

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

27 JUNE 2016

1. FUTURE GOVERNANCE OF WEST MIDLANDS FIRE SERVICE.

Report of the CLERK TO THE AUTHORITY.

RECOMMENDED

THAT Members approve the strategy proposed in this paper concerning reform of the West Midlands Fire and Rescue Authority (the Authority).

THAT Members approve the implementation of a 'Future Governance' working group.

THAT Members approve the outcomes, purpose, approach and timeline for the 'Future Governance' working group as set out in this paper.

2. PURPOSE OF REPORT

2.1 This report is submitted to signal The Authority's intent to review the governance arrangements for West Midlands Fire Service (the Service). This review will be undertaken considering the options that currently exist around future governance: a Fire Authority or reduced Fire Authority, Police and Crime Commissioner (PCC), a possible future Mayoral model, including potential combination of Fire. This review will support Home Office expectations regarding accountability.

2.2 The review will focus on the need for improved scrutiny in governance arrangements, as well as measuring the outcome of current and future service delivery to the communities of the West Midlands and beyond.

3. BACKGROUND

3.1 WMFSs Approach to Service Transformation

3.1.1 The Authority fully supports service wide transformation and has agreed plans prior to the introduction of the

Comprehensive Spending Review (CSR) in 2011, to achieve significant reductions in central government grant (core) funding of approximately £28 million from 2011/12 to 2015/16.

- 3.1.2 Ongoing transformation over the past 6 years has impacted on both service support and service delivery functions. The Service has met the required reductions in core funding, through exploring and implementing more challenging and innovative approaches to the delivery of internal and external community facing services. In doing this and whilst the Service has had to make decisions that have increased risk in some areas of response, prevention and protection, these have been assessed through an evidence based approach, using Integrated Risk Management Plan (IRMP) analysis to minimise the impact on service to the community
- 3.1.3 This period of CSR (which is set to continue to at least 2020) has provided opportunity to build on an already efficient and effective model, through seeking to transform our services in areas that could bring enhanced benefit to the community, both locally and nationally.
- 3.1.4 Service transformation in this way underpins the Services' priorities and outcomes as set out in our 3 year rolling Corporate Strategy, The Plan.
- 3.1.5 Critical to the delivery of The Plan is the Service Delivery Model (SDM). The SDM is the foundation of all planning and analysis and provides the level of resources needed to be able to respond to high risk (life and property) incidents within a risk based 5 minute attendance standard. This attendance standard enables the Service to reduce risk to firefighting and increase the survivability of the victim, as well as reducing the impact of fire on the local community and economy.
- 3.1.6 The SDM is the lynch pin to supporting an integrated approach to the delivery of our prevention, protection and response services. This is our commitment to the communities of the West Midlands in response to our IRMP and aligned to our Plan. Amidst the challenges that CSR presents to the Service, the SDM cannot be compromised.

3.2 **Delivering Service Transformation**

- 3.2.1 Since the beginning of CSR the Service has worked alongside staff, representative bodies, partners and communities to implement changes which have delivered public service transformation. Through innovation and reform new concepts and ways of working have been introduced, which have led to efficiencies and as importantly, to the maintenance and improvement of services to our communities especially the most vulnerable. Real reform brings both challenges and opportunities; the changes we have implemented have challenged thinking and been achieved through robust planning and implementation.
- 3.2.2 Service Support functions undergo rigorous review in terms of improved efficiency and effectiveness and we continually explore opportunities for collaborative working with other partners. Since January 2011, we have reduced the number of non-uniformed staff by 26% (514 to 380 staff).
- 3.2.3 Outcomes have been achieved from implementing a management review and a further review of the corporate team during 2012-14. This has enabled the Service to downsize and reorganise its management structure, whilst creating a much leaner and more accountable approach to leadership. As a result of this the Service has realised savings of approximately £1.5 million per year.
- 3.2.4 To effect a change to custom and practice can be very difficult from a cultural perspective. Resistance to change from staff if they are not well engaged, can result in failure and even when engaged there is a great deal of uncertainty. The Service has sought engagement at all opportunities and has gone further in this, in enabling staff to generate ideas for change and then design and implement these.
- 3.2.5 Across service delivery the Service has reduced front line, firefighting staff by 18% (1552 to 1279) since 2011 and predict this will reduce by a further 7% (25% in total and 1168 staff) by May 2017. The SDM and delivery of a 5 minute attendance standard, relies on a front line resource of 1322 firefighters. This reduction in resources, driven by the need to meet reducing budgets, presents a risk to the delivery of services to the community.

3.2.6 These changes have challenged the Service to explore innovative approaches to the flexible deployment of front line resources, examples of which are set out below. These have come with additional risks in relation to the impact on services to communities, partner relationships and employee engagement. The Service has managed, controlled, mitigated and where possible removed these risks through effective and robust planning, change management, leadership and communications.

- a) The introduction of only staffing our specialist vehicles when they are needed through a dual staffing approach. By being able to vary fire fighter and fire appliance availability in this way, savings of approximately £4 million per annum and a reduction in 96 operational posts have been achieved.
- b) We have worked to introduce a blended fleet with a range of vehicles being crewed by 1,2,3,4 or 5 people, enabling our response to emergency incidents, prevention and protection activities and commissioned services, to be appropriate and in line with our IRMP and risk. However there is the potential that with a blended fleet for a short time, if attending an incident the first resource in attendance may not have the right number of people or equipment to act assertively. This risk is managed by ensuring all our staff have the right knowledge and understanding of resource capabilities, that vehicles are placed in the optimum location according to risk and the right resources are deployed when an incident occurs.

c) The introduction of a new staffing model has enabled us to implement more efficient staffing arrangements, enable balanced leave across the year and maintain our fleet availability at the optimum level at all times within an environment of reducing budgets. Fleet availability supports our risk based 5 minute response time, maximises survivability, minimises the cost of fire and the burden on business.

3.2.7 Through using our IRMP the Service has been able to consider potential risk and how a change in resource, aligned to our SDM will impact on the delivery of services to our communities and particularly to those most at risk. Adapting using a scalable model when considering the allocation of resources (i.e. dual staffing) has meant the Service has been able to meet funding challenges, whilst essentially maintaining the SDM.

3.2.8 Risks can be either immediate or longer term in nature. As highlighted above our decisions are evidence based and under regular review. However it is difficult to fully understand the impact funding cuts will have on the delivery of services and local communities in the longer term, as some of these outcomes are yet to be realised.

3.2.9 As we look forward over the next four years the Authority is set to receive further cuts to core funding of approximately £10 million. This means by 2019/20 core funding will have reduced by approximately £38 million since the cuts began in 2011/12. This is an unprecedented reduction, taking total cuts in core funding to circa 50% in this nine year period.

3.3 Delivering Services Differently

3.3.1 As the CSR entered its fourth year and it became clear that funding cuts would continue. The Service needed to explore different approaches to addressing these. There needed to be a focus on growing and improving the services delivered to communities, but also provide a funding stream to support the delivery of these and the maintenance of the SDM.

- 3.3.2 The Service had already begun to integrate the findings of the Marmot Review and the six Marmot policy objectives, as a baseline for delivering all community services. This created an opening in understanding that prevention services could serve to meet the wider priorities of other NHS and Local Authority organisations, with the outcome of protecting the most vulnerable communities and individuals.
- 3.3.3 Over the past 18 months the Service has developed a 'commissioned' approach to delivering wider prevention based services. This approach has seen the implementation of two Falls Response services, across Coventry and Wolverhampton and a trial currently operating in responding to Hospital Discharges. Extending our prevention based services to support the wider priorities of the 7 West Midlands Local Authorities and the NHS, not only provides the Service with flexible and sustainable income opportunities to support the maintenance and improvement of the SDM; but also supports our priorities in: Making the West Midlands Safer, Stronger and Healthier.
- 3.3.4 Our approach to commissioning continues to be explored in many areas alongside the development of local NHS Sustainable Transformational Plans. Through understanding the needs of our colleagues within the NHS and providing support through innovative, cost effective and technologically enabled work; we can provide support systems to the most vulnerable members of the community enabling them to be more independent within their own homes. We continue to grow our income generation opportunities through selling services such as ICT and Fire Engineering, through primary authority schemes and seek opportunities to increase our social value to the community.
- 3.3.5 We aim to generate £2 million in income from commissioned services and flexible funding opportunities, over this 3 year rolling period.
- 3.3.6 Collaboration across a range of partners is critical to the services delivered both nationally and to local communities. The Service benefits from positive collaborative relationships with a number of emergency and public sector services. Some examples include:

- Joint **Emergency Services Interoperability Programme (JESIP)**.
- West Midlands Police (WMP) – Fire Investigation.
- Emergency Services Mobile Communication Programme.
- Co-locating with West Midlands Ambulance Service.
- Sharing of estates with Birmingham and Coventry City Councils.
- Joint Fire Control with Staffordshire Fire and Rescue Service. This particular area of collaboration has resulted in £1.5 million joint savings per year with a joint saving of £11.6 million projected to 2020. This provides a good example of where local solutions have been delivered to create a more efficient and effective approach to front line service delivery.

3.3.7 The Service is committed to collaboration which extends wider across the emergency services and other agencies (such as the NHS and the third sector). This will enable the achievement of better joint outcomes aligned to our Plan, designed to provide more impact socially for our local communities in a more efficient and effective way.

3.4 **Improving Performance**

3.4.1 Despite these challenges we continue to focus our commitment on our communities and seek to continually improve. An outcome of these efforts can be seen in a progressive improvement in performance of our Category 1 (5 minute) attendance standard. During 2015/2016 achievement of this attendance standard performed positively throughout the year, with a median attendance of 4 minutes 47 seconds in the last two quarters of the year. This is the best performance seen in several years.

3.4.2 As highlighted earlier in this report placing the SDM at the heart of service transformation has ensured that this level of performance is achievable in a leaner organisation. The examples provided in paragraphs 3.2.6 a to c, demonstrate how the Service has been able and continues to positively implement real reform, aligned to our 3 year rolling Plan. This has been achieved in a way which ensures the delivery of

services to local communities, whilst enhancing essential service delivery performance and attendance standards.

3.4.3 The Service continually seeks to consider and explore other models to the delivery of both front line and back office services, as legislation and external changes ask us to look at these in different ways. However it is clear, that with the level of change implemented over the past 6 years and plans in place to address the forthcoming CSR period, further funding cuts would compromise our ability to maintain our SDM and meet the risks that exist within the West Midlands communities, as identified through the IRMP.

3.5 **A Period of Challenge and Change**

3.5.1 There have been many challenges for the Fire Service throughout the CSR period. The Knight review undertaken in 2013, placed the national Fire and Rescue Service under greater scrutiny. It began to challenge the way in which Fire and Rescue Services were run right at the end of the first round of the CSR. Challenges around the use of 'on call' fire fighters, closer collaboration, fire mergers/ combination and leaner management structures, were areas which the Service had already, or were at the time beginning to consider and address. The outcomes of the Knight review also highlighted the need to review Grey Book (Firefighter) terms and conditions. This was then followed by the Adrian Thomas Review in August 2014.

3.5.2 The Adrian Thomas review considered whether the current terms and conditions of the Grey Book are conducive to building the fire and rescue service of the future. The review was designed to take a look at national arrangements for agreeing conditions:

- management practices and crewing arrangements
- collaboration and integration with other emergency services
- the use of on call firefighters
- clarity of process in the fair recruitment and remuneration of chief fire officers and fire officers

3.5.3 Whilst the outcomes of the review have not yet been published the following themes have emerged and are

addressed through 46 recommendations:

- Culture and trust
- Regionalisation
- Use of the retained duty system
- Technology
- Recruitment, succession and leadership
- CFOA
- Fire Authority Members
- Base level firefighter role and training
- Industrial relations
- Future of the National Joint Councils for Brigade
- Managers and uniformed employees below that level

3.5.4 Both the Knight and Adrian Thomas review have and continue to set the direction for reform of the Fire and Rescue sector. Whilst the detail of the Adrian Thomas review has yet to emerge, conclusions can be drawn from the way in which Home Office policy is being developed, as to its content.

3.5.5 On the 11th September 2015 the Government released a consultation entitled 'Enabling Closer Working between the Emergency Services'. This consultation sought to garner opinion on 'how' a proposed new duty to collaborate for the three blue light emergency services could be implemented. This consultation clearly demonstrated the Government's intent to challenge the efficiency and effectiveness of Fire and Rescue Authorities, by proposing the governance of Fire and Rescue Services should sit with PCCs where locally agreed.

3.5.6 This consultation was followed by a rapidly progressed move of government department for the Fire and Rescue Service on the 5th January 2016, from the Department of Communities and Local Government to the Home Office.

3.5.7 On the 26th January 2016 the 'Enabling Closer Working' consultation outcomes were published. These outcomes proposed a new duty to collaborate on each of the blue light emergency services, as well as new powers for PCCs to take on the governance of Fire and Rescue Services. These powers are to be implemented through the pending Policing and Crime bill.

3.5.8 Following the move of the Fire and Rescue service to the

Home Office there has been much development in legislation, the Chief Fire Officers' Association (CFOA) priorities and the direction the Home Office is setting. These changes will reform the way in which Fire Services are governed in the future and critically, the way in which they will deliver their services of prevention, protection and response to their communities.

3.6 **The Future for Fire**

3.6.1 The recent announcement made by the Home Secretary, Theresa May on the 24th May 2016 recognised the 'striking achievements' made by Fire and Rescue Services in reducing fires, deaths and false alarms. She recognised that fire services had 'seized the need for change' at a local level and reformed themselves from the ground up. In recognising the efforts of Fire and Rescue Services in embracing prevention over response and shifting the balance of fire protection into industry and society more broadly, she recognised the 'deep understanding' of needs and risk of communities, that fire services have.

3.6.2 This statement also outlined an expected approach to reform for Fire and Rescue Authorities nationally. The announcement highlighted the following key factors:

- Closer collaboration with other local services
- The development of a coherent and comprehensive set of national standards
- Encouraging collective procurement
- The need for continued reform across the fire service focusing on greater transparency, accountability and scrutiny across its governance structures
- The need for a single accountable person to enable locally devolved decision making
- The undoubtable introduction of an inspectorate for fire
- A lack of diversity in the workforce and;
- The need for greater cross service collaboration to deliver efficiencies across the public sector, whilst also enhancing the delivery of services to the public.

3.6.3 The statement as well as the factors set out throughout this

report, highlight a clear desire from central government to affect a change, which will create an impetus for further reform wider than the delivery of services - reform for Fire and Rescue Authorities. The government and Home Office are committed to implementing governance structures which provide more scrutiny, transparency and accountability of decisions made.

3.6.4 These challenges must also be considered against the CFOA Change Programme. CFOA are working closely with the Home Office in developing a change programme, which will provide a clear direction for The Fire Service nationally. The proposed model is following the police model of a national body for Fire alike the National Police Chiefs Council – a National Fire Chiefs Council (NFCC).

3.7 **Changing Governance and Future Opportunities**

3.7.1 There are at least four future possible routes for governance of the Service: a fire authority or reduced size fire authority, a Police and Crime Commissioner, WMCA and Mayor and/or the Combination of Fire Services. Currently governance of a Fire and Rescue Service through a PCC or a Mayor as part of a Combined Authority, are the main options being proposed by Government with a route being set out via pending legislation.

3.7.2 However, following a recent meeting between Fire Minister, and the Metropolitan Chief Fire Officers. The Fire Minister confirmed, there would not be one governance approach for all Fire and Rescue Services. A number of structures will exist including:

- Metro Mayor structure
- PCC structure
- A middle area for rural / regional Metro Mayors

3.7.3 The Fire Minister further confirmed that combination of Fire and Rescue Services would be considered, as would the existence of Fire Authorities.

3.7.4 The Authority welcomes the opportunity to determine the most appropriate governance model via the development of business cases underpinned by efficiency, effectiveness and

economy based on public interest.

3.7.5 A Fire Authority

3.7.5.1 Currently all Fire and Rescue Services (excluding Scotland and London) whether Metropolitan, Combined or County Council, are governed through an Authority and Committees. These provide democratic accountability and governance of Fire Services to the communities they serve.

3.7.5.2 A Fire Authority is a statutory body with the Local Government Act 1985 and Local Government in Housing Act 1989, provides the basis for these arrangements. More specifically, for West Midlands Fire Service as a Metropolitan Service, the Local Government Act, s.29, schedule 10, currently sets out the number of Members that should sit on the Fire Authority, apportioning this amongst each of the 7 West Midlands Local Authorities.

3.7.5.3 The purpose of a Fire Authority is to provide policy and political direction to the Service and to approve the Authority budget.

3.7.6 A Police and Crime Commissioner:

3.7.6.1 One enabler to the governance changes Theresa May sets out, is the introduction of the Policing and Crime Bill (the Bill) later on this year (2016). As highlighted earlier and as an outcome of the 'Enabling Closer Working' consultation, this Bill introduces a duty for each of the emergency services to collaborate more. The Bill also makes provisions for Fire and Rescue Services to be governed through a single elected accountable person, a PCC or (following recent amendments) a Mayor, where this is locally determined. Once the Bill becomes an Act, the PCC will have the ability to submit a business case to the Secretary of State, to take over the governance of Fire and Rescue Services in their areas.

3.7.6.2 Any business case must be able to demonstrate the

benefits of this change against the delivery of improved efficiency, effectiveness, economy and public safety.

- 3.7.6.3 The Bill provides two options for the future governance and management of both organisations (Police and Fire). The first is where the PCC is both the governing body and the employer with Chief Officers from both organisations reporting in. The second enables the PCC to be the governing body but appoints a 'single employer', a Chief Constable, to oversee both organisations (Police and Fire). In this case the Chief Constable becomes the 'employer'. A structural diagram displaying these two options is detailed in Appendix 1.
- 3.7.6.4 The Bill also makes provision for differing arrangements in London where the London Fire and Emergency Planning Authority (LFEPA) will be abolished and the London Fire Service will be brought under the direction of the Mayor of London, who will set its budgets and strategic direction. The London Fire Commissioner will become a 'corporation sole', with the functions of the abolished LFEPA being transferred to the Commissioner. The Commissioner will have the functions of the Fire and Rescue Authority for Greater London.
- 3.7.6.5 A Fire and Emergency committee will be formed with the purpose of scrutinising the Commissioner, Fire Service and Mayor.
- 3.7.6.6 **Following the introduction of the Policing and Crime Bill, the West Midlands PCC will have been provided with the powers to compile a business case to the Secretary of State to take on the governance of the Service. The outcome of the work proposed in this report, should be a primary source of evidence for any potential business case.**
- 3.7.6.7 **West Midlands Combined Authority and Mayor:**
As part of public sector reform, handing down power

and money from central government to local authorities through devolution deals, means that decisions and spend can be made locally for the benefit of the region. This can be achieved through the joining of services to deliver better outcomes for the community. Devolution is a critical agenda for central government and through the Cities and Devolution Act 2016, will be delivered through a Mayor as the leader of a Combined Authority.

- 3.7.6.8 The WMCA has been operating in shadow status over the past 9-10 months and will take on its legal status on the 17th June 2016. Currently the first devolution deal has focused on the priorities of skills and training, economic growth and a better, faster transport infrastructure. Future devolution deals are currently being worked upon, but it is not clear when and if the inclusion of the Service will form part of these.
- 3.7.6.9 Mayoral elections for WMCA are due to take place on the 4th May 2017, which provides an opportunity through engaging as part of the WMCA (as we currently are) to influence the route that the Service can take.
- 3.7.6.10 Following recent amendments to the Bill, provisions have been made for the Mayor of a Combined Authority to have the direct power to “exercise the functions of Fire and Rescue Services”. This will require further amendments to the Local Democracy, Economic Development and Construction Act 2009. Therefore there exists the possibility that governance of the Service can move to the Mayor and be provided for through this structure.
- 3.7.6.11 It is important to note this is not an intention or route that has been formally set out as yet by the WMCA, or in agreements as part of the Mayoral process. The ability for The Authority and the Service to influence this from both a political and business perspective is critical.**

3.7.7 Combination of Fire:

- 3.7.7.1 Governance as part of the WMCA and Mayoral structure, provides an opportunity of greater collaboration and possibly combination of neighbouring Fire Services within the WMCA. Both Warwickshire and Shropshire County Council are non-constituent members of the WMCA. These Councils cover two of the four neighbouring Fire Services and as such, this could provide a basis for exploring further the case for combination. Research undertaken during 2015 led by West Midlands Fire Service, highlighted that the combination of neighbouring Fire Services has the potential to deliver wider efficiencies and importantly, will not impact on the current performance standards of each Fire Service.
- 3.7.7.2 As highlighted in paragraph 3.7.1, the route for governance for Fire and Rescue Authorities is set out through a Police and Crime Commissioner or a Mayor, via the Policing and Crime Bill. This is due to reach Royal Assent and become an Act towards the end of 2016. At this stage the West Midlands PCC will be able to make a business case for the governance of West Midlands Fire Service. Mayoral elections are due to take place in May 2017 and nominated candidates are already being announced. A Mayor, once elected, will then have the ability to make a business case for the governance of the Service.
- 3.7.7.3 The Authority therefore has a relatively small window of opportunity - five to six months, to influence the future governance of the Service and influence the mandates of the Mayoral candidates and the WMCA. The objective of this would be to enable the governance of the Service through a Mayoral model being considered on the same level as the PCC. The reasons for this are as highlighted in section 3.8 below. A more detailed timeline is set out in section 3.10.

3.8 WMFRA commitment to future governance

3.8.1 The Authority engages openly in ongoing external developments impacting upon the Service and importantly its ability to deliver prevention, protection and response services to its communities. Whilst the Authority sees greater benefits in the delivery of services to the communities through a governance model as part of the WMCA and Mayor; the Authority is committed to exploring an evidence based approach to understanding the case for change for each of the possible governance options. As such the Authority and Chief Fire Officer (CFO) maintain ongoing discussions with the West Midlands PCC and engage effectively with the WMCA.

3.8.2 The Authority understands that a mayoral arrangement as part of a devolution agreement will take in the powers of a PCC in the future. This makes it logical to work efficiently toward a route for the powers of the Authority to be considered alongside this single status for governance as part of the WMCA. Further evidence of current operating that would benefit aligning to a governance structure as part of the WMCA Mayoral model is:

- Our 3 year rolling corporate strategy 'The Plan' clearly demonstrates commitment to the delivery of integrated prevention, protection and response services. The Strategic Enabling Team's (SET) continuous focus on the changing external environment and organisational developments, enables a dynamic review and refresh of 'The Plan'. SET engage the wider organisation in thinking about future challenges, assess the impact of internal and external changes and determine the strategic direction of the Service. Members are engaged in this review through Policy Planning Forum and thereafter the Authority approves 'The Plan'.
- A significant element to the integration of services guided through 'The Plan', focuses on how the Service has and continues to embed itself in the delivery of wider prevention and protection based services. These services seek to deliver wider, joint partner outcomes to the communities of the West Midlands such as, enhancing independent living for the most vulnerable and supporting economic growth through strategic

regulation.

3.8.3 The integrated SDM makes this possible, as this is built on the right allocation of resources to risk, to provide a 5 minutes attendance standard to the most serious incidents. This approach means the Service can focus on excellence in the training and development of our staff. A 24/7 (whole time) service to the communities of the West Midlands, supports front line staff in delivering excellent integrated prevention, protection and response services designed to meet the needs of the communities of the West Midlands.

3.8.4 If governance for the Service were to be provided for by the West Midlands PCC is not clear as to whether this governance model has the potential to provide the same service delivery and community outcomes, that governance under a WMCA and Mayor could. The likelihood of both the Police and the Service being governed as part of a Mayoral model in future years is high. A governance move to a PCC and then a Mayor would have significant financial, service delivery and staffing implications. It is primarily for these reasons that the Authority and the Service are keen to avoid a change in governance twice.

3.9 **Key Challenges for the Authority**

3.9.1 It is clear that whichever governance option the Service falls within in the future, the Authority will not exist as it does now, maintaining the status quo is not an option. Home Office expectations around reform of the Fire Service are developing at a pace, as their knowledge of the fire sector becomes clearer. The Authority must now consider how it influences, works with and responds to changes as the Government pushes forward local devolution and public sector reform. Some critical challenges will be:

- How to stay relevant in changes taking place across the West Midlands local government space.
- Maintaining clear alignment to WMCA from a governance and service provision perspective.
- Demonstration of ownership of reform and change through greater accountability and scrutiny to communities and stakeholders.
- Maintaining identity as West Midlands Fire Service

from an operational and service perspective through continued delivery of excellent services to the community

- Adopting an approach to governance which can:
 - Move seamlessly into WMCA – maintaining a more informed, experienced and accountable governance structure for the Service.
 - Demonstrate scrutiny and transparency in decisions made and value for money in the services provided.
- Working with the PCC to reach a joint evidence business case for the future of governance of the Service.

3.9.2 These challenges must also be considered against the developing CFOA Change Programme as highlighted earlier in paragraph 3.5.8.

3.9.3 Without actions taken to address the above challenges the Authority and the Service could potentially lose relevance, credibility and public confidence (an emerging corporate risk), as uncertainty around the future governance of the Service highlights the potential to impact on the future priorities set out in The Plan and agreed outcomes for local communities.

3.10 **The Pace of change – Our Timeline**

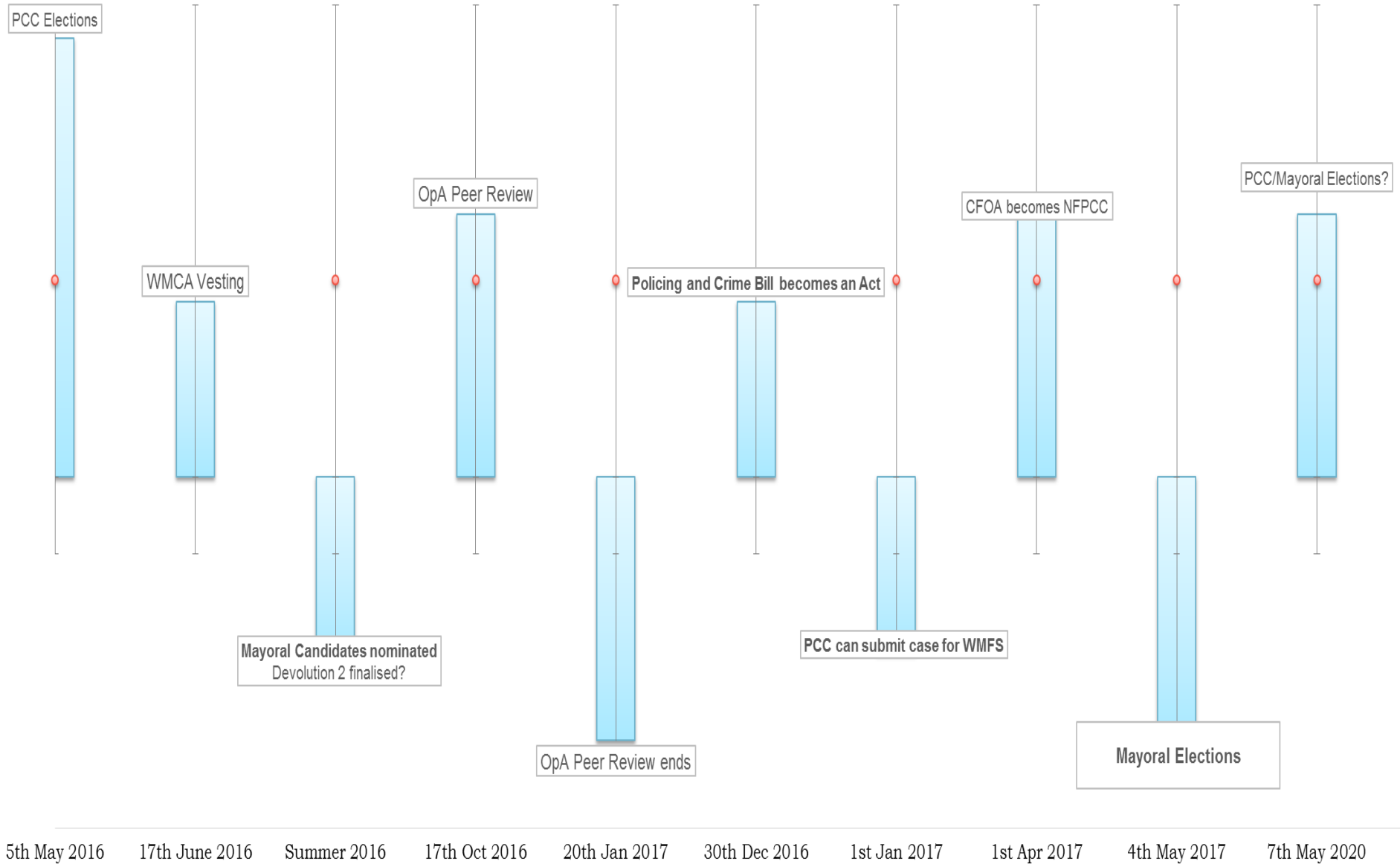
3.10.1 The Home Office have clearly stated that the fire service will reform. The expectation has been set that change will impact on fire services, as well as their governing body's.

3.10.2 The timeline below highlights the pace of this change from a governance perspective. Most significant changes that will impact on, or even dictate the future governance of the Service are due to be implemented within the next 12 months. The pace of change is faster than ever before.

3.10.3 The Authority must be able to influence the future direction of governance for the Service through reviewing current arrangements and engaging in understanding the best way forward for effective governance arrangements, whilst ensuring value for money in services delivered to the communities of the West Midlands.

- 3.10.4 A key milestone in the timeline for Members to consider as highlighted earlier in section 3.7.6.1, is the introduction of the Policing and Crime Bill later this year and the powers this then places with the PCC to develop a business case for the Service. This provides the Authority now with four to six months to influence and determine the direction it needs to take, against a backdrop of changing legislation and governance frameworks. Any direction for the future needs to address: the priorities set by the Home Office, consider all evidence based business cases, as well as influence the Authority and Service direction. This aspires to the benefits to services delivered, which accountability through a Mayoral model can provide.
- 3.10.5 The timeline detailed below provides an overview of the most significant governance, legislative and political changes over the next three to four years.

The Pace of Change - Governance Timeline



3.11 **Influencing Our Direction**

- 3.11.1 The CFO and other officers have engaged in developing discussions with the WMCA for the past 9-10 months. Initially this was through the Public Sector Leadership Board and more recently by establishing the Authority as an 'Observer' through the WMCA Shadow Board, led by the seven Metropolitan Council Leaders and the Programme Board.
- 3.11.2 The ability to engage with the WMCA as an observer provides the Authority with an invaluable opportunity. Allowing us to further influence the understanding of both constituent and non-constituent members, of the wider services the Service has to deliver and importantly how this will contribute to the priorities of the WMCA.
- 3.11.3 The Service has recently agreed to lead the 'Troubled Individuals' work programme on behalf of the WMCA, a clear signal that WMFS can lead and support these wider agendas.
- 3.11.4 Whilst the WMCA provides a progressive governance option for the Authority, the Chair and CFO maintain regular discussion with the PCC. This enables two way communication and a continued approach to collaboration with West Midlands Police.

3.12 **A Year of Change – A Future Governance Working Group**

- 3.12.1 This report has so far provided a broad overview of how the Service has reformed in the delivery of its services both internally and externally. Previous reviews of the National Fire Service have been described, providing an evidence base and trigger for the Government's agenda for reform of fire. An overview of the range of cases for possible future governance of the Service and the preferred direction of the Authority has been set out, as has the clarity in the timeline. It is clear in 12-24 months' time the Service is likely to move to a different governance model. Whichever option is implemented accountability, scrutiny and governance for fire services in the future will look quite different to what exists through the Authority today.

- 3.12.2 The Authority has the opportunity now to influence what this may look like and determine with key stakeholders the right governance structure, which will help to stabilise the Service and the delivery of services for local communities. This would pave the way for the future governance of WMFS, to ensure delivery against government agendas without losing the current democratic approach to decision making.
- 3.12.3 To support future change this report proposes the commissioning of a 'Future Governance' working group. This group will review the appropriateness of the current makeup and structure of the Authority, against the changing external influences highlighted in this report. The working group will consider the widest range of cases and examples for the future governance of the Service. Most of which have been included in this report in section 3.7.
- 3.12.4 The purpose of the working group will be to determine the best approach to delivering the governance of the Service through considering the range of business cases in a balance way. Any future options will need to support increased scrutiny, transparency and accountability of decisions made to local communities in a value for money way.
- 3.12.5 The outcomes of the working group will be: for the Authority to be able to make an evidence based decision, on the best case for governance for the Service in the future and the best approach to achieving this.

3.13 **Approach and timeline:**

- 3.13.1 It is proposed that the working group adopts the following approach:
- A review period of 4 to 6 months, delivering review outcomes and recommendations at the February 2017 Authority.
 - Membership of the working group consists of five Members of the Authority and five external stakeholders. This make up will enable effective scrutiny of current arrangements and future options, as well as consideration of the wider external issues

facing public services, which will impact on the future delivery of 'The Plan'.

- Working group members will commit to a work programme and schedule outside of 'normal' Authority business.
- An independent external Chair will be appointed to the group. The Chair will:
 - Possess the right skills and personal attributes require for the role.
 - Be responsible for setting the agenda for the working group, ensuring evidence is considered in an accurate and timely way
 - Promote a culture of openness and debate
 - Facilitate effective contribution from all working group members.
- The Chair will work with the Clerk to ensure the purpose and scope of the review is understood and provides appropriate support and challenge to enable the group achieve its outcomes as set out in paragraph 3.12.5.

3.13.2 The structure of the core working group is suggested as follows:

3.14 **Future Governance Working group:**

- 5 Authority Members
- 5 External Stakeholders: PCC office, Health expert, WMCA Officer and a Home Office Representative
- CFO as an advisor
- External independent Chair – Price Waterhouse Coopers
(Clerk to the Authority and Officer to support above)

3.14.1 In determining the Authority Members on the working group consideration should be given to gender, BME and political balance.

3.14.2 The role of the working group is as set out above in paragraphs 3.12.3 to 3.12.4.

3.15 **Sounding Board:**

3.15.1 To enable suggested ideas to be tested for validity and likely success, the Authority's Section 41 Members will provide the role of a 'Sounding Board'. This role will also enable effective progress to be monitored.

3.15.2 To include all Section 41 (lead) members.

3.16 **Key Stakeholders:**

The following additional stakeholders will be engaged in the review using a variety of approaches, to enable the deepest insight into the potential cases for future governance:

- WMCA CEOs and leaders
- Union officials (Unison, Fire Brigades Union, Fire Officers' Association and Association of Principal Officers
- Home Office
- Representatives from CFOA, LGA and CLG
- Chief Fire Officers from regional fire services
- WMFS Officers
- Grant Thornton

3.17 **Guiding Principles:**

In its approach it is suggested that the working group adopt the CIPFA Good Governance Standard for public services. This is an accepted and established standard and will provide a set of guiding principles for the review. This standard can be used to assess the strengths and weaknesses of current governance practice. It will support the working group in understanding the improvements required to enable the Authority to conform to Government expectations of reform, greater scrutiny and transparency and accountability. The standard comprises six core principles of good governance, which focus on the role of governance in delivering outcomes for communities, these six core principles are set out in Appendix 2.

3.18 **Influencing factors:**

3.18.1 To further address the challenges set out earlier in section 3.9, the working group should give consideration to the following factors:

- All potential governance models for the Service and their impact on the delivery of value for money services and public safety, to include: WMFRA, PCC, WMCA and Mayor
- Consideration of other Combined Authority approaches, which exist across the country
- Consideration of the London 'Fire Commissioner' Model, which is provided for in the Policing and Crime Bill
- The combination of Fire Authorities
- Defined roles and responsibilities of both the Authority, possible future governing body and officers to support effective operational decision making.
- The CFOA Change Programme and how this might impact on future governance options.

3.18.2 In light of the timeline and milestones set out in section 3.10 (Pace of Change), it is anticipated a review of progress and findings will take place at the December 2016 PPF. This will allow for approval of outcomes and any recommendations made at the February 2017 Authority meeting. Implementation of any approved recommendations will take place from the Annual General Meeting in June 2017.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required.

5. **LEGAL IMPLICATIONS**

There are no direct legal implications.

6. **FINANCIAL IMPLICATIONS**

If the proposed Working Group is approved, it is anticipated there will be an increased demand on Member and Officer time. However there will not be any direct financial implications arising from this report.

7. **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications.

BACKGROUND PAPERS

WMFRA Response to the Enabling Closer Working between
Emergency Services, 23.10.15

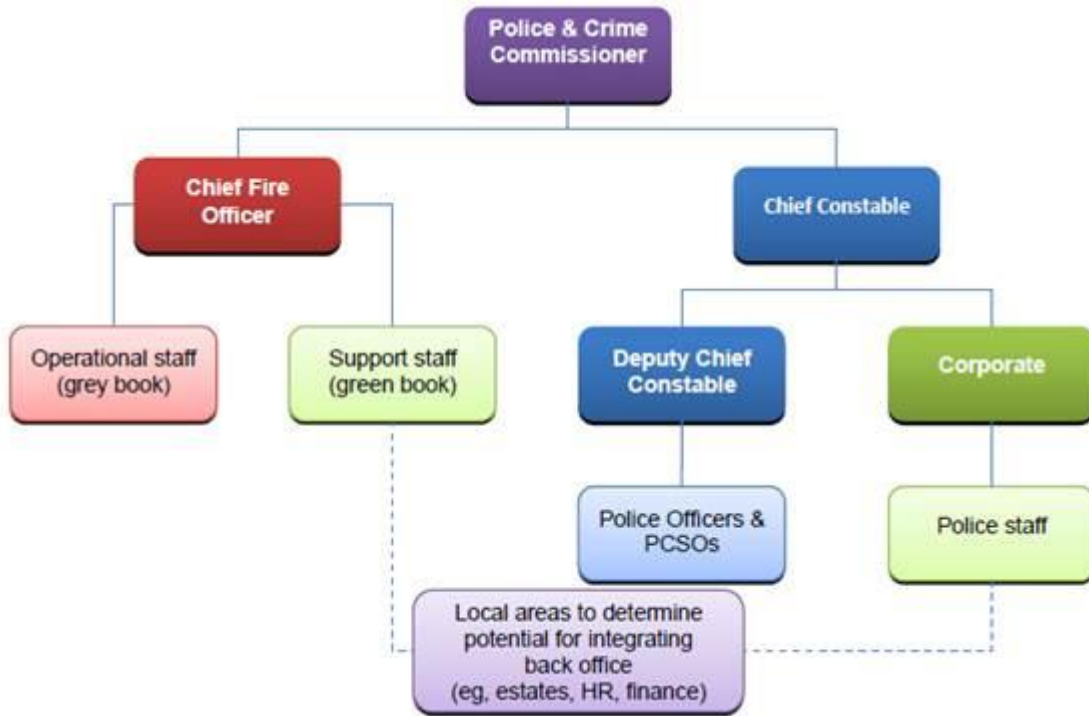
**The contact name for this report is Karen Gowreesunker 0121
380 6678**

PHIL LOACH
CHIEF FIRE OFFICER

APPENDIX 1

Police and Crime Commissioner Model

Structure 1: Single Employer (Police and Crime Commissioner) - Separate Chief Officers



Structure 2: Single Chief Officer - Single Employer



APPENDIX 2

CIPFA Good Governance Standard for Public Services Six Core Principles

1. Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users

This focuses on being clear about the organisation's purpose and its intended outcomes for communities and service users. Ensuring that this is received in a high quality and value for money way.

2. Good governance means performing effectively in clearly defined functions and roles

This section focuses on being clear about the functions of the governing body, the Chief Executive the responsibilities of non-executives and the executive, and making sure that those responsibilities are carried out in a way which provides clarity for others in who is responsible for what.

3. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour

This focuses on putting organisational values into practice across decisions and actions taken. Individual governors behaving in ways that uphold and exemplify effective Governance.

4. Good governance means taking informed, transparent decisions and managing risk

A critical part to the government agenda, this section focuses on being rigorous and transparent about how decisions are taken, Scrutinising at an early stage through having and using good quality information, advice and support. Making sure that an effective risk management system is in operation.

5. Good governance means developing the capacity and capability of the governing body to be effective

Critical to the future of the Authority this section focuses on making sure that appointed and elected governors have the skills, knowledge and experience they need to perform well. Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group. Striking a balance, in the membership of the governing body, between continuity and renewal

6. Good governance means engaging stakeholders and making accountability real

This section focuses on understanding formal and informal accountability relationships with the public, staff and institutional stakeholders. Taking an active and planned approach to dialogue with and accountability to the public