

EAST SUSSEX FIRE AUTHORITY

Meeting: Extraordinary Fire Authority

Date: 25 October 2019

Title of Report: Project 21 Future Mobilising - Final Options Appraisal

By: Mark O'Brien, Deputy Chief Fire Officer

Lead Officers: Duncan Savage, Assistant Director Resources/Treasurer
Ken Pearce, ITG Manager
GM Matt Lloyd, Operations Lead
Chris Sharp, Project Manager

Background Papers Report by Mott MacDonald, *Control & Mobilising Services - Options Study Pre-Qualification Stage*, 16 April 2019

Appendices EXEMPT Appendix A – SLT Report, 14 October 2019

EXEMPT Appendix B – Report by Mott MacDonald, *East Sussex FRS Control & Mobilising Options Due Diligence Conclusion*, 20 September 2019

Implications

CORPORATE RISK	√	LEGAL	√
ENVIRONMENTAL		POLICY	√
FINANCIAL	√	POLITICAL	√
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES	√	CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT To update members of the Fire Authority on the outcomes of the final due diligence stage of Project 21 – Future Mobilising Project, and to seek approval to implement the preferred option as recommended by the Senior Leadership Team.

EXECUTIVE SUMMARY As a result of the decision by West Sussex County Council and the notice given in August 2018, to terminate the current Section 16 arrangements for shared fire control with West Sussex Fire & Rescue Service, and after an extensive options appraisal, East Sussex Fire Authority now needs to decide on its options for the discharge of the Authority's statutory duty to provide mobilising and control arrangements going forward.

In Autumn 2018, ESFRS commissioned Mott MacDonald to explore options for the future provision of control and mobilising functions. The work of Mott MacDonald has

supported three project phases to consider different operating models and service providers, with reports provided to Senior Leadership Team at the end of each phase:

1. Discovery (Sept – Dec 2018)
2. Pre-Qualification (Jan – April 2019)
3. Detailed Due Diligence (May – Sept 2019)

The purpose of this covering Fire Authority paper is to introduce the final report from Mott Macdonald, outline the detailed due diligence and option evaluation process that has been undertaken, and to recommend the preferred option to be implemented through Project 21 as the future mobilising solution.

RECOMMENDATION

That the Fire Authority:

- i) considers the Final Due Diligence Report from Mott MacDonald and the accompanying Senior Leadership Team report;
- ii) notes the recommendation from the Senior Leadership Team to the Fire Authority that Option 1 - Outsource to Surrey Fire & Rescue Service – is the preferred option;
- iii) approves the option to be implemented through Project 21; and
- iv) notes that a further report seeking approval for the Heads of Terms (Partnership Agreement) will be brought to the Fire Authority in February 2020.

1 INTRODUCTION

- 1.1 Following the termination of the National FireControl programme in January 2011, East and West Sussex Fire & Rescue Services were one of the local groupings who were successful in their bid for funding to create a single joint Sussex Control Centre (SCC) and replace existing equipment with updated and improved control infrastructure.
- 1.2 A central and significant component of the project was the replacement of the two separate Sussex mobilising and communication management systems with a single, modern mobilising system for use in the new SCC. After a competitive tender process concluding in late 2013, Remsdaq Ltd was chosen as the contractor for the new system and contracted by East Sussex Fire Authority (ESFA) to deliver a mobilising & communication system with an original go-live date of 31 December 2014.
- 1.3 As has been reported to the Authority previously, there were a series of delays with the implementation of the new mobilising and communications system, and the system finally went live for East Sussex Fire & Rescue Service (ESFRS) on the 20 March 2018.

- 1.4 After ESFRS had gone live, the Service were informed by West Sussex Fire & Rescue Service (WSFRS) that the matter had been passed to officers within West Sussex County Council (WSCC) who instructed a full “due diligence” exercise to be conducted on the IT integrity and operational efficacy of the Remsdaq 4i / SCC solution. The Authority was subsequently notified at the beginning of August 2018, that WSFRS would not be transitioning to the Remsdaq 4i solution and, furthermore, that WSCC wished to serve notice to terminate the “Section 16 agreement” (i.e. Section 16 of the Fire & Rescue Services Act 2004) under which ESFA provide mobilising services on their behalf. Under the terms of the Section 16, the notice period is 18 months. The current partnership arrangement with WSFRS/WSCC is therefore due to end on the 17 February 2020; however, work is on-going between WSCC, WSFRS and ESFRS on bringing this date forward to 4 December 2019 and this is the subject of a separate confidential report on today’s agenda.
- 1.6 As a result of the decision by WSCC, ESFA now needs to decide on its options for the discharge of the Authority’s statutory duty (section 7(2)e of the Fire and Rescue Services Act 2004) to provide mobilising and control arrangements going forward. This workstream is identified as “Project 21 – Future Mobilising Project”.
- 1.7 In Autumn 2018, ESFRS commissioned Mott MacDonald to support and explore options for the future provision of control and mobilising functions. The work of Mott MacDonald has supported three project phases to consider different operating models and service providers, with reports provided to Senior Leadership Team (SLT) at the end of each phase:
1. Discovery (Sept – Dec 2018)
 2. Pre-Qualification (Jan – April 2019)
 3. Detailed Due Diligence (May – Sept 2019)
- 1.8 Both the “Discovery” phase and the “Pre-Qualification” phase involved increasingly detailed analysis and consideration of a variety of options. Due to the fluid technological and political landscape during this period, the options available to ESFRS changed. In addition, the due diligence process provided ESFRS’ potential partners with an avenue for dialogue through which they could choose to commit, or not, to offering a future service provision.
- 1.9 The outcomes of these phases have been shared previously with the Fire Authority via both formal reports and informal workshops. This allowed for a refined and agreed short-list to be identified for the final due diligence exercise.
- 1.10 The final due diligence exercise has been taking place since May this year (2019). This work has involved a very detailed assessment and scoring of each of the options’ relative merits and risks in relation to a series of operational effectiveness, IT, technical, commercial and financial criteria. An internal team from across the Service has undertaken the assessment under the management and guidance of Mott MacDonald as an independent moderator.
- 1.11 For clarity, the final assessed options under the detailed due diligence phase were:
- (NB there is no direct translation to those described later as Options 1 to 4)
- North West Fire Control Ltd (NWFC); outsourced control and mobilising function.

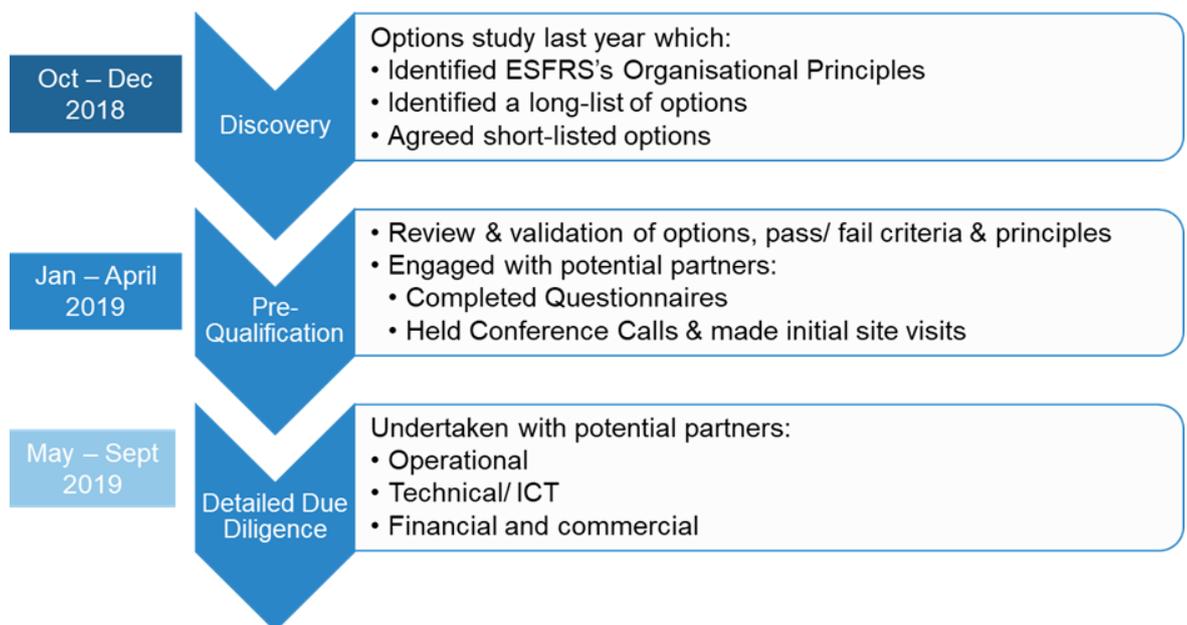
- Surrey FRS (SFRS); outsourced control and mobilising function.
- North West Fire Control Ltd (NWFC); co-located local control room with Sussex Police, and partner with NWFC for systems & fall-back (hybrid).
- Surrey FRS (SFRS); co-located local control room with Sussex Police, and partner with Surrey FRS for systems & fall-back (hybrid).

1.13 At the same time continuation of a stand-alone ESFRS control room using the existing Remsdaq 4i solution operating from a local control has been considered.

1.14 The purpose of this covering paper is to introduce the final report from Mott Macdonald and the supporting SLT report (see appendix A); outline the detailed due diligence and option evaluation process that has been undertaken, and to recommend the preferred option to be implemented through Project 21.

2 DUE DILIGENCE PROCESS

2.1 The diagram below illustrates the Due Diligence steps we have undertaken:



2.2 In September 2018, during the Discovery phase, ESFRS commissioned Mott MacDonald to undertake an initial options study. The study identified an acceptable long-list of options, which was narrowed to a short-list of three options that were evaluated. In undertaking this exercise, a number of organisational principles supplied by ESFRS were used to agree evaluation criteria for the options.

2.3 During the pre-qualification stage SLT reflected on the principles and the options available to them. The principles were reviewed in an SLT workshop in March 2019 facilitated by Mott MacDonald. The outputs of the workshop included:

- A set of pass/ fail criteria based on the lessons learned from the Sussex Control Centre project and which were used to move from the long-list to short-list of options.

- A revised set of principles and weightings split into two categories of Effectiveness (operations) and Efficiency (cost).

2.4 The pre-qualifying stage comprised a round of discussions and meetings with key players at each of the potential service providers' headquarters to discuss the organisational, operational and technical aspects of each option. Before these face-to-face meetings, potential service providers were asked to complete a 23-question document, which helped frame the discussions. The aim of the pre-qualifying stage was to enable the down-selection of the options prior to undertaking a Detailed Due Diligence process on a revised short-list.

2.5 The purpose of the detailed due diligence was to:

- Furnish the Fire Authority with information to enable them to make a recommendation for a preferred option;
- Inform ESFRS' subsequent business case;
- Inform any future agreement with the preferred service provider;
- Assist and support transition and delivery planning for a new service.

2.6 The detailed due diligence comprised the following main elements:

1. Issuing a Request for Information (RFI) to the service providers, to which they were requested to respond with extensive supporting documentation and evidence.
2. The creation and population of a financial model, driven by the collection and review of annual service and transition costs broken down in a granular manner including costs for ESFRS and the service provider and its suppliers.
3. Site visits to the suppliers spread over two days.
4. Reference telephone calls with "customer" FRS. For NWFC, a representative from Cumbria FRS was interviewed on 17 July 2019 and for SFRS, a representative from the Isle of Wight FRS was interviewed on 15 July 2019.

2.7 The scoring methodology was based on the following weightings:

- Effectiveness (Operations and People) 60%
- Efficiency (Cost) 40%

2.8 Scoring for Effectiveness was carried out against each of the Effectiveness Principles as set out below with their associated sub-weightings:

	Category	Principle	Weighting 60%	Split 100%
1	Operations/ ICT	An available and highly resilient control and mobilising service.	15%	25%
2	Governance	ESFRS have influence and authority in key governance.	3.6%	6%

3	Operations/ ICT	The service is provided by data-led technology; that is, it supports dynamic mobilising, status messaging, dynamic updates to operational procedures and risk data and DGNA	7.2%	12%
4	Operations	Supports interoperability (JESIP principles) to aid situational awareness during major incidents.	7.2%	12%
5	Operations	Supports the use of cross-border shared resources and expertise.	7.2%	12%
6	Operations/ ICT	Evidences regular training, exercises and implementation of lessons learned.	7.2%	12%
7	Operations/ ICT	Partners/ providers who are seeking to exploit new and innovative communications technologies, for example, social media.	1.8%	3%
8	Governance	Partners/ providers should be financially sustainable.	3.6%	6%
9	Governance	Partners/ providers should have the authority to govern their own organisation.	3.6%	6%
10	Governance/ Operations	Partners/ providers that have strategies in place to identify and realise ongoing operational efficiencies.	3.6%	6%

2.9 Scoring for Efficiency (Cost) was based on the various cost components (from both ESFRS and suppliers) collected in the financial model referred to earlier. These figures were all subject to review, challenge and sign off by the ESFRS Finance team. The formula and weighting applied to the cost calculation was a standard methodology often applied to assessing contracts for services that is:

$$\frac{\text{Lowest Cost x Maximum Score Available}}{\text{Assessed Option Cost}}$$

3 **SCORING AND PREFERRED OPTION**

3.1 The four options were assessed and scored against the criteria set out above. In the “Effectiveness” category the results ranged from 2.05 - 2.13. In the “Efficiency” category the range was 1.80 - 2.00. These results demonstrate that the differences are therefore not material with less than 4% difference between the highest and lowest effectiveness scores.

3.2 In coming to a preferred option therefore, it was recognised by SLT that all options came with different strengths, weaknesses, risk and opportunities. As the Motts report identifies, it is clear that there are concerns in terms of the ability of Surrey FRS to deliver the proposed solution within the nominal timescale (end of March 2021), principally due to the fact that SFRS are currently on-boarding WSFRS and the fact that the final solution design needs to be agreed. Notwithstanding this Surrey have provided an indicative high-level project plan which does assume March 2021 cut-over.

3.3 However, it should be noted that there are also risks in relation to the other options which could equally impact on time and cost. In order to provide balance, it must be recognised that there are risks over some aspects of the other options which also require this Service to make assumptions around their ability, and that of their and their partners, to deliver on the proposal.

3.4 Whilst the technological challenges and risks are material and should be part of the decision-making process, it is important that the operational effect of the various options are equally considered. In this respect, it is the view of officers

that there is a significantly greater operational advantage to be gained from outsourcing to Surrey FRS than to the other potential provider.

3.5 **Operational Assessment**

3.6 The Fire & Rescue National Framework for England (Home Office 2018) provides fire and rescue services with guidance and expectations on a range of operational and other matters.

3.7 In relation to those matters a fire authority should consider when they construct their integrated risk management plan (IRMP), the Framework states that the plan must:

... “demonstrate how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on its communities, through authorities working either individually or collectively, in a way that makes best use of available resources”

3.8 The National Framework goes on to describe expectations in relation to intraoperability and interoperability across emergency services. In this regard, fire and rescue authorities must collaborate with other fire and rescue authorities to deliver intraoperability (between fire and rescue authorities) and interoperability (with other responders such as other emergency services, wider Category 1 and 2 responders and Local Resilience Forums) in line with the Joint Emergency Services Interoperability Principles (JESIP).

3.9 For information, “intraoperability” includes, but is not limited to:

- compatible communications systems, control rooms and equipment;
- common command and compatible control and co-ordination arrangements;
- effective information, intelligence and data sharing;
- compatible operational procedures, and guidance with common terminology;
- compatible training and exercising (both individually and collectively); and
- cross border working with other English fire and rescue authorities and those in the devolved administrations.

3.10 It is the view of officers’ that it is easier and more effective to work collectively in this regard in delivering improved intraoperability with other local fire services and interoperability with other emergency services through a local control room rather than one which based in another part of the UK.

3.11 It is for these reasons that the majority of control room collaborations and partnerships in operation across the UK are based on defined and logical / coterminous geographical groupings. Such an approach allows for both immediate operational advantages and, subject to strategic agreement across partners, can also unlock longer term operational advantages, joint ways of working and efficiencies.

- 3.12 For example, for neighbouring fire services, a shared control room enables the ability to share resources (officers, crews or fleet) and to provide quickest nearest appliance across borders. It should be noted that such an operational and public safety advantage was a key objective of the original SCC project. It should also be recognised that the original intention of the “Future Control Room Improvement Programme” (established at the close of the FiReControl Project) was to help fire services improve efficiency and to strengthen resilience of their local control services and their ability to interoperate with each other, thereby strengthening resilience at a local level. This has resulted in the geographical groupings in operation across the country today.
- 3.13 Evidence also suggests that such geographically located control rooms also allow for more effective incident management and resourcing during larger incidents such as wide area flooding and major incidents. With the Surrey outsource option, operating a fire control environment across the two partner Local Resilience Forums (Surrey LRF and Sussex LRF) would offer a number of advantages specifically around early information sharing, joint situational awareness, joint assessment of risk and joint decision making during the initial stages of a major incident.
- 3.14 Looking nationally, it is possible to see where amalgamations of control rooms across geographical regions, or sub-regions, are unlocking operational alignment and conversion between services. This can be evidenced through the work being undertaken across the Thames Valley and the South West where fire service control room partnerships are committed to delivering operational benefits through using the integrated control function to drive operational alignments and benefits across the larger “service” boundary.
- 3.15 It is the view of officers therefore that Surrey’s geographical proximity and the fact that the relationship would be a full tri-service partnership (along with WSFRS) offers more potential to collaborate in other areas over NWFC, and “partnership” governance arrangements will support this. Sharing a control or mobilising function makes sharing resources easier, as all information flows through the control room which sits at the heart of the organisation. This is supported by the fact that joint fire – fire control rooms are working nationally and have proven benefits. The operational benefits deliverable via a Surrey solution will therefore be:
- Truly borderless mobilising for two of our adjacent counties.
 - Convergence of operational procedures across three adjacent counties resulting in efficiency opportunities – for example standardisation of Predetermined Attendances (PDA’s – the number and type of resources that are mobilised to certain incident on the initial call) to ensure more efficient asset mobilisation.
 - Alignment of fire services to support the operational delivery and mechanisms of the Local Resilience Forums pan Sussex and Surrey.
 - Making a local incident control room available during major or complex incident. (for example, during the Birling Gap incident a senior officer coordinated the response from SCC at Haywards Heath).
 - Allowing Officers remote visibility of the mobilising systems and operational activity via the “Boss” software application.

- Use of pre-alerting functionality.
- Retention of some local knowledge as a result of a lesser TUPE impact than other outsource options.
- Benefit from the learning arising from the previous on-boarding of WSFRS by Surrey.
- In the longer term, there is significant potential for greater collaboration in other areas across support functions (e.g. shared procurement, shared operations teams, shared response officers, shared training courses) and major projects (e.g. FireWatch and CRM).

4 FINANCIAL IMPACT

- 4.1 The Motts report concludes that all options are extremely close in terms of their overall cost and that a small change of only +/- £150,000 (1.5%) would change the ranking of options from a financial point of view. Given that this level of sensitivity is within the likely accuracy of the overall figures at this stage cost is therefore in Mott's view not a differentiating factor between options.
- 4.2 This project represents a significant financial investment for the Authority and exposes the Authority to risks, both financial and otherwise. It will draw on the Authority's financial reserves and create an additional pressure on its Revenue Budget at a time when there is significant uncertainty regarding future funding and the Medium-Term Finance Plan forecasts a worse-case scenario requiring savings of up to £4.7m by 2024/25.
- 4.3 It is important to note that, as previously reported to the Authority, the cost of maintaining a standalone mobilising function at Haywards Heath after the departure of WSFRS is c£0.5m pa over the current base budget provision.
- 4.4 The Mott's report models the financial costs of each option evaluated. It is officer's assessment that there is a greater level of cost uncertainty and a greater risk of a longer implementation period for the preferred option. In order to reflect this in financial terms it is prudent to add a risk contingency to the transitional cost of the preferred option as set out in the Mott's report. This means that the total cost of the preferred option is £11.107m or £0.767m more than the lowest cost option.
- 4.5 We have taken the adjusted cost of the preferred option set out above and considered the funding available to finance both the one-off transitional costs and the ongoing revenue costs. Some transitional costs can be offset against existing funding within the IT Strategy and the funding agreed for the SCC Project by the Fire Authority in July 2019. Ongoing revenue costs can be offset against the existing revenue budget for the Authority's 50% share of the cost of the Sussex Control Centre. The position against the preferred option is summarised in the table below. It shows that the Authority will need to find additional funding of £4.051m for transitional costs (2019/20 – 2022/23) and £0.124m pa (2021/22 – 2025/26) for ongoing revenue costs.

Table 1. Preferred Option – cost v. available funding

	Total
	2019/20 – 2025/26

	£m
Transitional cost	5.117
Funding available	1.066
Funding Gap	4.051
Annual Revenue Cost	5.990
Base Budget Provision	5.370
Funding Gap	0.620

- 4.6 The Authority will be aware that the majority of its earmarked reserves are fully committed to fund planned investment in Estates, IT and Fleet and well as other Improvement and Efficiency initiatives. General Balances (unallocated reserves) are forecast to reduce to £2.119m by the end of this financial year and at 5.4% will be below the Authority's existing policy threshold of 6%. In order to fund the required transitional costs for the project the Authority would need to utilise reverses currently earmarked to fund other capital investment. This would bring forward the need to borrow to fund the capital programme and the associated borrowing costs will increase the pressure on the revenue budget. The forecast impact on the revenue budget is shown below. Subject to the approval of this report these costs will be built into the Medium-Term Finance Plan and the Capital Programme for approval by the Authority, along with the 2020/21 Revenue Budget, in February 2020.

Table 2. Revenue Budget Impact of Proposals

	2021/22 onwards per annum £'000
Additional cost of mobilising service	124
Interest cost of borrowing	120
Minimum Revenue Provision	160
Total revenue budget impact (2021/22 price base)	404

5 ESFRS STAFF

- 5.1 SLT are very mindful of the long journey that our Control Room Staff have been on and also recognise that they will find further change extremely unsettling. We have committed to working to provide support and redeployment opportunities for our staff, many who have given long and professional service to East Sussex and, after the Fire Authority final decision, we will begin work in earnest with both the representative bodies and all staff directly affected to explore their future options, not forgetting that the recommended option will afford TUPE protection to some. We will also explore alternative options for those may wish to explore alternative roles within ESFRS, indeed some are already actively exploring those options.

6 RECOMMENDATION

- 6.1 Having considered all of the points above and following a significant amount of further professional reflection and judgement, it is the recommendation of SLT that Option 1 - Outsource to Surrey FRS should be taken forward for implementation.
- 6.2 It is accepted that joining a Surrey outsource model will require more time, cost and effort for transition and this could continue into “steady state” operations. There are risks relating to timing due to the Surrey’s current on boarding of WSFRS, as well as with the confidence of the technical delivery of the necessary ground-based Airwave interface. However, in order to mitigate these risks, it is proposed to seek the following assurances from Surrey over the coming months:
- Confirmation of joint governance arrangements, including roles and responsibilities, for both the transition period and subsequent BAU operations
 - Details of Surrey and WSFRS joint plans and delivery dates to end of March '22 for key system integration milestones such as SAN-H re-purposing, e-IRS, Firewatch integration, MDT rollout and Incident report data warehouse
 - A final draft Partnership Agreement setting out the terms of engagement and responsibilities of all parties throughout the transition period
- 6.3 Surrey’s geographical proximity and developing partnership with WSFRS offers the potential to deliver immediate operational benefits (cross-border dynamic mobilisation, sharing resources, better situational awareness and effective management during large scale events, better joined up communication and engagement through the LRF structures for major incidents) as well as the potential to collaborate in other areas in the long-term.
- 6.4 Sharing a control or mobilising systems makes sharing resources easier, as all information flows through the control room which sits at the heart of the organisation. The “partnership” governance arrangements through which this Service will be an equal partner, would support this.
- 6.5 Any time or cost risks associated with the preferred option need to be considered alongside the operational, industrial relations and people impacts of the alternative options. When the clear operational effectiveness differences are then laid on top, it is the view of officers that there are significantly greater operational advantages and future opportunity with SFRS than the other options under consideration.