored project health in the early stages before the outputs and outcomes become apparent.

⁵⁸ HMICFRS, State of Fire and Rescue – The Annual Assessment of Fire and Rescue Services in England 2020. Recommendation 5, February 2021

⁵⁹ Green Book [link](#)

⁵⁹ Magenta Book [link](#)

7.6 Risk management arrangements

Using existing risk management processes, procedures and documentation and in accordance with good practice, the project will continue to operate a comprehensive risk register containing clearly articulated risks, individual owners, actively managed mitigating actions and due dates. The current RAID log of Risk, Assumptions, Issues and Dependencies will continue to be maintained and managed particularly to mitigate any risks arising identified by the programme team, Programme Board and the Blue Light Executive Board. Risks will be regularly reviewed to confirm that the project remains viable and will be managed within the governance structure, for example risks being updated or escalated where necessary at the appropriate board meeting.

The following major risks and issues have been identified to successful implementation of the new governance model.

1. The precept may need to be set before the budget, reserves and grant funding are known
2. The Unitary Authorities may not agree to set up mechanisms for former County Council corporate and support services to serve successor bodies
3. Liabilities like pensions and maintenance backlog are material but uncertain
4. Too few staff transfer to the new FRA and corporate knowledge is lost

7.7 Consultation

There is a statutory requirement for the PCC to consult on the preferred option. The legislation specifies that the PCC must:

- Consult each relevant local authority about the proposal
- Consult people in the PCC's police area about the proposal
- Consult people appearing to the PCC to represent employees who may be affected by the proposal
- Consult people appearing to the PCC to represent members of a police force who may be so affected.

Furthermore, a PCC must "publish, in such manner as the PCC thinks appropriate, a response to the representations made or views expressed in response to those consultations."

The consultation plan was developed in partnership with CCC and CFRS. The full consultation was launched in the last week of January 2022 and will run to mid-March. This business case has been published along with consultation materials via the PCC's website www.cumbria-pcc.gov.uk.

7.8 Contingency arrangements and plans

The uncertainty around the project has been explained in the Economic Case (4.9) and the Financial Case (6.2). Contingency arrangements will be developed once there is more detail about the proposed design of the PFCC and there is a more detailed plan, probably by March 2022.

7.9 Legal Review

This business case will be given high level professional legal review under the following areas:

- Key legal issues concerning contract transfer or novation.
- Transfer of employment including TUPE, secondment and joint employment and pensions.
- Assets and disputes - key legal issues on transfer of real property assets and intellectual property assets.
- Key issues to address in relation to a new delegation of powers e.g. PFCC to Chief Fire Officer.
- Future legislation where ascertainable from desktop research.

8 Conclusion

There are two alternatives to the current arrangements that could meet the requirements to maintain and improve public safety in Cumbria and to achieve economy, efficiency and effectiveness. These are to set up a new combined Fire & Rescue Authority, on the lines of other counties where unitary authorities have been introduced; or extend the remit of the PCC to become a Police, Fire and Crime Commissioner (PFCC), taking on the role of the Fire & Rescue Authority.

Both alternatives keep all the operational elements of Cumbria's Fire & Rescue Service as they are now. The roles and duties of firefighters would not change. Many support services would also continue in a similar way. There would though need to be some changes in the corporate functions (because the County Council where they currently sit will no longer exist) and the governance arrangements in both cases would be new.

On balance there are more advantages for the PFCC FRA. This is because the PFCC model gives greater certainty about the intended organisation at an earlier stage and is likely to be less disruptive to the Fire & Rescue Service; it should help to maintain and accelerate the good collaboration that already takes place between the blue-light services; and it should be in a stronger position to address the financial challenges that will face Cumbria's Fire & Rescue Service in the next few years. This reflects a combination of lower estimated costs of running the service year to year and lower implementation costs. Together this is estimated to be worth between [£2m and £5m] over the first five years of operation. The PFCC FRA model is in line with the reforms to the fire service planned by the Government, which [are expected to be set out in a consultative White Paper in January] and align with the Home Secretary's intended evolution of the role of PCCs.

Although there is still considerable uncertainty about precise figures, these will not be fully resolved before a decision needs to be taken. The differences between the options are, however, clear cut.

Several significant issues need to be resolved, such as the calculation of the precept and the responsibility for historic liabilities. Some issues (notably firefighters' pensions) are national. All can be resolved without creating undue risk for the PCC, assuming goodwill from the new UAs (which would be in the interests of citizens and taxpayers in Cumbria) and assistance from the Home Office.

Glossary

Term	Definition
151 Officers	Chief Finance Officer. One of three posts that all local authorities must have.
APAC ² E or APACCE	Association of Policing and Crime Chief Executives
Bluelight	Emergency services (police, fire service, ambulance)
CC	Cumbria Constabulary
CCC	Cumbria County Council
Civil Contingencies / emergency planning	Preparations for and responses to emergencies and major incidents
COSoP	Cabinet Office Statement of Practice
Council Tax precept	Demand made by the PCC or the FRA on the councils that collect council tax locally as a contribution to the cost of services
CFRA	Cumbria Fire and Rescue Authority (possible combined FRA for Cumbria)
CFRS	Cumbria Fire and Rescue Service
Corporate services	The business support services that are found in all organisations and are frequently sourced collaboratively, e.g. finance, human resources, ICT and communications
Distributional impacts	The effects of proposals on different sections of society
DLUHC	Department for Levelling Up, Housing and Communities
ESMCP	Emergency Services Mobile Communications Programme (a Home Office programme implementing a replacement ESN)
ESN	Emergency Services Network
FBU	Fire Brigades Union
FRA	Fire and Rescue Authority
FRS	Fire and Rescue Service
FTE	Full Time Equivalent
GDPR	General Data Protection Regulation, which is given effect by the Data Protection Act 2018 in the UK.
Governance	Setting strategies and policies to discharge the statutory duties; providing sufficient budget to pay for services to deliver the strategy; providing scrutiny of the legality, fairness, and value for money of the services delivered; being publicly accountable.
Green Book	<p>The Green Book is produced by HM Treasury and provides guidance on undertaking options appraisals. It is designed to promote efficient policy development and resource allocation across government.</p> <p>Though not used in this document, the term 'Green Book' is also used to describe the agreement that covers the pay and conditions for local authority employees</p>
Head of Paid Service	One of three posts that all local authorities must have. Also known as the Chief Executive.
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services
JESIP	JESIP Joint Emergency Services Interoperability Programme
JESSO	Joint Emergency Services Support Officer – similar to a PCSO but with responsibility for other emergency services as well.

LGA	Local Government Association – the national membership body for local authorities, to which most local authorities belong.
Monitoring Officer	One of three posts that all local authorities must have. The officer deals with illegality, the conduct of councillors and officers, and the constitution.
MTFP	MTFP Medium Term Financial Plan
NAO	NAO National Audit Office
NJC	NJC National Joint Council for Local Authority Fire and Rescue Services
NPV	NPV Net Present Value
NWAS	NWAS North West Ambulance Service
OPCC	OPCC Office of the Police and Crime Commissioner
OPFCC	Office of the Police, Fire and Crime Commissioner
Optimism bias	The demonstrated systematic tendency for appraisers to be over-optimistic about key project parameters
PCC	Police and Crime Commissioner
PCP	Police and Crime Panel
PCSO	Police Community Support Officer
PFCC	Police, Fire and Crime Commissioner
PFCP	Police, Fire and Crime Panel
PFI	Private finance initiatives
PSED	Public Sector Equality Duty: Public bodies must have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities
Resilience Forum	Multi-agency partnerships which aim to plan and prepare for localised incidents and catastrophic emergencies
Safer Cumbria	A partnership addressing community safety, domestic violence and criminal justice issues in Cumbria
Sensitivity analysis	Tests the options to explore the effects of changes in assumptions about risks and uncertainties
SCO	Statutory Change Order – the secondary legislation approved by Parliament that will implement the local government reorganisation.
SI	Statutory Instrument – secondary legislation approved by Parliament
SIA	Security Impact Assessment
VFM	Value for money (see 4.2 above) synonymous with cost-effectiveness or the 3Es – economy, efficiency and effectiveness.



Links to key external sites

OPCC <https://cumbria-pcc.gov.uk/>

CFRS <https://www.cumbria.gov.uk/cumbriafire/>

CCC <https://cumbria.gov.uk/>

9 Appendices

9.1 Local Government Reorganisation in Cumbria

At present, Cumbria has two tiers of local government: a county council and six district councils.

On 9 October 2020, the Secretary of State invited councils in Cumbria, North Yorkshire and Somerset to submit proposals for unitary local government in their areas by 9 December 2020.

Four proposals were received about the proposals for Cumbria, namely:

- A proposal for two unitary councils submitted by Allerdale and Copeland Councils: the East unitary covering Barrow, Eden and South Lakeland and the West unitary covering Allerdale, Carlisle and Copeland (“the East West proposal”)
- A proposal for two unitary councils submitted by Barrow and South Lakeland Councils and supported by Lancaster City Council: the Barrow unitary covering Barrow, South Lakeland and Lancaster in Lancashire and the North unitary covering Allerdale, Carlisle, Copeland and Eden
- A proposal for two unitary councils submitted by Carlisle and Eden Councils: the North unitary covering Allerdale, Carlisle and Eden and the South unitary covering Barrow, Copeland and South Lakeland
- A proposal for a single unitary council submitted by Cumbria County Council (“the One Cumbria proposal”).

The consultation took place between 22 February and 19 April 2021. There were 3,225 responses received relating to Cumbria.

The Secretary of State considered the consultation responses and on 21 July 2021 he made a Written Ministerial Statement announcing his decision, subject to Parliamentary approval, to implement the East West proposal. The Secretary of State said:

“In reaching my decision, I carefully considered each of the proposals. I assessed each proposal against the three criteria set out in the invitation sent to all the principal councils on 9 October. These criteria provide that for a proposal to be implemented, that proposal is likely to improve local government and service delivery across its area; commands a good deal of local support as assessed in the round overall across the whole area of the proposal; and any unitary councils to be established have a credible geography.

I have also had regard to all the representations I received, including those received through the consultation, and to all the relevant information available to me, [...].

For Cumbria I have decided to implement, subject to Parliamentary approval, the proposal for two unitary councils – an East unitary council covering the existing areas of Barrow, Eden and South Lakeland and a West unitary council covering the existing areas of Allerdale, Carlisle and Copeland. I considered that this proposal met all three of the criteria.

I also considered that the proposal for a single unitary council for the whole of Cumbria also met all three of the criteria. However, having regard to the size and geography of Cumbria, including the geographic barriers of lakes and mountains, and the rurality of its population, I have decided that it would be more appropriate to implement the East West unitary proposal, allowing for more localised decision making, which could be important given the geography of Cumbria.

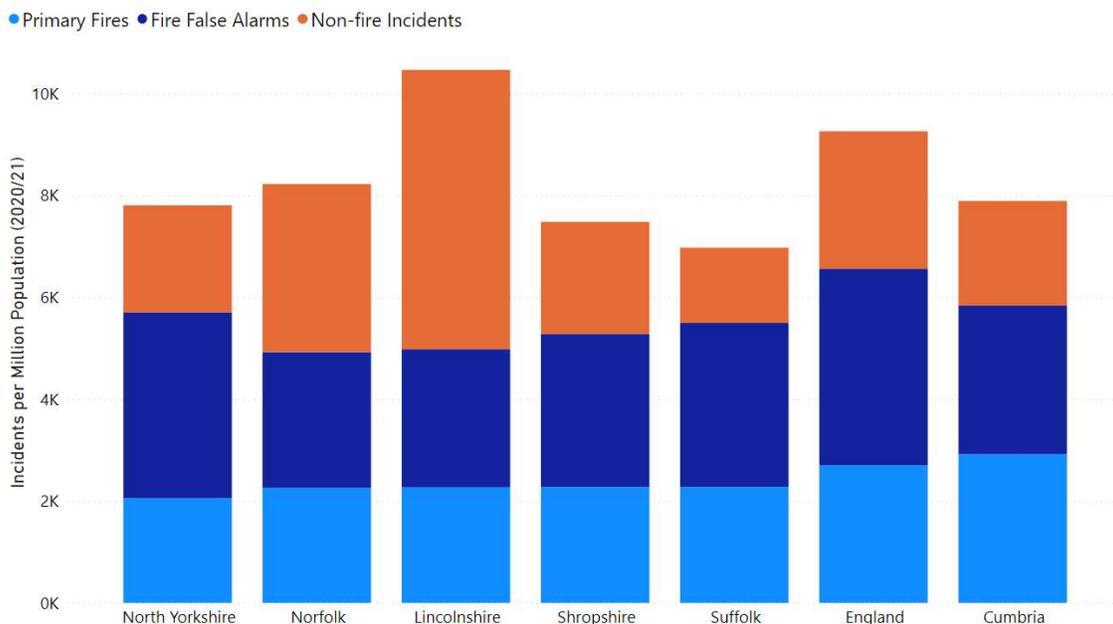
I have decided not to implement the proposal for two unitary councils – one council comprising the existing areas of Barrow, South Lakeland and Lancaster City and the other council comprising the existing areas of Allerdale, Carlisle, Copeland, and Eden. I considered that this proposal did not meet the improving local government and service delivery and credible geography criteria. I have also decided not to implement the proposal for two unitary councils – one council comprising the existing areas of Allerdale, Carlisle, and Eden and the other council comprising the existing areas of Barrow, Copeland, and South Lakeland. I considered that this proposal did not meet the credible geography criterion.”

Draft secondary legislation will be laid before Parliament, including provisions for transitional arrangements, such as elections for the future unitary councils in May 2022, and for the unitary councils to assume the local authority responsibilities on 1 April 2023.

9.2 Background on Cumbria’s FRS

As Figure 38 below shows, Cumbria has more fire incidents than the English FRS average and in similar FRSs. The ratio of fire false alarms to primary fires is slightly lower and there are fewer non-fire incidents.

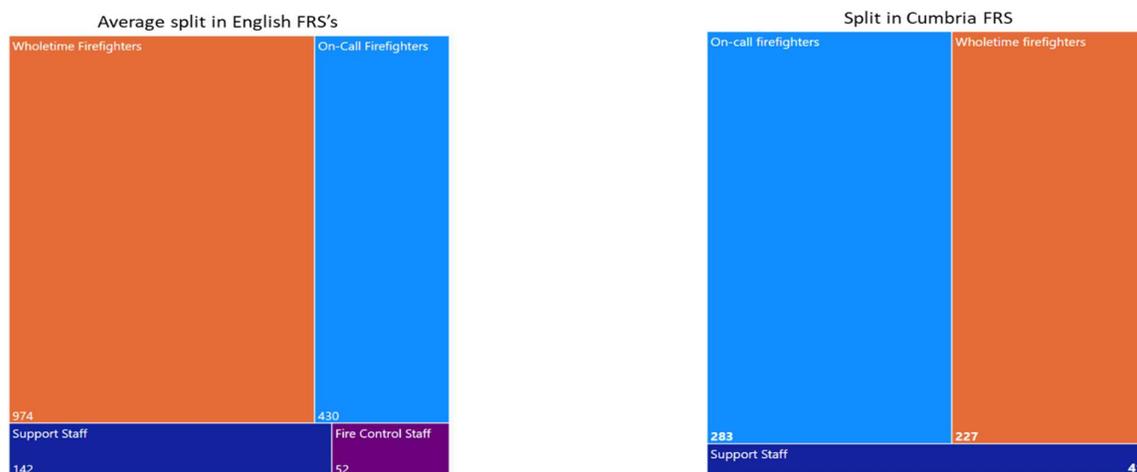
Figure 38: Incidents per million population for Cumbria FRS, England average and selected FRSs



Sources: The Home Office – Fire statistics data tables Fire0101, 21 October 2021

Compared to the average FRS in England Cumbria has proportionately more on-call firefighters, as Figure 39 shows.

Figure 39: Whole time and On call firefighters as FTEs (2020/21)

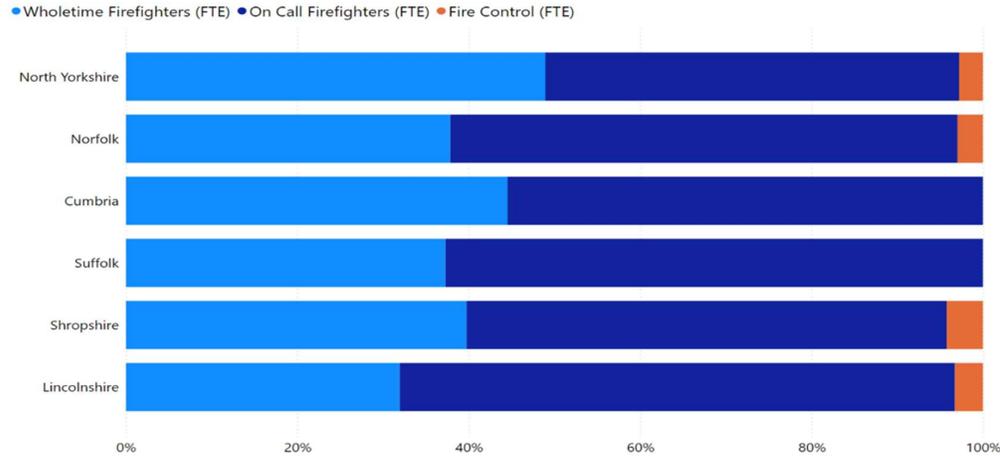


Sources: The Home Office – Fire statistics data tables Fire1101, 21 October 2021⁶⁰.

⁶⁰ <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

However, compared to the more similar FRs, there is less of a contrast as shown in Figure 40 below

Figure 40: Whole time and On call firefighters in similar FRs (2020/21)

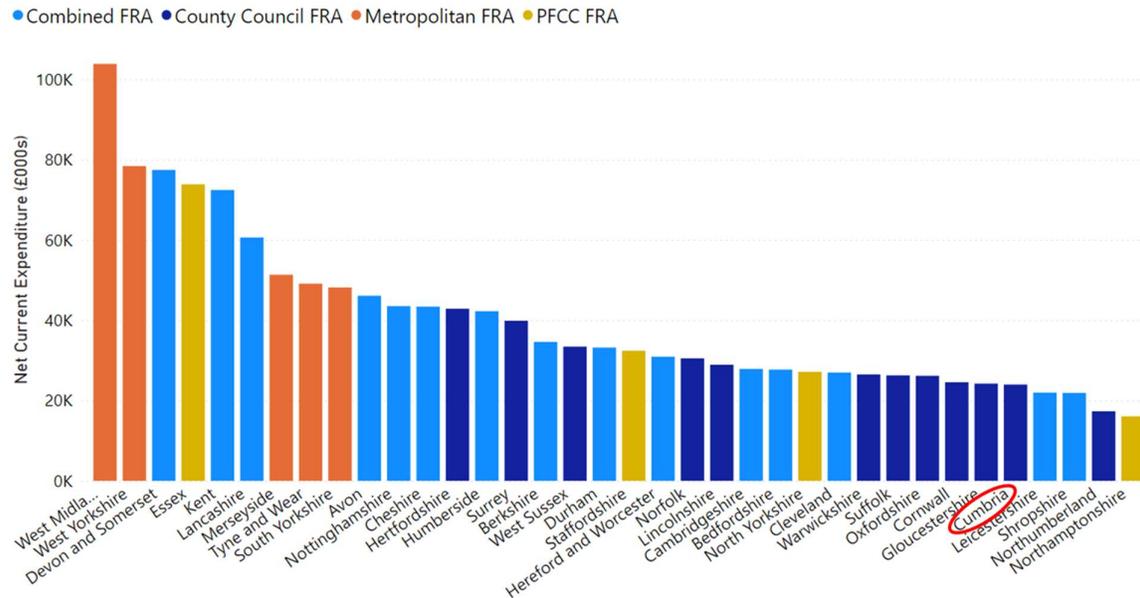


Sources: The Home Office – Fire statistics data tables Fire1101, 21 October 2021.

As Figure 39 and Figure 40 show, there are no control room staff shown for Cumbria. This function is provided by North West Fire Control, a regional collaboration, based in Warrington. This is discussed further at 2.3.1.2 above.

Although the scope of services provided by FRAs varies and there can be differences in the way county councils account for FRA spending, the chart below shows that Cumbria is one of the smallest services as measured by net spending.

Figure 41: FRS expenditure in England 2020/21

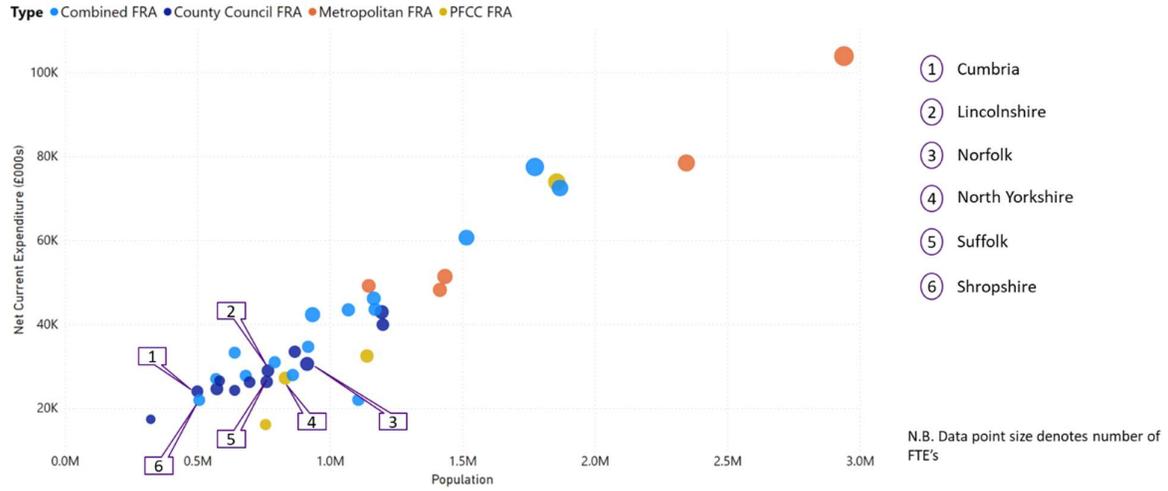


RO6 - Central, Protective and Other Services 2020-21, 9 December 2021⁶¹

⁶¹ <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2020-to-2021-individual-local-authority-data-outturn>

As expected, FRS spending is broadly correlated with population as the chart below shows.

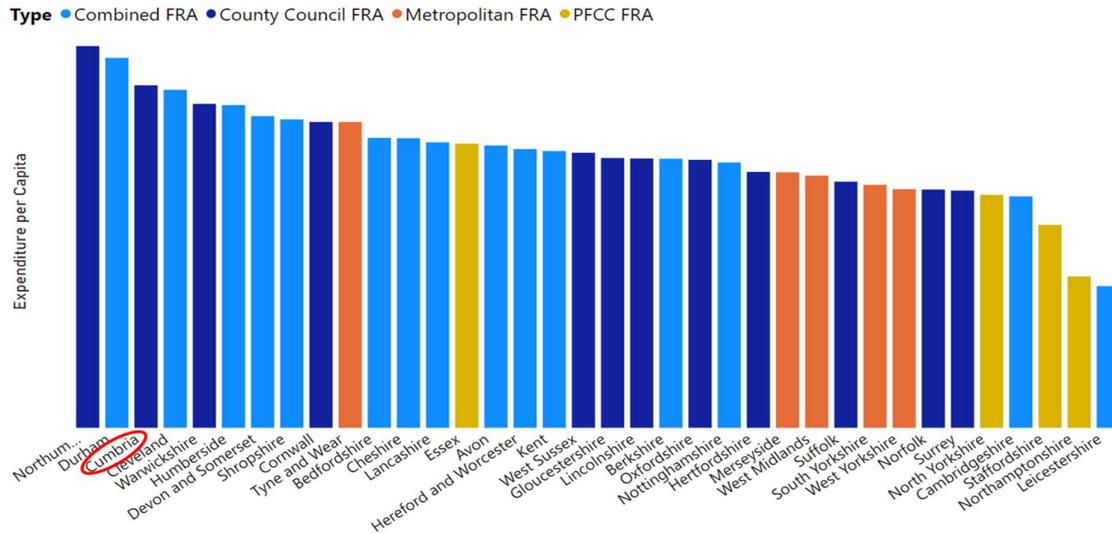
Figure 42: FRS population and expenditure 2020/21



Sources: The Home Office – Fire statistics data tables Fire1401, 21 October 2021⁶². RO6 - Central, Protective and Other Services 2020-21, 9 December 2021

But expenditure per head is relatively high as can be seen in Figure 43 below.

Figure 43: FRS expenditure per head



Sources: The Home Office – Fire statistics data tables Fire1401, 21 October 2021⁶³. RO6 - Central, Protective and Other Services 2020-21, 9 December 2021⁶⁴

⁶² <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

⁶³ <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

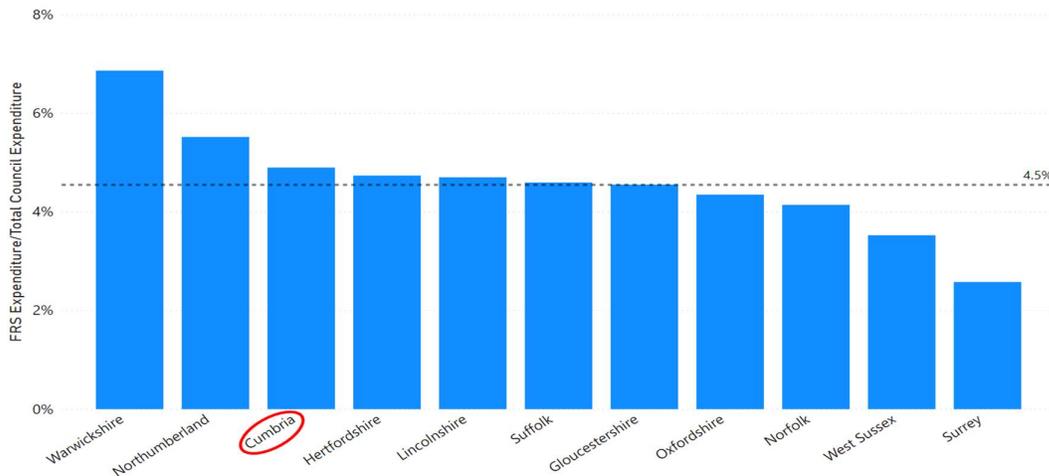
⁶⁴ <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2020-to-2021-individual-local-authority-data-outturn>

Figure 43 suggests that smaller FRS are more likely to be more expensive per head; that combined FRAs in shire counties are typically more expensive than other FRAs; and that three of the four PFCC FRAs are cheaper than the FRA average. There will be a mix of good explanation (scope of service, geography, and day-time populations) as well as some unwarranted variation, so this analysis is provided as context. It is not a performance assessment.

As noted above, shire county council FRAs appear to have lower costs per head of population. This could be a statistical quirk (for example, because not all the costs attributable to the service are charged to it or maybe community safety is shown in a different budget), but it is possible that other services have been prioritised, given that most county council income is not ring-fenced to specific services.

Looking at the FRSs that are part of a county council FRA, Cumbria’s FRS spending as a proportion of total service spending looks close to the average for this group, as Figure 44 shows.

Figure 44: FRS spending as % all council spending in county councils with FRAs
Relative FRS spending of County Council FRAs

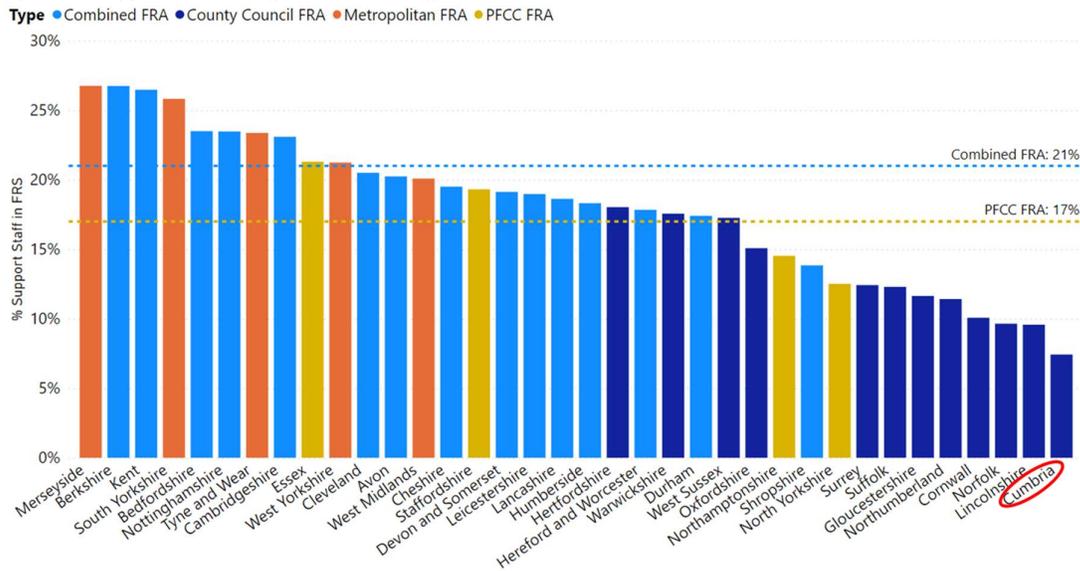


Source: National Overview, Fire England – Funding, 2021⁶⁵

Looking at the proportion of the workforce who are classified as support staff shows that in most county council FRAs the support staff form a lower percentage of the total FTE workforce (see Figure 45 below). This is assumed to be because ‘back office’ and infrastructure services are typically provided corporately in county councils. This helps to give some scale to the question of how much change might be involved in establishing a new FRA, whichever model is preferred.

⁶⁵ <https://fireengland.uk/national-overview/funding>

Figure 45: Support service staff as % all FRS staff (FTEs)



Source: The Home Office – Fire statistics data tables Fire1101, 21 October 2021⁶⁶

The variation in the proportion of support staff could be caused by the choice of whether to provide services in house or not. This may account for the absence of a clear relationship between size of the FRS and the proportion of support staff, which might be expected from economies of scale. Larger FRSs may tend to provide most services in-house, whereas others buy in more services. Besides differences in the prevalence of in-house services, there are likely to be some differences in the use of firefighters or support staff to carry out some roles and a possibility of differences in interpretation.

⁶⁶ <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity%20-%20Table%201401b>

9.3 Impact of existing Police, Fire and Crime Commissioner FRAs

Table 24: Summary of examples of impact of PFCC governance

Location	Reason for Change	Benefits from PFCC Governance
<i>Essex</i>	Cultural issues within the FRS – claims of bullying and harassment. Impacting innovation and delivery of additional services	<ul style="list-style-type: none"> • £11.15m worth of savings through collaboration between services • “One voice” – whilst retaining separate identities • Increased public transparency/accountability • Increased community support programmes
<i>Northamptonshire</i>	Challenging financial position of the FRS – No ringfenced budget, no financial independence or support structure. Second lowest core spending power in the country.	<ul style="list-style-type: none"> • Separate FRS budget gave them the ability to address neglected key priorities • An increase in the number of firefighters • Improved firefighter wellbeing • Innovation and best practice knowledge sharing between police and fire
<i>Staffordshire</i>	Desire for improved collaboration between the two services	<ul style="list-style-type: none"> • Joint estate plan - budget used more efficiently • Annual savings of over £300,000 and capital gains of over £2.5m • Estimated annual savings totalling £1m by 2022/23 • Saved funds could be reinvested to improve services • Greater consistency and quality in the services to local communities
<i>North Yorkshire</i>	Poor financial stability. A £1.2m annual imbalance forecast to increase to £2.5m	<ul style="list-style-type: none"> • Recurring balanced financial position • Greater collaboration, transparency, and financial stability • Aligned strategy between North Yorkshire Police and North Yorkshire FRS • Joint HQ delivering savings of £1m per year • Inception of <u>Enable North Yorkshire</u>

Summarised from the APCC’s report “PFCCs Making a Difference - Fire and Rescue Governance in Focus”, 2021.

9.4 North West Ambulance Service

Emergency ambulance services in Cumbria are provided by North West Ambulance Service, which serves a population of almost 7 million people covering an area of more than 5,400 square miles, made up of Greater Manchester, Cumbria, Lancashire, Merseyside, Cheshire, and part of Derbyshire. It is governed by the North West Ambulance Service NHS Foundation Trust.

The Service had operational expenditure of about £440 million in 2020/21 and employed over 6,400 staff, working from 100 sites across the region. The Cumbria locations are shown in figure 2.

NWAS provides

- Paramedic Emergency Service (PES) – solo responders, double crewed ambulance response and volunteer community responders provide a pre-hospital care emergency response to 999 and urgent calls.
- Patient Transport Service (PTS) – PTS provides essential transport for non-emergency patients in Cumbria, Lancashire, Merseyside, and Greater Manchester who are unable to make their own way to or from hospitals, outpatient clinics and other treatment centres.
- Resilience – services associated with the trust’s statutory responsibilities under the Civil Contingencies Act 2004.
- 111 – The 111 and urgent integrated care service for the North West region.

The PES service delivery is organised in three areas - Cheshire and Merseyside, Cumbria and Lancashire and Greater Manchester – to ensure that services reflect local community needs. Strategic capacity and support services are provided centrally from the trust’s headquarters in Bolton with managers/teams based in each area to provide local support.

9.5 Cumbria Blue Light Collaboration Agreement

9.5.1 Strategic Aims

The collaboration will ensure appropriate resources are available to deliver the strategic objectives.

- To establish a shared delivery structure and Vision to drive forward Emergency Service Collaboration in Cumbria at a faster pace.
- To further develop innovative and ambitious collaborative working between public sector services, including Blue Light, which is in the economic interests, improves efficiency and effectiveness and/or community safety in the County of Cumbria.
- To reduce and balance demand for all services.
- To make more effective use of Police/Fire Estate, vehicles and other assets. (Can also include other partners).
- To develop a strong programme management approach to ensure clear focus and delivery of objectives to make Cumbria even safer.
- To explore and develop options around performance measurement framework to support collaboration, to ensure efficient and effective evaluation, and support any future business case/review of options.
- Finance - To maximise any opportunities to bid for development funding/support, to monitor finance to ensure efficiency and budgetary benefits are captured for all organisations.

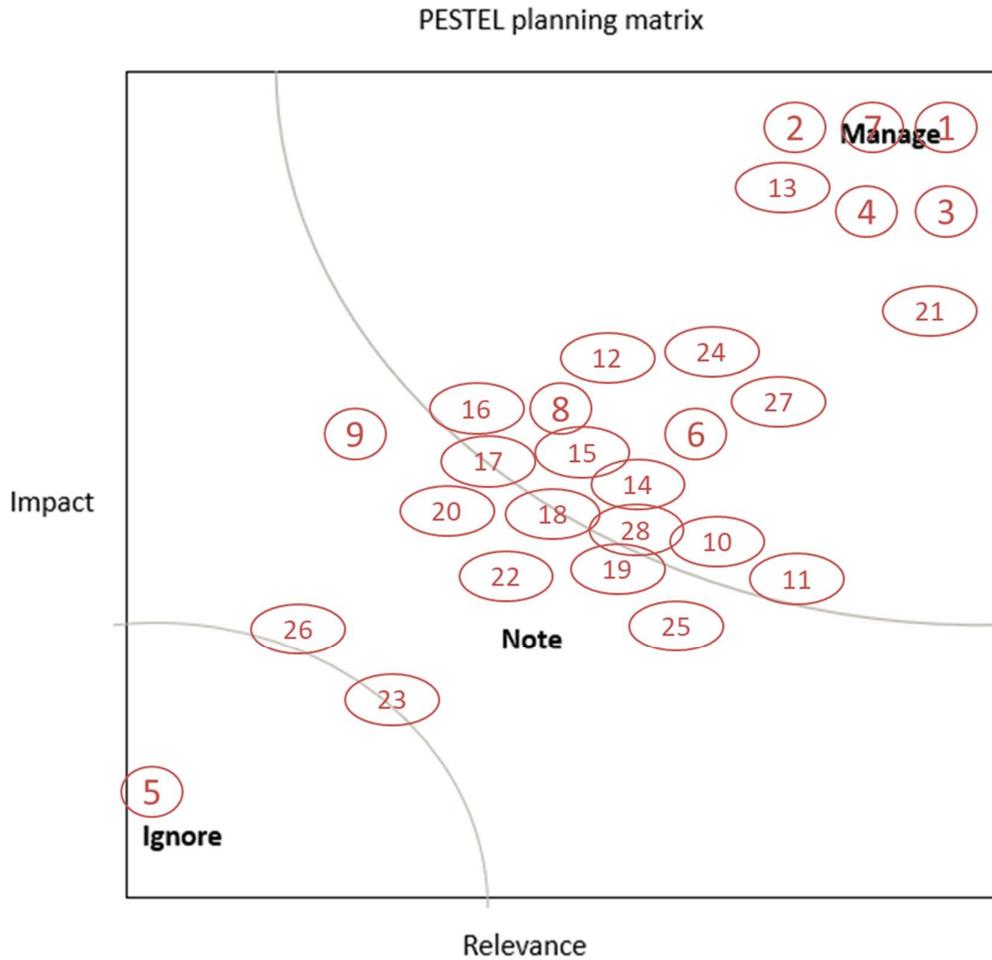
9.5.2 Strategic Priorities

- To develop operational Blue Light Collaboration at District level through Local Focus Hubs.
- To consider benefits of a shared tasking and coordination - daily and monthly partnership tasking and coordination, linking to the wider county partnerships CSPs, CRASH and Safer Cumbria.
- To explore options around shared mobile working initially for Police and CFRS, with a view to broadening.
- Joint Command and Control Centre –to be scoped and evaluated taking account of risks and benefits.
- Volunteers – to explore opportunity to develop a collaborated approach to volunteers in the County to support the vision.
- Premises/Estate Strategy - to consider any bases that could add value to the county community safety, visibility, and deployment and response times.
- To develop a structured engagement and Communication plan (external and internal).
- To continue the development of existing operational task level Blue Light initiatives (subject to evaluation and performance measurement).
- Workforce Development – there are broader collaboration discussions going on between Cumbria County Council and Cumbria Constabulary. Blue Light Collaboration offers opportunities for joint training, developing links to professional frameworks and staff development through secondments and exchanges.
- Contingency Planning, Local Resilience Forum and Event Planning – Whilst organisations have specific statutory responsibilities and roles, there are opportunities to improve effectiveness and efficiency in this area.

9.6 PESTEL

A PESTEL analysis was undertaken to identify the developments and trends and assess their relevance and impact. The results are summarised in the diagram below.

Figure 46: Analysis of the trends and developments most relevant to the option assessment and with the most impact



Key to the PESTEL diagram

1. Local Government reorganisation in Cumbria
2. Fire service reform
3. PCC evolution of roles
4. Government preference for more direct local accountability
5. Increase in citizen action on single issues
6. Speed of democratic decision-making lags behind tech and other changes
7. Tight constraints on public spending other than health and other priorities
8. Return of inflation in labour and commodity prices e.g. fuel
9. Disruption to global supply chains
10. Increased focus on prevention rather than response
11. Increased demand for better enforcement of fire regulation (post-Grenfell)
12. Increases in hybrid working arrangements
13. Improved readiness to collaborate through recent programmes
14. Ageing workforce
15. Covid becomes endemic and continues to require increased health controls
16. Increased challenge to hold onto retained firefighters
17. Increased data sharing and AI to analyse and predict risks and incidents
18. The use of drones for emergency response
19. Increased automation and use of autonomous vehicles
20. Internet of Things increases fire sensing/detection
21. Increased Blue Light interoperability e.g. Emergency Services Network (ESN)
22. Improved comms from broadband, 5G and satellites
23. Increased cyber threats
24. Increase in climate related emergencies e.g. floods and moorland fires
25. Decarbonisation and Push for net-zero
26. Ethical concerns about use of big data
27. Increased focus on resilience and use of local resilience forum
28. Fire Commercial Transformation increases collaborative procurement

9.7 Strategic Options Assessment

This is the summary of the assessment of the long list of options for the governance of Cumbria’s Fire & Rescue Service from April 2023.

Table 25: Strategic Options Assessment

Criterion	East and West Cumbria FRAs and FRSs	Cumbria Combined FRA	Representation (on CFRA)	Governance (PFCC)	Single Employer (PFCC)
Strategic fit	<p>None of the FRSs created in the 1974 local government reorganisation has been subdivided; the trend is towards amalgamation.</p> <p>The Knight review’s report, “Facing the Future”, underlined the need for collaboration to achieve increased scale.</p>	<p>Similar to existing non-metropolitan FRAs where unitaries have been introduced in the former county area.</p> <p>However, not expected to be in line with Government drive towards leaner governance arrangements.</p>	<p>Similar to the Cumbria Combined FRA, but no current FRA has adopted this model.</p> <p>Offers no practical advantage over a Combined FRA, so is not expected to be in line with Government drive towards leaner governance arrangements.</p>	<p>Similar to four PFCC FRAs established since 2017.</p> <p>Expected to be in line with Government drive towards leaner governance arrangements.</p>	<p>No current example of this model exists in the UK.</p> <p>There are no combined police and fire operations in comparable countries.</p> <p>“Facing the Future” did not identify this type of collaboration to achieve scale.</p>

Criterion	East and West Cumbria FRAs and FRSs	Cumbria Combined FRA	Representation (on CFRA)	Governance (PFCC)	Single Employer (PFCC)
Public safety	The smaller services are likely to be less effective and less financially viable.	Widespread, established model across England, so expected to equal to current arrangements. Same as the current FRA at the operational and management level.	No material difference from the Cumbria Combined FRA. Same as the combined FRA at the operational and management level.	Established model so expected to equal to current arrangements. Not materially different from a combined FRA at the operational or management level. Opportunities to build on county-wide collaboration led by the PCC and accelerate the pace and scale.	Untried model, so difficult to assess operational aspects. Undoubtedly risky in transition e.g. possible industrial action, management distraction, cultural conflict etc.
Economy	Likely to have less bargaining power.	Established model so expected to be equal to current arrangements. Will need to collaborate with other FRAs or public services to increase scale.	Same as the Cumbria Combined FRA.	Established model so expected to be equal to current arrangements. Opportunity to achieve scale in corporate and support services through work with OPCC and CC.	Untried model, so difficult to assess operational aspects. Theoretical savings, though may be difficult to realise in practice in the short term

Criterion	East and West Cumbria FRAs and FRSs	Cumbria Combined FRA	Representation (on CFRA)	Governance (PFCC)	Single Employer (PFCC)
Efficiency	Likely to be less efficient as 2 FRSs compared to county-wide FRS	<p>Established model so expected to be equal to current arrangements.</p> <p>Likely to be the same as the current FRA at the operational and management level.</p> <p>HMICFRS assessed efficiency in Cumbria as “Good”.</p>	Same as the Cumbria Combined FRA.	<p>Established model so expected to be equal to current arrangements (as it would be the same at the operational level).</p> <p>Opportunity to achieve scale in corporate and support services through work with OPCC and CC. (e.g. estate)</p> <p>Scope to streamline corporate functions (e.g. s151 officer and finance function) as shown in other PFCCs.</p>	<p>Untried model, so difficult to assess operational aspects.</p> <p>Theoretical improvements in productivity, though will be difficult or impossible to realise in practice in the short or medium term</p>

Criterion	East and West Cumbria FRAs and FRSs	Cumbria Combined FRA	Representation (on CFRA)	Governance (PFCC)	Single Employer (PFCC)
Effectiveness	Only effective at a disproportionate cost.	<p>Established model so expected to be equal to current arrangements, which can continue collaboration.</p> <p>HMICFRS assessed effectiveness as “Good”.</p> <p>Likely to be the same as the current FRA at the operational and management level.</p> <p>Risk of delays from committee structure</p>	Same as the Cumbria Combined FRA.	<p>Established model so expected to equal to current arrangements, which can continue collaboration.</p> <p>Not likely to be materially different at the operational level because of the lack of overlap between services.</p> <p>PFCC model can be nimbler and more responsive.</p>	<p>Untried model, so difficult to assess operational aspects.</p> <p>Theoretical improvements but, in reality, increased effectiveness will be limited by the lack of overlap between services at the operational level.</p>
Affordability	Will become increasingly unaffordable.	<p>Ring-fenced FRS budget may help protect income for new FRA, but any FRA will share challenges of current model.</p> <p>Transitional costs could be unaffordable in some circumstances.</p>	Same as the Cumbria Combined FRA.	<p>Ring-fenced FRS budget, but any FRA will share challenges of current model.</p> <p>Some scope to make savings as in other PFCCs.</p>	<p>Untried model, so difficult to assess operational aspects.</p> <p>Transition will be complicated and costly at a time of real-term cuts in local government funding.</p>

Criterion	East and West Cumbria FRAs and FRSs	Cumbria Combined FRA	Representation (on CFRA)	Governance (PFCC)	Single Employer (PFCC)
Achievability	Feasible, but would be disruptive.	Similar to existing non-metropolitan FRAs, so should be readily achievable, but the deadline of 1 April 2023 is very challenging. Heavily dependent on the goodwill of the new UA councils	Same as the Cumbria Combined FRA, though there are no existing models to follow. It would need the cFRA to be established first.	Timetable and tasks similar to the PFCCs that have been set up since 2017, so should be readily achievable before April 2023. Better able to manage implementation risks	Untried model, so difficult to assess. Transition will be complicated and costly and likely to be impossible before April 2023.
Acceptability	Not acceptable to the Home Secretary Uncertain acceptability locally.	A proven model elsewhere but there is uncertainty about acceptability to the new UA councils.	May not be acceptable to new UA councils. Not acceptable to the PCC.	Preferred model for the PCC. A proven model elsewhere but acceptability to the new UA councils is unknown.	Not likely to be acceptable to workforce (see FBU statements in 2017). Unlikely to command local democratic support. Not acceptable to the PCC.

Criterion	East and West Cumbria FRAs and FRSs	Cumbria Combined FRA	Representation (on CFRA)	Governance (PFCC)	Single Employer (PFCC)
Conclusion	Not a plausible option. Likely to be worse for public safety or more costly, so would be poor value for money.	A proven model found in most non-metropolitan counties with more than one top-tier authority.	Very similar to the combined FRA, so this is plausible. However, there is no support from the PCC or councils.	An established model that has proven its value in the four areas that have adopted it since 2017. Likely to have some advantages over the combined FRA model.	Unproven model with no apparent advantages. Neither achievable in the timescale, nor acceptable.
Recommendation	Reject.	Detailed assessment.	Reject.	Detailed assessment.	Reject.

9.8 Public Safety Assessment

9.8.1 HMICRS inspection results for Cumbria FRS

Table 26: HMICFRS inspection questions and scores 2018/19

Effectiveness

How effective is the fire and rescue service at keeping people safe and secure from fire and other risks?	Good
How well does the FRS understand the risk of fire and other emergencies?	Good
How effective is the FRS at preventing fires and other risks?	Good
How effective is the FRS at protecting the public through the regulation of fire safety?	Good
How effective is the FRS at responding to fires and other emergencies?	Good
How effective is the FRS at responding to national risks?	Good

Efficiency

How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks?	Good
How well does the FRS use resources to manage risk?	Good
How well is the FRS securing an affordable way of managing the risk of fire and other risks now and in the future?	Good

People

How well does the fire and rescue service look after its people?	Requires improvement
How well does the FRS promote its values and culture?	Requires improvement
How well trained and skilled are FRS staff?	Good
How well does the FRS ensure fairness and diversity?	Requires improvement
How well does the FRS develop leadership and capability?	Requires improvement

9.8.2 Public Safety Assessment against the national framework priorities

Fire & Rescue National Framework priorities	Baseline	Cumbria Combined FRA	PFCC Governance	Comments
<i>Make appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents</i>	<p>Budgeting carried out as part of Cumbria planning and budgeting.</p> <p>FRS budget not ring-fenced, so could be under more pressure from other services, especially social care.</p> <p>Cumbria CC reserves are relatively low for non-met county.</p>	<p>Single purpose authority, focused on FRS.</p> <p>Formula funding and the spending power is in theory the same for county council FRAs and CFRAs. However, the CFRA does not have the flexibility of a CC to balance demands from year to year with other council services.</p> <p>The separate precept may help preserve FRS funding from other funding pressures.</p>	<p>Police and fire budgets; FRA budget is ring-fenced.</p> <p>Formula funding and the spending power is in theory the same for county council FRAs and PFCC FRAs. However, the PFCC does not have the flexibility of a CC to balance demands from year to year as fire spending is ring-fenced.</p> <p>The separate precept may help preserve FRS funding from other funding pressures.</p>	<p>The focus that the CFRA or PFCC could bring together with a ring-fenced budget, means that the new arrangements could be better resourced than in the multi-purpose County Council where the FRS budget is not ring-fenced.</p> <p>Some evidence e.g. fireengland.uk, HMICFRS 2019 annual report and “Facing the Future” that CFRAs have higher reserves than County Council FRs.</p>

**Fire & Rescue
National Framework
priorities**

	Baseline	Cumbria Combined FRA	PFCC Governance	Comments
<i>Identify and assess the full range of foreseeable fire and rescue related risks their areas face</i>	<p>Established process to produce an Integrated Risk Management Plan</p> <p>This will become the Community Risk Management Plan</p> <p>County Council resource to analyse risks.</p>	<p>The Integrated Risk Management Plan would be adopted and would evolve with FRA duties and best practice.</p> <p>Current county council capability expected to be transferred or bought in.</p>	<p>The Integrated Risk Management Plan would be adopted and would evolve with FRA duties and best practice.</p> <p>Initially, the current county council capability is expected to be transferred or bought in. Later, there may be scope to share risk management and business analysis inputs with the CC capability.</p>	<p>Not likely to be materially different</p> <p>There may be opportunities that for the PFCC to share analytical capability across police and fire services.</p> <p>A CFRA could continue to share capability with the UAs or with the FRAs; some specialist skills can be bought in.</p>
<i>Collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of the service they provide</i>	<p>Local collaboration includes</p> <ul style="list-style-type: none"> • Blue Light collaboration • Local resilience forum <p>Regional collaboration includes:</p> <ul style="list-style-type: none"> • NW Fire Control • Some procurement <p>National collaboration facilitated through NFCC</p>	<p>Assume local, regional, and national collaboration would continue.</p> <p>The new UAs are an unknown quantity but having two separate bodies rather than one would be expected to create further obstacles to collaboration.</p>	<p>Assume local, regional, and national collaboration would continue.</p> <p>Locally there is scope to deepen and accelerate.</p> <p>The PCC culture is more about collaboration with a range of agencies e.g. Safer Cumbria Partnership</p> <p>PFCC structure would make joint appointments (like JESSOs) easier to progress.</p>	<p>There is no reason why the local, regional, and national collaboration would not continue in either model</p> <p>The PFCC culture and the simpler decision-making means that collaboration is likely to be more extensive and quicker in the PFCC model.</p>

**Fire & Rescue
National Framework
priorities**

	Baseline	Cumbria Combined FRA	PFCC Governance	Comments
<i>Be accountable to communities for the service they provide</i>	<p>Through County Councillors as part of the County’s democratic control.</p> <p>Currently there are 84 county councillors and a Cabinet Member whose portfolio includes the FRS</p> <p>The Government has broad legal powers to intervene in the running of a local authority, which permit the takeover of any local functions by the Secretary of State or appointees.</p>	<p>Through the members on the FRA nominated by their respective UAs</p> <p>The membership of a Cumbria FRA is unknown but based on other areas it is likely to number between about 10 and 20 in order to achieve geographical and political balance across Cumbria.</p> <p>The Home Secretary may vary or revoke orders creating FRAs and is able to appoint a minority (up to one half minus one) of the members of a combined FRA.</p>	<p>Through the PFCC who is directly elected.</p> <p>The PFCC holds the PFCC to account and the role of the PCPs/PFCPs is expected to be developed in the PCC reforms proposed by the Government, following the review of PCC powers.</p> <p>The Home Secretary can issue directions to an “ineffective” PCC.</p>	<p>These are three different models, each with strengths. They are all proven models, in place elsewhere in England, and all can be effective.</p> <p>All are democratic and all can provide accountability.</p> <p>In each case, there are powers for the Secretary of State to intervene where there are failures.</p>

**Fire & Rescue
National Framework
priorities**

	Baseline	Cumbria Combined FRA	PFCC Governance	Comments
<i>Develop and maintain a workforce that is professional, resilient, skilled, flexible, and diverse.</i>	<p>HMICFRS identified some areas in the People dimension that “require improvement”.</p> <p>[see extract from HMICFRS at end of section]</p>	<p>The service delivery in the FRS would essentially be the same as the current arrangements.</p>	<p>The service delivery in the FRS would essentially be the same as the current arrangements.</p> <p>There could be scope to share best practice between the FRS and Cumbria Constabulary (rated “good” for legitimacy, which includes the workforce topics).</p> <p>PFCC structure would make joint appointments (like JESSOs) easier to progress.</p>	<p>Not likely to be materially different, but there may be opportunities for sharing good practice between the FRS and Cumbria Constabulary and that would be easier for the PFCC to facilitate.</p> <p>These opportunities would nevertheless be open to the CFRA.</p>