

Hampshire Fire and Rescue Authority

Finance and General Purposes Committee

Item 7

27 April 2012

Joint Working in Hampshire – Strategic Integrated Business Case and Individual Blueprint Proposals

Report by the Chief Officer

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1 Summary

- 1.1 At the Authority meeting of 21 September 2011, Members agreed to support the development of a business case to consider the opportunity for joint working between Hampshire Fire and Rescue Service (HFRS), Hampshire County Council (HCC) and Hampshire Constabulary (HC). At the Authority meeting of 9 February 2012, Members received an interim update on the progress made to identify the opportunities and implications for working together .
- 1.2 This report presents the Strategic Integrated Business Case (SIBC) and the Individual Blueprint Proposals (IBP) from the 'Joint Working in Hampshire' programme. The reports (Appendices A and B) set out the current position of the three organisations and the strategic vision to provide a range of corporate/support services in the future. They propose an integrated model for delivery and explain the specific proposals for 12 areas. The estimated cost/benefit analysis, a high level implementation plan and a consideration of the strategic risks associated with the proposals are identified. Finally there is detail of the potential legal model for establishing the working arrangements and the key 'enablers' to deliver the services successfully in the future.
- 1.3 The 'Joint Working in Hampshire' programme has reached a key stage in terms of research and potential future design. The next steps require a detailed design phase and consideration of the implementation sequence for any future joint working arrangements. This requires the commitment of further resources from HFRS to support the detailed analysis and design work required.

2 Recommendation

- 2.1 The Committee approves the Strategic Integrated Business Case and the Integrated Blueprint Proposals and the opportunities presented through joint working.

- 2.2 The Committee delegates to the Chief Officer in consultation with the Chairman of the Authority, the detailed design and implementation from April 2012
- 2.3 The Committee requests a further report on the legal model and governance is presented to the HFRA Governance Committee in September 2012.
- 2.4 That these recommendations are formally noted at the Full Authority meeting in June and the Authority endorse the subsequent reporting arrangements.

3 Introduction and background

- 3.1 Following the outcomes of the Comprehensive Spending Review in 2010, Hampshire Fire and Rescue Service (HFRS) faces a significant financial pressure requiring in the region of £9m worth of savings from across the service over the 4 years to March 2015. Beyond this it appears the financial pressure of public spending will continue at the same intensity.
- 3.2 One potential efficiency proposal is to consider opportunities to work more closely with partners to realise cost savings. The service has been working closely with Hampshire County Council (HCC) and Hampshire Constabulary (HC) to investigate opportunities to collaborate to deliver support services in a more effective and efficient manner. This has led to identification of a range of opportunities that have the potential to deliver cost savings across the three organisations. A further outcome of this work has been a potential new model for delivery of shared services for the three organisations.
- 3.3 At the Authority meeting of 9 February 2012, Members received an update from the Programme Delivery Board on the progress to identify the opportunities and implications for working together across the areas of Occupational Health, Human Resources, Finance & Payroll, Procurement, Transport, Estates, Facilities Management, Media & Communications, Training (non operational), Research and Analysis, Legal and ICT.
- 3.4 The proposals developed in the strategic business case are evaluated against three key success criteria:

Quality – Improving service performance, quality and innovation;
Resilience – Securing greater organisational resilience and future capacity;
Efficiency – Delivering efficiencies and cost reduction.

Workstream groups with representatives from each organisation have made significant progress in identifying opportunities for greater joint working, and the strategic business case proposes an integrated operating model for five service areas and a number of opportunities across a further seven.

Significant work has also been undertaken to identify a number of key things (enablers) that must be in place to deliver joint working. The costs, benefits and

risks associated with the key enablers are reflected in the business case.

4 Joint Working in Hampshire – Strategic Integrated Business Case and the Integrated Blueprint Proposals

- 4.1 Following the approval of the 'Joint Working in Hampshire' Strategic Case in September 2011, a formal programme of work has been established by the three organisations. Appendix A presents the 'Joint Working in Hampshire – Strategic Integrated Business Case' (SIBC) from the Programme Delivery Board and Appendix B presents the 'Joint Working in Hampshire – Individual Blueprint Proposals' (IBP).
- 4.2 The SIBC identifies the opportunity to integrate ICT, HR (inc occupational health and wellbeing), finance and procurement. The Individual Blueprint Proposals look at other joint working opportunities across seven other support services, which identifies the opportunities, benefits and implications of greater joint working across the three organisations.
- 4.3 The SIBC (Appendix A) sets out the current position of the three organisations and the strategic vision to provide a range of corporate/support services in the future. It proposes an integrated model for delivery and explains the specific proposals for the 5 workstreams. The estimated cost/benefit analysis, a high level implementation plan and a consideration of the strategic risks associated with the proposals are identified. Finally there is detail of the potential legal model for establishing the working arrangements and the key 'enablers' to deliver the services successfully in the future.
- 4.4 The IBP sets out the opportunity for further integration/collaboration in the seven areas of Learning and Development, Transport and Fleet Management, Research and Analysis, Estates and Property Management, Facilities Management, Media and Communications and Legal Services. It identifies the individual proposals for each area, considers of the design and implementation and the estimates the savings that should be realised through progressing this work.

5 What could this mean for HFRS?

- 5.1 The SIBC and the IBP identify the opportunity for HFRS to integrate a number of key corporate/support services with the Constabulary and the County Council. This provides the service with an opportunity to improve our overall resilience in these areas, drive up the quality of services and provide longer term financial savings. Pursuing this strategy will enable HFRS to prioritise spending on our frontline service and will also provide better career opportunities for many of our staff in areas that currently are restricted in terms of promotion and development.
- 5.2 A project of this size and complexity will undoubtedly involve a number of risks/impacts to our staff. Some people may choose to leave the service due to the change of role/structure. Whilst it is not possible to predict precisely the impact of this the service will need to be aware of the risk and manage it accordingly.

- 5.3 Whilst there are no details on which roles may be affected, there may be some loss of staff through redundancy through the process of reorganisation. The service will seek to minimise the impacts of any redundancies through applying the same measures as used within the Staff Review process of offering redeployment or voluntary redundancy where appropriate.
- 5.4 Implementation of the proposals within the SIBC and IBP will incur a number of one-off and ongoing costs. The overall programme costs are detailed within the SIBC in Appendix H (page 48 - 50) and the estimated costs/savings are detailed within the IBP in Appendix A (Page 22). HFRS will need to provide a number of dedicated staff to support the design and implementation of the project.
- 5.5 The expected ongoing savings will repay these initial investment costs within 4-7 years and thereafter contribute to the Authority's financial savings plans. It is significant that these savings would begin to materialise as we enter the new spending round of 2015/16.
- 5.6 Agreement of the SIBC and IBP will authorise the start of a significant programme of work to change the provision of support functions to the HFRS. It will entail the commitment across these functions but also HFRS as a whole to driving out efficiencies through revised ways of working. New and effective partnership working will need to be developed with the three organisations sharing equally in the governance, leadership and decision making of the entity providing the support functions (which will be organisationally distinct from all of the partner organisations). Effective relationships between the entity and each organisation will be critically important; hence the proposed business partner concept. Once the programme starts, it will be increasingly difficult to revert to an in-house service.
- 5.7 In the medium / long term, the proposed model would have the potential to develop into one which extends the provision of services to other organisations, thereby securing further economic benefits. There may also be scope to draw in increased commercial expertise and innovation.

6 Delegation of Authority

- 6.1 The next phase of the project is a detailed design of the future operating arrangements, staff structures and implementation arrangements. To maintain the necessary momentum within the programme, and deliver the required outcomes of the project, it is recommended that authority is delegated to the Chief Officer in consultation with the Chairman to progress this work.
- 6.2 It is suggested that a further report on the legal model and governance together with the progress of the project is presented to the HFRA Governance Committee in September 2012.

7 Supporting our corporate aims and objectives

- 7.1 The financial pressures on the service requires a reduction of costs in many areas.

The opportunity to work collaboratively in a number of support areas, and realise financial savings, will contribute directly to the overall need to reduce our budget in line with Government requirements. It will also reduce the need to make greater savings in areas that more directly affect the frontline services.

8 Risk analysis

8.1 Failure to reduce the Authority's budget creates a significant risk in future years, and may require more radical action to come into line with future budget settlements. Reducing the costs of our support services through more efficient and effective working with our partners will help reduce this risk and enable the Authority to reduce the pressure for reductions on frontline services.

8.2 The development of shared services has the potential to provide considerable rewards and benefits for those involved, however, a number of shared service ventures have failed to deliver the expected benefits. A project of this size and complexity creates a number of risks that require careful management. These include: clarity on business processes; maintaining current services whilst developing the new working arrangement; loss of staff/expertise through reorganisation; underestimation of costs; challenges to our organisational cultures and relationships; impacts on our organisational brand.

8.3 Each of these risks must be recognised and managed to ensure that the project has the greatest opportunity of success. To support successful implementation the following factors will need to be addressed: executive sponsorship and commitment; a clear long term vision; appointment of a dedicated programme team, legal advice; regular staff engagement; realistic project timescales.

9 People Impact Assessment (PIA)

9.1 The project has carried out an over arching assessment for this work. HFRS has developed a high level PIA which will be developed further, and in more detail, for the specific areas of collaboration as the detailed design and implementation phases are carried out. Any specific equality impacts will be identified and any adverse impact on specific groups will be considered and addressed.

9.2 The proposals in this report are considered compatible with the provisions of the European Convention on Human Rights, the Human Rights Act 1998, and the Race Relations (Amendment) Act 2000.

10 Resource implications

10.1 Human Resources

To date, the support for this work has been provided within existing officer capacity. If the SIBC and IBP are approved there is a need to establish a HFRS dedicated team of people to support the detailed design and implementation phase of the project. Currently it is estimated that the following resources would be required for Year 1 and part of Year 2 of the project

1 x Area Manager
1 x Project Manager
1 x HR Officer
1 x Project Support Officer/Administrator

There will also be a need for the teams identified within the SIBC and IBP to be involved in the design and implementation of any future joint working proposal. This may also require additional resource to be provided to support current work whilst developing the new working arrangements.

10.2 Financial Implications

The proposed programme affects support functions which for HFRS currently cost approximately £4.8m and employ some 53 staff.

Page 47 of the SIBC sets out an outline methodology to share costs and benefits arising from the programme.

Pages 48 – 50 of the SIBC set out details of the costs of the programme, the potential benefits and how these might be shared. An initial, one-off investment of £393,000 - £558,000 is required plus a small amount in relation to the 7 blueprint areas. This includes the costs of changing services and also the HFRS project team, specific HR support and the central programme team. These costs will be spread over up to 3 years and will be offset in due course by the savings.

Savings of between £127,000 and £263,000 per annum are predicted. Allowing for the time taken to invest in the necessary changes and for the savings to be realised there is a payback period of 4 to 7 years. Part of these savings have been assumed in the Financial Challenge programme.

It is suggested that these investment cost of this programme could be met from the improvement and sustainability reserve. This would involve transferring £558,000 of the predicted revenue underspending in 2011/12 to this reserve.

11 Consultation

11.1 HFRS department heads have directly contributed to the detailed work to inform the SIBC and IBP and have worked closely with their colleagues in the County Council and the Police to develop the final proposals. The Programme Delivery Board has delivered regular project updates to keep people informed of developments in the work. A series of briefings have been held at key points in the project to ensure HFRS staff are aware of the emerging ideas of the project and also to provide an opportunity to ask specific questions of the HFRS project lead. The representative bodies have been briefed, are included within our internal communications and have attended a number of the staff briefings.

11.2 A period of staff engagement was provided (20 February to 30 March) to allow people to consider the proposals in their particular area. An online feedback

mechanism has enabled the Programme Delivery Board to receive suggestions, comments and risks associated with the proposals.

- 11.3 The Programme Delivery Board recognises the value and importance of engaging staff in this programme of work. If support is received from the three authorities to progress this work, staff will be invited to participate in the detailed design phase of the programme for their specific area. Where there are formal proposals to change peoples working arrangements, terms and conditions of service etc, any affected staff and their representative bodies will be consulted in accordance with HFRS policies and their statutory rights.
- 11.4 Whilst the internal programme governance arrangements have yet to be finalised, it will include establishment of an advisory group made up of key stakeholders within the service. This group will benefit from the inclusion of a Member of the Fire Authority to provide a political dimension to the programme and provide representation for the Fire Authority.

12 Conclusion

- 12.1 This report sets out a significant and strategic change to the way in which most of the Authority's support functions are provided. It offers an approach which is designed to secure efficiency savings, quality improvements and enhanced resilience. The project will require substantial commitment from each partner – leadership and managerial support, people's time as well as financial resources. Whilst the three organisations are well placed to take forward this joint working proposal it will require detailed work and a shared vision to ensure partnership working is successful .
- 12.2 This partnership model creates the opportunity for further efficiencies in our business processes and transactions, and widens the appeal of the related professional services. It will reduce our overheads and potentially brings future income. This model will provide a platform to offer services to other organisations able to use our shared professional services and capacity in an increasingly competitive market. In turn, this creates significant staff opportunities for development and growth. The approach will be to build business processes and professional services capable of being scaled up in an efficient manner. This may become one of the public sector models for the future.
- 12.3 It is difficult to be precise but this approach increases the probability that by the time of the next Spending Review, the partnership will be competitively placed to achieve further cost reductions in corporate and business support services. This approach means that whatever resources are available to HFRS, the corporate overheads of the Service are at a level that ensures the maximum resources are available to frontline services.

13 Background papers

- 13.1 The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the

preparation of the report:

Joint Working in Hampshire – Statement of Commitment (September 2011)

Joint Working in Hampshire – A Strategic Case (September 2011)

Joint Working in Hampshire – Interim Update Progress Report (February 2012)

Note: The list excludes: (1) published works; and (2) documents that disclose exempt or confidential information defined in the Act.