

Joint Working in Hampshire - A Strategic Case

September 2011



HAMPSHIRE
**FIRE AND
RESCUE**
SERVICE



Hampshire
County Council

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Executive Summary

The purpose of this report

This report sets out a strategic case for the governing bodies of Hampshire Fire and Rescue Service (HFRS), Hampshire Constabulary (HC) and Hampshire County Council (HCC) to consider *Joint Working in Hampshire*.

It demonstrates that there are significant opportunities to build on the strong strategic relationships, geographical synergies and a history of shared working across the three organisations to make service improvements and further reduce operating costs, through collectively providing specific support services.

Summary

HFRS, HC and HCC are the three largest cross county public sector organisations in Hampshire (excluding Health) with a powerful joint ambition of delivering the best possible value for money public services that meet the needs and expectations of those who visit, work and live in Hampshire.

Each organisation faces significant financial and operational challenges following the unprecedented public sector spending reductions and additional service pressures. This is a key driver for each organisation to innovate, transform and explore new ways of joint working to continue to meet strategic objectives and

protect front line services.

There are already a number of joint working arrangements in place, particularly linked to strong strategic relationships (facilitated by shared aims/objectives) alongside HCC already providing a number of support functions to Police and Fire.

A number of opportunities exist for greater joint working in relation to 11 support functions based on some initial scoping work performed by service leads between January 2011 and May 2011.

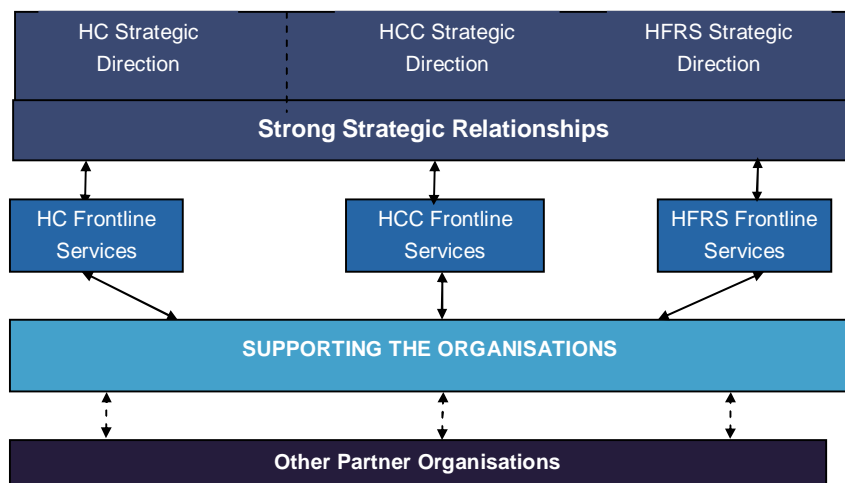
These opportunities derive from a series of interrelated synergies that are already present across the three organisations, which have the potential to deliver a number of benefits that can be jointly shared.



Through the unique combination of strategic, geographical, functional and performance “fits” between HFRS, HC and HCC, there is an opportunity to not only further reduce operating costs, make service improvements and improve organisational capacity and resilience, but also to develop wider community benefits within Hampshire and support the local economy.

It is further noted that the organisations already have a number of key strategic enablers in place through a strong history of shared working, which will mitigate strategic risks and maximise the realisation and achievability of potential benefits.

At this stage it is proposed that a practical operating model would promote more sharing, joint ownership and control, whilst at the same time recognising a need to maintain organisational identities, meet individual corporate and legal responsibilities and retain clear operational distinctiveness for frontline services.



Details of an operating model, its legal form and associated design principles would therefore need to be explored and evaluated in a detailed business case.

Recommendations and Next Steps

It is recommended that the governing bodies of Hampshire Fire and Rescue Service, Hampshire Constabulary and Hampshire County Council approve the further exploration and quantification of opportunities through the joint development of a robust business case.

Timetable and Key Milestones

Timeframe	Activity/Event
August 2011	Programme/project design, scoping and establishment.
September 2011	Governing body consideration of the strategic case to proceed with a business case.
September 2011- March 2012	Development of options for change and quantification of potential benefits through a robust business case.
January / February 2012	Governing body to receive an interim report.
March / April 2012	Governing body consideration of the business case.
2012/13	Implementation of preferred options identified in the business case and identification of further opportunities for joint working with other services and/or partner organisations.

Introduction and Context

Purpose

This report sets out a strategic case for the governing bodies of Hampshire Fire and Rescue Service (HFRS), Hampshire Constabulary (HC) and Hampshire County Council (HCC) to consider *Joint Working in Hampshire*.

It demonstrates to each organisation's governing body that there are significant opportunities to build on the strong strategic relationships, geographical synergies and a history of shared working across the three organisations to further reduce operating costs and make service improvements through collectively providing specific support services.

Governing Members are therefore asked to approve the further exploration and quantification of opportunities through the development of a more detailed programme of work.

The key next step will be to verify and support the initial scoping work with the development of a robust and detailed business case based on a practical analysis of the benefits that can be achieved to inform the next stages.

Context and Scope

An initial phase of scoping work identified a number of opportunities to extend joint working arrangements across the

three organisations to deliver cost and service improvement advantages for all three organisations.

The work focussed on the high level feasibility of developing joint working arrangements for specific support services (i.e. Can it be done?) and whether service leads considered that opportunities existed for improving service provision and lowering costs of delivery (i.e. Should it be done?). It identified 11 service areas, which were thought to present a “basket of opportunity” for joint working:

- Procurement
- ICT¹
- Finance and Payroll
- HR
- Occupational Health and Wellbeing
- Transport and Fleet Management
- Estate and Facilities Management
- Training/Learning and Development
- Media and Corporate Communications

¹ It is recognised that the engagement and support of existing partners, in this case Thames Valley Police, will be necessary to ensure all joint working opportunities are captured, particularly when this relates to existing joint working arrangements.

- Research and Analysis
- Legal Services.

It was recognised that given the size of functions and opportunities for enabling joint working, Procurement, ICT, Finance and Payroll and HR (including Occupational Health and Wellbeing) should be considered together as an area for priority focus, with additional opportunities and quick wins to be explored in the other areas.

The ambition of this strategic case is therefore to explore opportunities to extend existing joint working and build on the similarities between each organisation’s efficiency and change programmes.

This will outline opportunities to reduce costs and improve organisational performance through collectively providing specific services in accordance with the vision outlined below:

“To drive efficiencies and tangible service improvement through joint working in a number of key service areas.

To build on this to examine the value of a shared service platform for even greater integration of our specialisms in order to improve quality innovation whilst remaining efficient.”

Report Structure

The strategic case is structured as follows:

- **The Operating Environment**
- **Efficiency and Change Programmes**
- **Operational Budgets**
- **Existing Joint Working Arrangements**

Considers the current operating environment across the three organisations, the current efficiency and change programmes in place, operational budgets for the in-scope service areas and the current existing approaches to joint working.

- **Drivers for Change**

Sets out the strategic, financial and operational drivers behind the strategic case.

- **Organisational Fits, Opportunities and Potential Benefits**
- **Enablers and Wider Considerations**

Explores the potential strategic, operational and financial benefits of greater joint working for the in-scope service areas and the enablers that should be in place to make it happen.

- **What could it could look like?**

Outlines the potential high level operating model and the features of how it might work in practice compared to the current existing

working arrangements between the three organisations.

- **Conclusions, Next Steps and Recommendations**

Sets out the planned next steps for developing the programme of work, with a particular focus on the requirement for a robust business case.

The Operating Environment

Hampshire Fire and Rescue Service (HFRS), Hampshire Constabulary (HC) and Hampshire County Council (HCC) are the three largest cross-county public sector organisations in Hampshire (excluding Health).

The organisations cover broadly similar geographical areas, serving 1.3 million service users within Hampshire, as well as HC and HFRS incorporating the Unitary Authority areas of Portsmouth (0.2m service users), Southampton (0.2m service users) and HC also extending to the Isle of Wight (0.1m service users).

Size

The combined net budget across the three organisations for 2011/12 totals over £1bn, with total staff numbers (including schools staff) of 36,347 Full Time Equivalent (FTE).

	2011/12 Gross Expenditure Budget (£'000)	2011/12 Net Budget (£'000)	2011/12 Staff Numbers (FTE)
HCC	1,913,237	715,585	28,020
HC	338,825	314,096	6,520
HFRA	70,651	68,674	1,807
Total	2,322,713	1,098,355	36,347

Strategic Visions

The three organisations are driven by a powerful joint ambition of continuing to deliver the best possible value for money public services that meet the needs and expectations of those who visit, live and work in Hampshire.

This is broadly reflected in the visions and priorities outlined below:

Hampshire Fire and Rescue Service (Hampshire Fire and Rescue Service Plan 2011 to 2014)

“We want to be the best fire and rescue service in the country and make life safer for everyone by reducing risks in our local communities... To improve our service we want to make sure that our staff reflect the wide range of needs of the people in our local communities. We are always ready to respond to others in an understanding, sympathetic, professional and respectful way. We are committed to making sure everyone in our community is treated fairly.

We continue to take into account the effect our activities have on the environment. We aim to do all we can to reduce our carbon footprint (the negative effect we have on the environment). We want to reduce the amount of carbon dioxide we release into the atmosphere as we carry out our day-to-day activities. This includes reducing the damage fires do to the environment.”

Hampshire Constabulary (Hampshire Policing Plan 2011-2014)

“To be one of the best police forces in key performance areas and among the lowest cost. A combination of low cost and high achievement will make us one of the best value for money police forces in the country.”

Hampshire County Council

“Our ambition is to continually improve our performance in the interests of the communities we serve...
Looking after Hampshire, our job is to ensure the county is safe and secure and to work towards enhancing the County's quality of place. Looking out for our residents, we want to work with them to ensure they feel safe and secure and to maximise their wellbeing. Our aim is to lead and work in partnership with other organisations to remove barriers and improve choices whilst encouraging people to make their own decisions on the way they access services.”

- Hampshire Fire and Rescue Authority (HFRA) is the governing body of Hampshire Fire and Rescue Service comprising of twenty-five Members (Councillors) appointed by the constituent councils (Hampshire County Council, Southampton City Council and Portsmouth City Council) in proportion to the number of local government electors in their respective areas.
- Hampshire County Council is comprised of 78 democratically elected Councillors, with 8 Executive Members forming a Cabinet chaired by the Council Leader. Cabinet makes decisions on services within the Council's agreed policies and budget, which are set each year by the full Council. The Cabinet are all members of the political party that has the majority of seats on the County Council.

Governance

Each organisation is overseen by an elected or appointed governing body, which provides democratic and local accountability through decision making:

- Hampshire Police Authority (HPA) is the governing body of Hampshire Constabulary and consists of 17 Members made up of Councillors and independent members. The key task of the Authority is to secure the maintenance of an efficient and effective police service².

² Following the Home Office Consultation Paper 'Policing in the 21st Century: Reconnecting the

police and the people' the government has put forward draft legislation that will alter the governance of the police in England and Wales. The current bill sets out a timetable for directly elected Police and Crime Commissioners to replace Police Authorities by May 2012.

Efficiency and Change Programmes

Spending Reductions

The unprecedented public sector spending reductions outlined in the Comprehensive Spending Review (October 2010), will reduce the resources of each organisation to meet their strategic objectives, protect frontline services and respond to the changing needs and aspirations of Hampshire's communities.

Medium Term Financial Strategies

The scale of these funding reductions along with additional service delivery pressures was recently quantified in the medium term financial strategies produced by each organisation in 2011, which identified the significant funding gaps each organisation faces over the next four years. The table below quantifies the forecasted cumulative annual budget shortfalls by 2014/15:

	11/12 (£'000)	12/13 (£'000)	13/14 (£'000)	14/15 (£'000)
HCC	55,000	100,000	110,000	120,000
HC ³	20,000	36,500	36,500	50,000
HFRA ³	0	(1,500)	2,500	6,500
Total	75,000	135,000	149,000	176,500

³ Assuming a 0% increase in Council Tax in 2012/13 and 2013/14.

Efficiency and Change Programmes

These funding reductions have presented a 'burning platform' for each organisation to innovate, transform and develop new ways of working in order to meet their strategic objectives and protect front line services.

Each organisation has therefore embarked upon significant transformation and change agendas which are being designed, governed and delivered through coordinated programmes. These are already underway across the three organisations and have identified and delivered some of the significant financial savings to balance the 2011/12 budget. A fundamental component of each transformation programme involves identifying opportunities for greater efficiencies and service improvements that protect front line services through the exploration of opportunities associated with greater joint working. A summary of the headline change programmes are detailed below:

Hampshire Fire and Rescue Service

Medium Term Financial Strategy Savings Proposals – A number of proposals have been identified for reducing expenditure to address the forecast funding shortfall over the four years of the settlement period, including efficient and flexible crewing, a staff review and eight specific efficiency proposals.

Hampshire Constabulary

Force Change Programme – Having provided the savings proposals to inform the 2011/12 financial plan, the Force Change programme is now tasked with coordinating and supporting the work around a transformational redesign of the force.

Hampshire County Council

Cost Reduction, Efficiency and Transformation Programme – The County Council's overall strategy for dealing with grant reductions and the subsequent change programme.

Open for Business Strategy – Developed in parallel to the cost reduction, transformation and efficiency programme to perform a strategic review of opportunities, policies and transformational issues that will develop over the life of the current political administration. This will review and maintain performance, align policy and resources and seek to develop strategic opportunities that will emerge in the local government landscape.

Operational Budgets

In Scope Areas

As noted above, an initial phase of scoping work by service leads was performed between January and May 2011, which established an early “statement of intent” and a high level strategic options appraisal.

This high level analysis has identified 11 in-scope service areas, which were thought to present a “basket of opportunity” for joint working⁴.

- Procurement
- ICT
- Finance and Payroll
- HR
- Occupational Health and Wellbeing
- Transport and Fleet Management
- Estate and Facilities Management
- Training/Learning and Development
- Media and Corporate Communications
- Research and Analysis
- Legal Services.

⁴ With a priority focus on Procurement, Finance & Payroll and HR (including Occupational Health & Wellbeing).

Budgets

The table below summarises the net current expenditure budgets for the delivery of the priority areas and numbers of budgeted Full Time Equivalents (FTE). This is based on the 2011/12 functional budgets less any external income (but ignores the impact of internal recharges through internal trading). Figures are rounded to the nearest £100k. More detailed budget figures alongside key transactional volumes are included in confidential Appendix C to this report.

	11/12 Net Budgets	11/12 Budgeted Gross Staff Numbers (FTE)
HCC	£59.8m	1,051
HC	£21.7m	345
HFRA	£5.7m	63
Total	£87.2m	1,459

It is noted that for consistency purposes, the above figures exclude the impact of efficiency measures and restructures already proposed in 11/12 as part of each organisation’s efficiency programme.

Procured Spend

In addition to the costs of delivering these services, it is noted that overall procured spend across the three organisations is in the region of £564m split as follows:

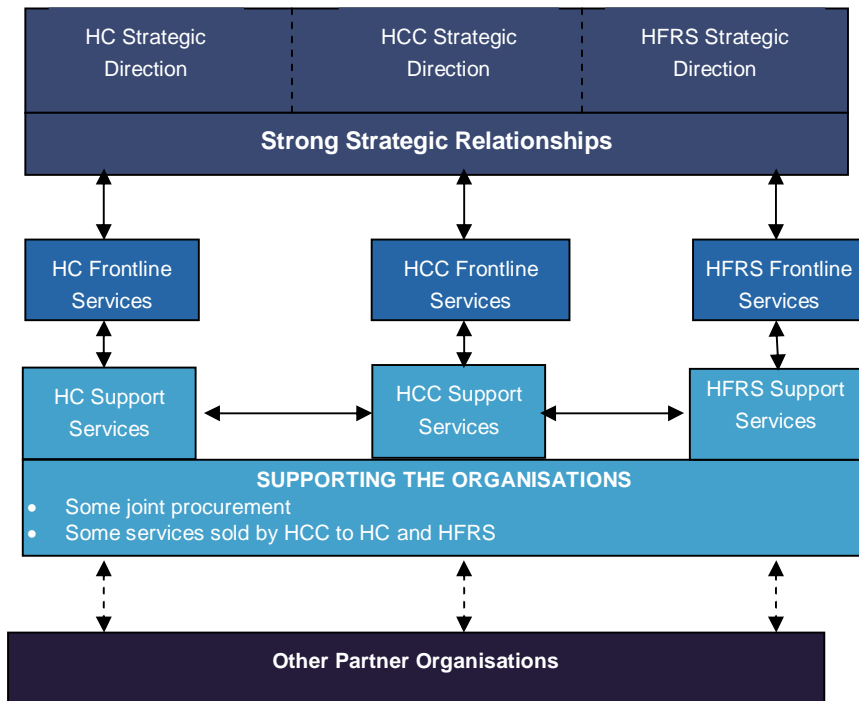
Service Area	HCC	HC	HFRS	Total
Generic Categories	£200m	£20m	£6m	£226m
Specialist Categories	£324m	£10m	£4m	£338m
Total	£524m	£30m	£10m	£564m

*This includes approximately £80m of schools spend.

Existing Joint Working Arrangements

Current Approach to Joint Working

The diagram below details the current joint working relationship between the three organisations. It identifies strong strategic relationships, clear operational distinctiveness of frontline services and some integration of support services. This includes a number of tried and tested shared services which have been delivered successfully for many years.



Strategic Partnering

HFRS, HC and HCC already have a history of traditional strategic partnering, which is designed to meet shared visions, aims and objectives in a cross cutting and joined up manner. This is facilitated through a number of thematic cross organisational partnership groups and boards (such as Hampshire County Strategy Group for Crime and Disorder).

Members and Senior Officers

Strategic partnering is facilitated by close strategic relationships, with the organisations sharing a number of key governing Members. There are currently 19 joint Members between HCC and HFRA and 5 joint Members between HCC and HPA.

HCC, HPA and HFRA also share a Treasurer and the Chief Executive of HCC acts as the Clerk and Monitoring Officer to HFRA.

Joint Procurement

The organisations benefit from joint procurement initiatives through HCC's procurement portal as well as specific service and utility contracts. In 2010/11 it was estimated that HC placed £4.5m and HFRS placed £1.7m through HCC contracts (excluding IT software and property contracts).

Support Services

The organisations already share a number of professional and transactional support services. This primarily takes the form of HCC selling a number of services on behalf of HFRS and HC, which are managed through Service Level Agreements and budget recharges.

HCC services provided to Police

- **Financial Services** - including Internal Audit, Tax and Cash Management Services, Payments, Pension Administration⁵ (non-uniform) and a contribution towards the County Treasurer
- **Legal Services** - including strategic legal advice, property work and employment law.

HC and HCC have also recently developed a joint working model for their Scientific Services / Forensics Services. This aims to bring the scientific teams within each organisation together on a single site, and benefit from shared resources and professional expertise whilst delivering significant efficiencies.

HCC services provided to Fire

- **Financial Services** - including Internal Audit, Corporate Finance, Debtors and Debt Recovery, Payments, Payroll, Travel Claims, Pension Administration (uniform and non-uniform), Support Services (including system support) and

⁵ HCC have also been appointed to administer the HC Uniformed Officers pension scheme for 1 year in 2011/12.

a contribution towards the County Treasurer

- **Legal Services** - a contribution to the cost of the Monitoring Officer and Clerk
- **Democratic Support** - a contribution to the cost of the Member support function
- **IT Services** - including the hosting of Hantsfirenet, SAP, hosted applications, projects and other IT costs (such as server costs)
- **Property Services** - including a range of property management support, estates services, caretaking support services and grounds maintenance services. The service also incorporates work provided by the HCC Scientific Services performing legionella, asbestos and mobile phone mast testing
- **HR** - including a contribution to pay and contract support services.

Sharing Support Functions with Other Organisations

In addition to the joint working between the three organisations detailed above, each organisation also has shared services arrangements already in-place with other organisations, these include:

- HFRS provide co-responder services on behalf of South Central Ambulance Service from 22 locations. They also provide vehicle maintenance services for HC and other fire and rescue services and have arrangements in place with

West Sussex Fire and Rescue Service to share Brigade Manager capacity.

- HC are collaborating with Thames Valley Police (TVP) through the joint delivery of ICT, Information Management and Operations Departments and South East Regional Police forces for the joint delivery of Covert Policing, Witness Protection, Technical Support and Air Operations services. These units have been established following the introduction of a collaboration programme in 2007.
- HCC business services provide procurement, scientific services and transport services to a number of other organisations and sectors including Local Authorities, Health, schools and colleges and private sector organisations.
- HCC property services provide shared and sold services to other district and county councils including Surrey, West Sussex, and Reading and private/voluntary sector clients.
- HCC IT services deliver shared services with Dorset and other County Councils and Districts.
- HCC are developing an internal audit shared service arrangement with Southampton and West Sussex.

Drivers for Change

The challenging financial climate and ambitious organisational change programmes are driving the exploration of opportunities associated with joint working.

These drivers are explored at a high level below. The next section of the report then specifically considers the detailed opportunities and potential benefits that are presented through joint working between Hampshire organisations.

Financial (Cost Reduction)

Following the unprecedented public sector spending reductions and associated savings targets outlined above, each organisation is committed to reducing costs and developing new ways of working to meet their strategic objectives and protect front line services through their efficiency agendas.

Support Service Improvement

There is a strong organisational desire to modernise and improve the quality and performance of support services to provide the most efficient and effective organisational support to improve front line service delivery and maintain the joint history of strong organisational performance.

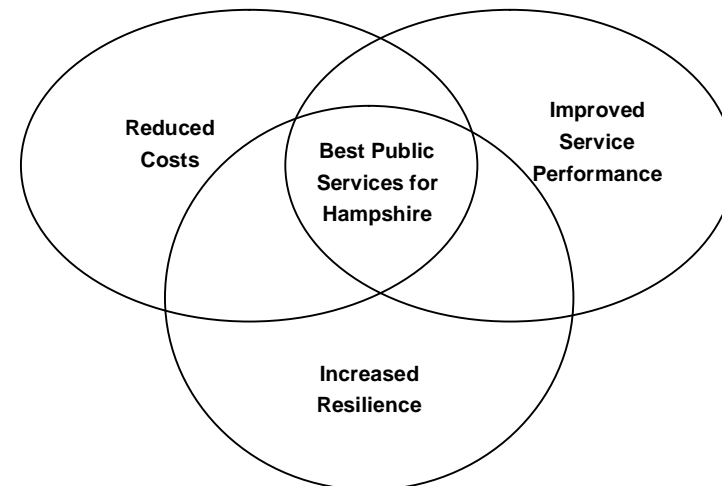
Organisational Resilience and Sustainability

Each organisation's transformation programme is designed to

deliver organisational resilience and sustainability in the medium to long term. This includes a desire to retain access to the best professional capacity, skills and resources.

Best Public Services for Hampshire

There is a strong commitment to improve support service delivery across each organisation, transparently share the benefits of joint working and facilitate the delivery of the best possible public services to meet the growing needs and expectations of service users within Hampshire.



Organisational Fits, Opportunities and Potential Benefits

Approach

The three organisations already have a number of complementary aims, service users, suppliers and support functions, which are explored below under the heading “organisational fits”.

These existing synergies present a number of opportunities for greater joint working and sharing, and in turn can deliver a number of financial and non-financial benefits that can be shared between the three organisations.



Organisational Fits

There are many clear synergies that exist between the three organisations relating to the service areas included within the scope of the programme, these include:

- **Strategic Fit** – Service areas support the wider corporate vision and objectives of each organisation, including the desire to transform services, respond to the current financial climate and protect frontline services. The three organisations also have strategic join up, a history of shared working, shared visions for Hampshire and close strategic relationships, governance and senior management.
- **Geographical Fit** – Services are located within the geographical boundaries of Hampshire and therefore share suppliers, serve the same communities, benefit from similar workforce catchments and are based in similar physical locations.
- **Operational / Functional Fit** – The type of support services provided and procured are similar in function and operation (e.g. most back office functions provide a similar type and level of support within each organisation).

- **Performance Fit** – Each organisation has a history of consistently strong organisational performance and are recognised as national leads.

Opportunities

The organisational fits present a number of opportunities for greater joint working and organisational sharing of support function resources, whilst retaining the distinctiveness of front line service delivery. These opportunities include:

- **Sharing the delivery of back office functions** – Merging functions to develop integrated departments that deliver joined up services to all three organisations.
- **Sharing buying and procurement** – Greater collaboration and join up when procuring similar assets or services (maintenance contracts, IT software etc).
- **Sharing physical assets** – Greater sharing of buildings, equipment and other physical assets through co-location.
- **Sharing customer and/or client contact points** – Sharing points of service user contact between organisations (both front line service users and also internal customers).
- **Scalability** – Clear opportunity to expand arrangements to other local authorities, fire authorities and police authorities to increase service volumes and potentially generate additional income.
- **Achievability** – Given the close strategic alignment, a history of shared working and key enablers (detailed in the

next section) already in place, a key opportunity is the practical achievability of any joint working proposals.

It is proposed that a business case will provide a more detailed analysis and quantification of financial and non-financial benefits that can be delivered for support functions, front line operational services and Hampshire as a whole.

Potential Benefits

Although it is recognised that the specific benefits of joint working will be different for each organisation, at this stage they are explored at a high level based on learning from other shared services initiatives.

Area of the Business	Benefits
Support Function	Cost reduction of service delivery Service Improvements Retention of skills, quality and expertise and increased organisational resilience and sustainability
Front Line Service Delivery	Reduced organisational procurement costs Better sharing of management information to inform joint working around shared objectives Focus on service delivery and delivering priorities
Wider Community	Supporting the local economy Cross agency working and mutual priorities benefiting all Hampshire residents

Cost reduction of service delivery

A significant financial benefit of joint working will be the opportunity to reduce the costs of delivering support functions through:

- **Management Savings** – Savings generated through integrated management structures and hierarchies
- **Utilisation of Spare Capacity** – Where spare capacity exists (or can be created through more efficient processes), unit costs can be reduced through greater volumes
- **Income Generation Opportunities** – Opportunity to attract additional income from other partner organisations
- **Economies of Scale and Asset Rationalisation** – Consolidation of activity will reduce duplication of activities, rationalise the use of multiple sites and share fixed costs
- **Process Efficiencies** – Efficiency through standardising processes, sharing skill sets, sharing technology and an increase in the resource pool.

Support service improvements

It is anticipated that services within scope of the review would be better positioned to deliver more for less through:

- Achieving a critical mass to enable the attraction and retention of skills, quality and expertise

- Greater scope for support service flexibility and agility that can respond to changing needs and requirements of organisations over time
- Improving customer journeys through greater service integration
- Best practice and technology being shared between the organisations
- Single / specialist organisation focus on support services
- Embedding standardisation and consistency of particular functions.

Retention of skills, quality and expertise

The size of a combined function will enable the attraction and retention of core capacity, skills and resources locally, which will promote career development and increase organisational resilience and sustainability.

Reduced organisational procurement costs

In addition to reducing the costs of directly delivering support functions, there is also significant potential to realise procurement savings for standard products and services, which could be reinvested in front line services. This would be achieved through greater buying power with suppliers, sharing single products and increasing each organisation's capacity to influence and innovate the supply chain through a single specialist procurement function.

Better sharing of management information

Complementary and standardised management information is better shared to inform operational delivery and joint working around shared objectives.

Focus on service delivery and delivering priorities

Efficient and effective delivery of support functions will enable each organisation to focus on front line operational service delivery, release management capacity on non-core activities and better achieve organisational visions and objectives.

Support the local economy

Through geographically centred joint working there is also the opportunity to support the local economy through job creation and retention in Hampshire.

Cross agency working

Increased joint working in relation to support functions may increase the opportunities for cross agency working and mutual priorities benefiting all Hampshire residents.

Enablers and Wider Considerations – Making it happen and realising benefits

Strategic Enablers

A number of key enablers associated with developing, implementing and managing joint working arrangements are detailed below. It is recognised that a number of these enablers are already embedded at a strategic level across the three organisations and will be crucially important in relation to managing and mitigating the strategic risks and also maximising the realisation and achievability of potential benefits.

- **Organisational Fits** – As detailed in the previous section the alignment of strategy, geography, function and performance enable a series of opportunities and benefits. It is noted that there is already a close “fit” between HFRS, HC and HCC across these categories of organisational synergy.
- **Executive sponsorship and commitment** – This is crucial for driving forward the exploration of opportunities and the effective implementation of organisational change. The organisations already have close strategic

relationships through shared statutory roles⁶ and Members.

- **Clear vision and strategic alignment** – The overall project has a clear shared vision developed by Chief Officers, based on a close strategic fit between organisational aims and objectives.
- **Trust, cultural alignment and relationships** – This report has already emphasised the close relationships and joint working between the organisations at a Chief Officer and Member level. It will be crucially important to continue to develop these relationships between the organisations as this work progresses.
- **Communication and engagement** – A foundation of effective joint working and change management will be the ongoing and consistent communication and engagement across the three organisations.

⁶ As noted on page 13 HCC, HPA and HFRA also share a Treasurer and the Chief Executive of HCC acts as the Clerk and Monitoring Officer to HFRA.

Wider Considerations

Based on experience of other shared service and joint working arrangements, a series of wider considerations are also identified below:

- **Governance** – Strong and effective governance structures are essential for the development⁷, implementation and ongoing management of any shared services or joint working arrangement. In particular the governance structure must ensure that any business decisions and ongoing service operations meet the operational and strategic requirements of each organisation. Any established joint model of shared service delivery would then also require governing body oversight, Chief Officer representation and joint management boards.
- **Sharing Financial Investment and Benefits** – Any model that is developed must include an appropriate model for transparently and fairly sharing the financial benefits and investment associated with joint working. It is expected that this would be based on each organisation's financial investment into joint working arrangements, combined with an assessment of service use and key activity cost drivers.
- **Technology** – The effective use of technology and an appropriate IT infrastructure will be crucially important for enabling the realisation of opportunities and benefits. This is expected to be a critical workstream within the

overall business case.

- **Legal Models** – As noted in the next section, there are a number of legal operating models which will enable the practical function and form of any new arrangement. It is broadly proposed that the model would seek to deliver greater sharing of resources and move from the current arrangement of “sold services” to more integrated “shared services”, this will need to be explored through design principles and options evaluation in a detailed business case.
- **Interdependencies with other organisations** – It is recognised that the engagement and support of existing partners will be necessary to ensure all joint working opportunities are captured, particularly when this relates to existing joint working arrangements.
- **Strategic and Project Risks** – There are a number of risks that will need to be monitored and managed in a formal risk register as the project progresses. At this stage a series of key strategic risks and specific project risks have been summarised in Appendix B. These risks will be added to and explored in more detail during the production of a detailed business case.

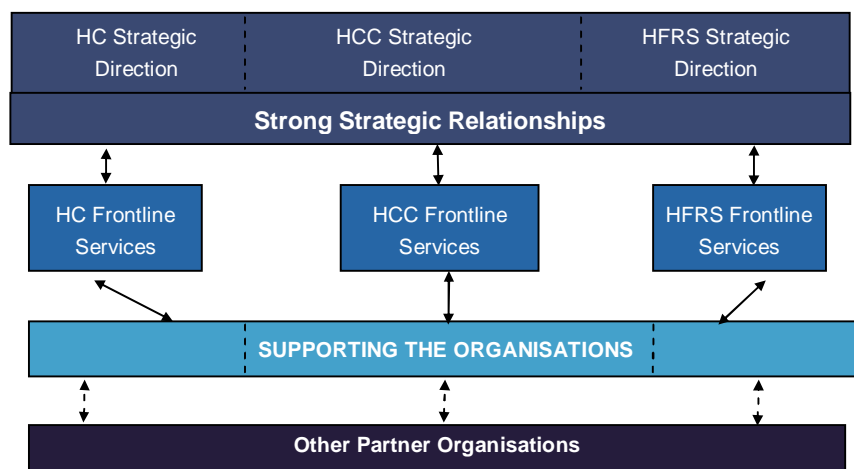
⁷ Programme governance is considered separately on page 24

What could it look like?

A Potential Framework

It is proposed that each organisation continues to retain clear operational distinctiveness for front line services alongside separate, but closely aligned and interrelated, strategic direction and objectives.

At this stage it is proposed that a practical operating model would promote the operating principle of more sharing and integration of services beyond the current model of HCC selling services back to HC and HFRS. This would need to be underpinned by joint direction, governance and control of resources. However, details of an operating model, its legal form and associated design principles would need to be explored and evaluated in a detailed business case.



Legal Models

Any legal model must be based around a principle of achieving positive relationships, achieving co-ownership and facilitating joint working and the integration of services. There are a number of practical legal models under which organisations can share services and develop joint working, and their appropriateness will depend upon specific circumstances and the key objectives for the services. The best practical model will be explored in the options appraisal of the business case, but the options might include:

- Informal joint working
- Secondment arrangements
- Delegation to another Authority
- Joint discharge of function
- Contract for provision of services
- Trading company
- In-house company.

Particular legal consideration must also be given to EU procurement rules and Employment Law implications (such as the transfer of employees under TUPE).

Conclusions, Next Steps and Recommendations

Conclusions

This report has set out a strategic case for the governing bodies of Hampshire Fire and Rescue Service (HFRS), Hampshire Constabulary (HC) and Hampshire County Council (HCC) considering *Joint Working in Hampshire*.

It has demonstrated that there are significant opportunities to build on the unique combination of strategic, geographical, functional and performance “fits” between HFRS, HC and HCC, as well as a successful history of joint working. This will not only present the opportunity to further reduce operating costs, make service improvements and improve organisational capacity and resilience, but also to develop wider community benefits within Hampshire and support the local economy, through collectively providing specific support services.

Next Steps

In order to progress the development of opportunities identified in this report it is proposed that the organisations establish an overall programme of work, as summarised in Appendix A.

Although the strategic case outlines the potential opportunities that exist through *Joint Working in Hampshire*, a jointly prepared, robust and realistic business case based on a practical analysis of the tangible benefits is the next critical stage of work. It is proposed that the business case should

cover the following areas:

- Development of evaluation criteria that can be utilised to evaluate different options for change
- A transparent cost model to evaluate the costs and benefits of proposals
- Identification of key enablers, quick wins and a detailed timetable for designing and implementing the joint working arrangements
- The preferred design principles that would govern the operating model.

Project Governance

The appropriate collective governance, management oversight and progress reporting will be established quickly as one of the immediate next steps.

In order to jointly progress the development of the business case and take this work forward it is important to identify a programme of work and a single joint project lead/manager. This is summarised in a Statement of Commitment signed by the three Chief Officers in September 2011.

An integrated joint project team will be established including senior representatives from the three organisations, alongside clear reporting lines to Chief Officers and Members. Formal programme and project management disciplines will also be employed to facilitate successful delivery and to ensure appropriate risk and dependency management.

Timeline

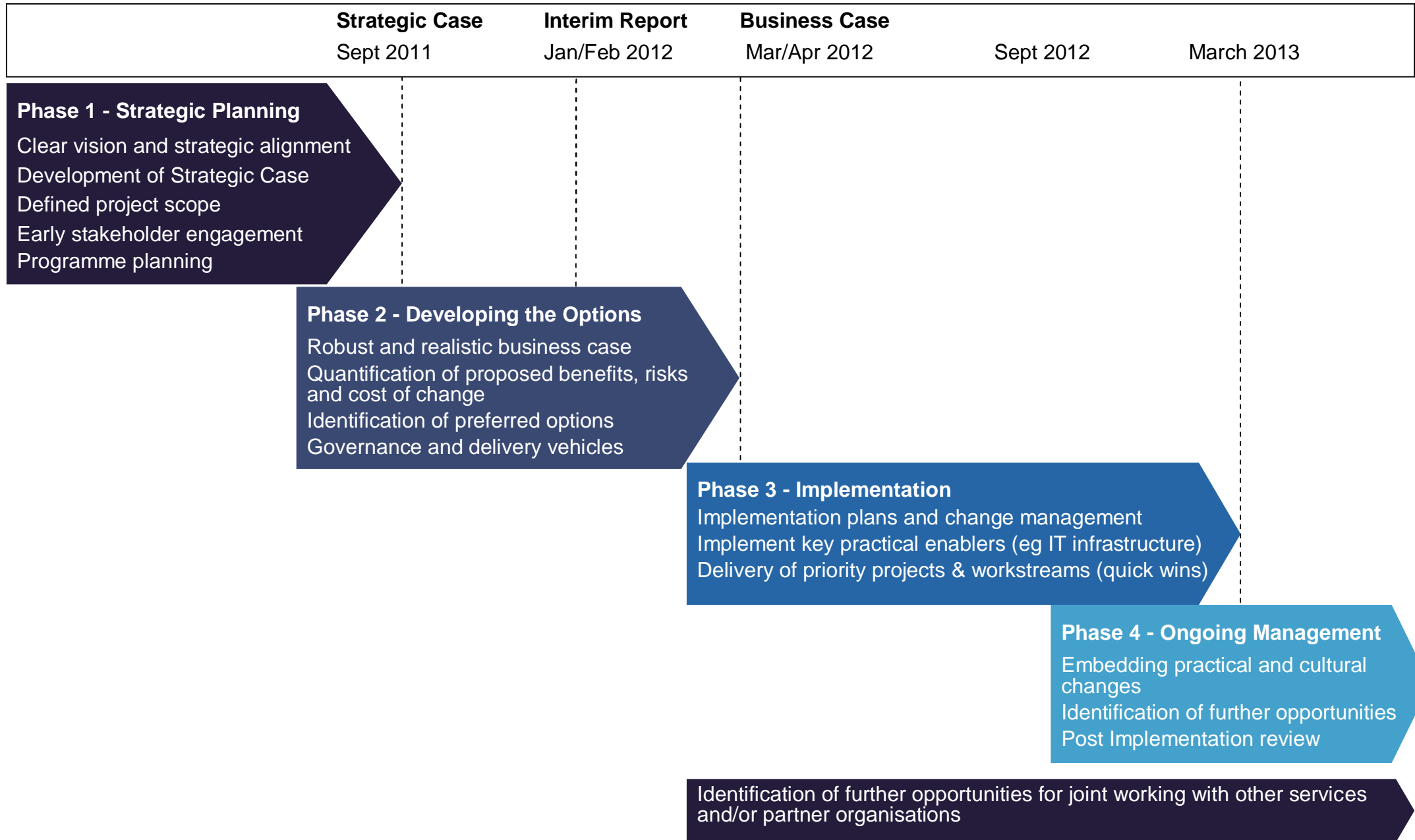
The key next steps and milestones are detailed in Appendix A and summarised in the table below:

Timeframe	Activity/Event
August 2011	Programme/project design, scoping and establishment.
September 2011	Governing body consideration of the strategic case to proceed with a business case.
September 2011-March 2012	Development of options for change and quantification of potential benefits through a robust business case.
January / February 2012	Governing body to receive an interim report.
March / April 2012	Governing body consideration of the business case.
2012/13	Implementation of preferred options identified in the business case and identification of further opportunities for joint working with other services and/or partner organisations.

Recommendations

It is recommended that the governing bodies of Hampshire Fire and Rescue Service, Hampshire Constabulary and Hampshire County Council approve the further exploration and quantification of opportunities through the development of a robust business case.

Appendix A: Project Plan



Appendix B: Risks

This appendix details a number of high level risks that will be actively managed and mitigated as the project progresses.

- **Financial** – A risk that the options developed in the business case will not identify the full cost of change or deliver the expected financial benefits associated with joint working.
- **Culture and Relationships** – A risk that cross organisation cultural issues are not managed appropriately and lead to a breakdown in working relationships.
- **Business Processes** – A risk that underlying business processes are not understood, compromising the deliverability of financial savings and service improvements.
- **Organisational Brand** – A risk that the organisations lose their distinctiveness and independence.
- **Acceptability** – A risk that both high level strategic proposals and more detailed preferred options for change are not acceptable to key stakeholders.
- **Progress and Timescales** – A risk that the current momentum of the project is lost resulting in slippages in timescales and a failure to realise the full potential opportunities associated with joint working.
- **Impact on Other Joint Working** – A risk that joint

working across public sector organisations may lead to a disconnect between some partners and opportunities provided through national or regional frameworks.

- **National Policy and Legislation** – A risk that the potential opportunities and benefits of the project are constrained by new or existing policy and legislation. In particular, there is uncertainty surrounding the introduction of Police and Crime Commissioners.
- **Strategic Drift** – A risk that although the strategic case identifies a close strategic fit, the strategic objectives of the organisations may diverge over time.

Specific Project Risks

In addition to the high level strategic risks, some specific project risks at this stage are also identified below:

- **IT and Data Security Infrastructure** – Risk that the current IT and data security infrastructure may be incompatible or unworkable across the three organisations. In particular, the business case must understand the impact of HC's joint working arrangements for ICT with Thames Valley Police (TVP) on the proposed opportunities and benefits associated with joint working in Hampshire.
- **Legal** – Risk that proposed arrangements are not

consistent with current legislation (e.g. Section 23 of the Police Act), and expose each organisation to legal challenge.

- **Procurement Regulations** – Risk that proposal is not consistent with procurement law or current / emerging national procurement policies and strategies.