

# CLG Select Committee Inquiry into Fire Control

6 January 2010

## Introduction

1. The LGA Group is made up of six organisations – the Local Government Association, the Improvement and Development Agency, Local Government Employers, Local Authority Co-ordinators of Regulatory Services, Local Partnerships and the Leadership Centre for Local Government. Our shared ambition is to make an outstanding contribution to the success of local government.

2. The LGA is the single voice for local government. As a voluntary membership body, we are funded almost entirely by the subscriptions of over 400 member authorities in England and Wales, including all 46 fire and rescue authorities (FRAs) in England. We lobby and campaign for changes in policy and legislation on behalf of our member authorities and the people and communities they serve. The Fire Services Management Committee is the LGA's policy making body for fire matters and Fire Control is one of its priorities for 2009-2010. The LGA would be very keen to attend the Committee's oral evidence session to provide further information on the challenges Fire Control is presenting the fire service.

3. Fire and rescue services are run by locally accountable FRAs comprising elected Members. These services range in size and configuration from the Isles of Scilly Fire and Rescue Service, serving just over two thousand people, to the London Fire Brigade, serving well over seven million people. Many services rely on on-call firefighters while others have all full time firefighters. Along with responding to incidents, all fire authorities have two main responsibilities - enforcing fire legislation and promoting fire safety. Much work is done in partnership with local authorities, the police service and other agencies and the main focus for FRAs is delivering a comprehensive and effective fire and rescue service.

## Summary of LGA submission

### 4. Key points:

- the project so far has been characterised by a lack of leadership, poor procurement and contract management in government which, coupled with contractor inertia, means Fire Control is at serious risk of becoming another failed Government IT project;
- confidence and trust in the project is at rock bottom, most Fire and Rescue Authorities are beginning to consider what alternatives to Fire Control might be put in place, some have had enough and want the project cancelled;
- any net additional costs falling on FRAs of the project proceeding, or failing, must be funded under New Burdens principles, this includes Firelink;

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submission

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- a realistic economic and operational assessment should be made of alternatives to Fire Control to inform thinking on the future of the project.

### **Progress with the project so far**

5. The introduction of the Fire Control project in 2004 was based on the premise that current control and mobilisation systems could be greatly improved in resilience, networking and efficiency by merging the existing 46 control rooms into nine Regional Control Centres (RCCs) with a single up to date software system. Fire Control would offer benefits in terms of public safety, fire fighter safety, national resilience, efficiency, interoperability and mobilisation of national fire assets (New Dimensions).

6. The RCCs will be networked to automatically back each other up in times of increased demand or individual RCC failure and able to deploy the nearest suitable appliances regardless of fire service boundaries and provide data direct to fire service vehicles.

7. Major national contracts for IT and facilities management are in place. Eight of the nine RCC buildings are built, with the London building due for completion in February 2010. Three RCCs are under lease to Local Authority Controlled Companies (LACCs); all eight LACCs have appointed Directors and other key staff to set up and run the RCCs. In their turn, FRAs are advanced in their preparations for transition to RCCs by putting in place staffing arrangements, preparation of data for the new IT systems and developing common ways of working.

8. The current timetable is for the first RCCs (North East, East Midlands and South West) to go live in spring 2011, with the full system expected to be in place by the end of 2012. A key milestone is the 2012 Olympic and Paralympic Games.

9. The total implementation cost of Fire Control is about £380 million. The Government has committed to ensuring that any net additional costs falling on FRAs are funded under New Burdens principles, where those costs arise solely as a result of its policy decision to introduce Fire Control. To date a total of £43 million has been paid to FRAs with an additional £58 million indicated over the remaining two years of the CSR07 period (2009-10 and 2010-11).

10. A key associated project is Fire Link, which provides the digital radio and data network in fire service vehicles and the RCCs. On completion, FRAs in England, Scotland and Wales will use the same network which will allow some interoperability with other Fire and Rescue, Police and Ambulance services.

11. The rollout of the full voice and data Fire Link solution is linked to the implementation of Fire Control. The installation of the interim (voice only) solution for English FRAs (other than London which is getting the full solution now) is due to be completed by spring 2010. The full Fire Link solution is also being installed in Wales and Scotland. In Scotland and Wales the project will deliver integration of Fire Link equipment with existing control room systems and Incident Command and Control Systems.

12. In terms of Fire Control project management, the LGA is represented on the Project Board and sub-groups, and also chairs the Fire Control Sounding Board which involves employee representative bodies. The Fire Control project team in CLG has recently improved their stakeholder engagement and quality of communications.

## **LGA view**

13. Fire Control has been a high priority for the LGA and the fire community as a whole since the Government set out its policy direction in the June 2003 White Paper. Initially the LGA supported the implementation of the Fire Control project provided it:

- was affordable and provided better value for money for council tax payers;
- offered increased resilience and greater operational effectiveness in terms of call handling and incident response;
- enhanced inter-operability, and
- allowed more effective working with other emergency services.

14. However, the economic picture has changed and confidence of FRAs in the project has plummeted as ongoing delays have increased costs further and expected savings from Fire Control look unlikely to materialise. In September 2009, in response to concerns expressed by FRAs over delays and increased costs of this national project, the LGA's Fire Services Management Committee adopted, by majority vote, the following resolution:

'The FSMC is against the principle of the implementation of Regional Control Centres however will continue to engage with CLG to ensure FRAs are properly resourced, will afford effective oversight and review the programme regularly on behalf of the Fire and Rescue Authorities and will continue to promote good industrial relations where applicable and asks LGA officers to develop alternative options in the event of project failure, to be brought back to the FSMC at a future date.'

15. There are a number of reasons why the Fire Control project may fail: national or local political decisions, financial constraints or action following contract breaches. FRAs are already looking at risk mitigation should the project fail.

## **Reasons for the cost and time overruns which the project has experienced**

16. Any hi-tech project carries some risks and this is an ambitious project involving bespoke IT and communications infrastructure, common ways of working, new buildings, new operating companies and staff transfers. The awarding of the contract for the Fire Control IT system to EADS Defence & Security Systems in April 2007 should have been a point for escalation in the pace of project delivery. However, the two ten-month delays in the project schedule, announced in October 2008 and July 2009, have arisen from EADS' failure to deliver on key project milestones. Most recently EADS has replaced a key sub contractor (Ericsson) for the Fire Control mobilising system.

## **LGA view**

17. Not only has EADS failed to deliver the product on schedule but CLG has failed in its strategic commissioning responsibilities with procurement capability lacking at the point of letting the contract; the National Audit Office report of October 2008 confirms this. Efforts have been made by CLG more recently to improve contract management.

18. By way of example, the replacement of Ericsson as a sub-contractor has been presented as a positive development but for FRAs it reinforces

ongoing concerns around systemic failures in CLG's management of the contract and the performance of EADS as the main contractor. There are implications for FRAs of the change which have yet to be addressed and which provide a snapshot of current FRA concerns:

- FRAs will need to be reassured that the current schedule will not be affected by the change of contractor, as changes to either final roll out or interim milestones will have implications for them;
- The capacity of the system to deliver its intended purpose should not be compromised by the switch of contractors. Any reduction in functionality will not be acceptable and any "workarounds" must produce the same, if not improved, functionality when compared to present systems and be in place in time for the move to RCCs;
- costs to FRAs must not increase and this must include any potential incidental costs that could be pushed onto FRAs for the complete or optional functionality.

19. Essentially FRAs are not convinced that EADS will improve their performance or that CLG can manage EADS to deliver that improvement. In fact customer confidence in the project is at an all time low. EADS' performance to date has fallen well below what is acceptable and they do not seem to have an adequate explanation as to why this is the case, for example basic quality assurance seems to have been missing in early equipment provision. To reassure FRAs CLG must be scrupulously honest about what went wrong in the past and what they and EADS are going to do to put it right, structurally and strategically, in the future. This will require leadership, transparency and trust.

**What, if any, changes need to be made to the Government's plans for proceeding with the project?**

20. It is the view of the majority of the LGA's Fire Services Management Committee that the costs of this project now outweigh the benefits when set against the current economic climate, the quality of contract management and product delivery to date and the slim likelihood of radical improvement. Without some rigour in the project management and sharp sanctions for contractor failure it is hard to see how this project will deliver without further significant public investment. There will undoubtedly be a point at which it is better value for money to call a halt than continue to invest in a losing proposition. The LGA cannot be sure when that point will be reached but would be keen for early discussions with CLG on this.

21. Although FRAs have shown great forbearance in maintaining their input to the project, with one FRA recently describing the preparations for Fire Control as 'onerous', uncertainty over the future of the project has led some FRAs to call for the upgrading of existing control rooms instead.

22. Cancelling the project would have implications for FRAs and initial investigations with FRAs have found that business continuity plans are being developed which identify a number of risk scenarios that would require mitigation. For example, some of the first wave of FRAs due to move over to RCCs are particularly vulnerable as control room systems may be overdue for replacement, with other FRAs needing upgrading by 2012. A handful have commissioned new HQ buildings without control room facilities in anticipation of RCCs being delivered. Other risks identified include Olympics preparedness and staff turnover due to project uncertainty.

23. Some FRAs have, not unreasonably, put investment in control room equipment and accommodation on hold in anticipation of Fire Control and should not be penalised. One FRA has estimated that it would cost £2m to upgrade its control room systems and control room accommodation if Fire Control fails.

24. The Fire Control Business Case (version 1.1, May 2009) puts the total implementation cost of Fire Control at approximately £380 million and also estimates that it would cost £320m (at 2006-07 prices) to cancel existing national contracts and unwind the project. It is assumed that this cost includes the disposal of the RCC buildings, thought to be around £200m, as well as the winding up costs for LACCs and project management staff directly employed by FRAs. This would mean zero benefit for a total expenditure approaching £500m (when transitional costs are taken into account) and a waste of public funding of this magnitude would undoubtedly attract negative coverage and scrutiny.

25. There would be further financial effects should the project be cancelled, this is because the business case includes assumed savings (called 'cost avoidance elements') in other areas and it would become necessary to make financial provision for those projects that need to continue. This would include Firelink as the Fire Control project would have installed the Firelink solution in nine control rooms, so avoiding the cost of integrating the system into 46 existing controls. It is difficult to identify the cost of installing Firelink into all local control rooms as the cost information that is in the public domain is dependent on Fire Control proceeding, it is however believed to be considerable.

26. The LGA has started to look at what alternatives to Fire Control might look like but is constrained by the level of information in the public domain about the project. Early discussions have identified public safety, fire-fighter safety, national resilience and interoperability as key benefits of any replacement scheme. It is important that all possible options can be considered and the LGA is keen for Government and others to open up a public discussion so that the best solution can be found for FRAs and the communities they serve.

27. Were the project to fail public safety would be maintained as FRAs would still have legal duties under the Fire and Rescue Services Act 2004 to make arrangements for dealing with calls for help, for summoning personnel and to develop mutual aid schemes with other FRAs.

28. Should the Government decide to continue with the project then the LGA would want to see the following put in place:

- clear leadership at Ministerial and official level with effective oversight arrangements so that CLG and EADS can be held to account by the fire sector;
- open and honest communications on problems and successes, responsibilities and liabilities;
- proper engagement with elected members on FRAs and LACCs;
- full funding of costs to FRAs in line with new burdens principles for both implementation and also running costs in the future, at the moment these are only guaranteed by CLG for three years.