

**Business Case for the Creation of a new Combined Fire Authority to include
Hampshire, Isle of Wight, Portsmouth and Southampton****EXECUTIVE SUMMARY**

1. The business case highlights that the creation of a new Combined Fire Authority (CFA) would lead to a more efficient and effective Service and an improved level of service to the public. The creation of consistent safety messages would provide greater re-assurance for the public. The ability to roll out the current HFRS community safety and business fire safety courses and initiatives to the new CFA area would help to reduce risk and improve public safety to residents on the Island. It is important to highlight that if a new CFA is created on a larger geographical area, operational staff will still maintain their existing local relationships and continue to have an understanding of the local context of the area they work in.
2. There will be no changes to the operations of the fire and rescue service, which will still be driven by a locally delivered Integrated Risk Management Plan (IRMP). The fire and rescue service will be maintained by the same people as it is currently. A new CFA will however have the responsibility of assessing the risks and demands of the new geographical area and deploying resources to best meet the risks and demands. This would result in the creation of a new IRMP in the future.
3. There are many benefits that the creation of a new CFA would bring organisationally, operationally and for the public. A new CFA, one organisation with a single purpose is a more accountable way of running a fire service. However local accountability of the FRS would be removed from the IWC into a larger CFA. Decisions that are currently made locally on the Island will be made by a larger CFA. A single organisation with a single purpose is better able to provide efficient and effective scrutiny around decision making.
4. A new CFA would allow for greater resilience, removal of duplication, enhanced capacity and ensure continuous improvement. There are some risks associated with the creation of a new CFA, however these are mainly short-term risks associated with the transition into a new governance model and the benefits to the organisation and public outweigh these short-term risks. There would be a continued commitment to use the CFA resources on the Island for wider public value and that could lead to efficiencies and savings in other services on the Island.
5. The alternative option is to maintain the existing arrangements and stay as two separate Services. The control of the fire and rescue service, and its brand would remain with the IWC, and continue to be an Island service delivered by the IWC. As described in section 3.3, the fire and rescue service in Hampshire and on the Isle of Wight are governed in two different ways. The preferred outcome is the creation of a new CFA; however, the alternative option is to maintain the existing arrangements. Under this arrangement the two Services

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would remain separate and continue to be governed by the HFRA and the IWC. The IWC would maintain control of the fire and rescue service and the existing CFA that covers Hampshire, Portsmouth and Southampton would remain.

6. Under this option, the current arrangements of the Strategic Partnership, DDIP, would run until the end of the agreement which is in March 2020. There is a risk that IWC and HFRA might not be able to come to an arrangement to extend the partnership beyond its current timeframes should a decision to keep the governance arrangements as they currently are.
7. The option not to change the governance of the fire and rescue services, although meaning that Hampshire and the Isle of Wight Fire and Rescue Service's would remain separately governed, does mean that the Police and Crime Commissioner, through the Policing and Crime Act 2017 could create a business case to become the Fire and Rescue Authority and create one entity made up of Hampshire and Isle of Wight Fire and Rescue Services. In a recent letter the Police and Crime Commissioner stated that over the coming months he will continue to look for:
 - The successful coming together of the fire authorities
 - The new inspection regime within HMICFRS and the confirmation of ongoing excellent performance of our fire service
 - The bringing together of further significant savings through the existing collaboration, which delivered so well in the past
8. The financial analysis has highlighted a number of implications that might benefit the IWC regarding the creation of a new CFA and some issues.
9. There is the ability for IWC to make savings against £270,000 of existing central support costs that would no longer be required to support the IWFRS. There would be the transfer of short term property liability in excess of £2.4m and the transfer of an ongoing annual property maintenance liability of over £520,000.
10. From a vehicle replacement perspective, the IWC would no longer be liable for a net short-term liability of £1.8m. These examples demonstrate that securing resources through a new CFA would maintain the efficiency and effectiveness of the fire and rescue service on the Island.
11. This business case looks at two options, firstly to create a new CFA and secondly to maintain the existing governance arrangements. There are challenging financial factors in transitioning to a new CFA, however improving public safety and ensuring delivery of an exceptional Fire and Rescue Service leading to safer communities is the most important factor.

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THE BUSINESS CASE

Introduction

12. In order to assess the relative merits and risks of the potential options the business case is made up of two main parts consisting of:
 - i) Operational Analysis
 - ii) Financial Analysis
13. The business case has been constructed in this way to allow the relevant Authorities to consider the options in a way that meets the requirements in the Fire and Rescue Services Act (2004) Section 2, which requires the Secretary of State to make any decision about the governance of Fire and Rescue functions on basis of:
 - i) Efficiency and effectiveness
 - ii) Economy
 - iii) Public Safety
14. Efficiency and effectiveness and public safety have been captured under the operational analysis. Economy has been captured under the financial analysis.
15. The financial analysis within the business case has taken due regard of the CIPFA document 'The Development of Guiding Principles on how to Fund the Transfer of a Fire and Rescue Service from a County Council to a PCC' January 2018, as well as the CIPFA independent reviews of PCC governance business cases. Although this proposal is not to transfer the governance to a PCC model, the CIPFA document provided a useful reference.
16. The table below provides a direct comparison of the main statistical information for both the Isle of Wight and Hampshire.

Key comparators for Hampshire FRS and Isle of Wight FRS			
	Hampshire (including Portsmouth and Southampton)	Isle of Wight	Total
Socio-economic			
Population	1,829,500	139,800	1,969,300
Area (in hectares)	376,921	38,016	414,937
Number of domestic properties	754,084	69,583	823,667
Number of non-domestic properties	51,479	6,631	58,110

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Operational analysis

17. In considering the efficiency, effectiveness and public safety of a new CFA the business case has focused on the benefits and risks from an operational and organisational analysis and explored:
 - Resilience
 - Capacity
 - Duplication
 - Continuous improvement
 - Reducing the risk from fire and other emergencies
18. If the IWFRA were to combine with Hampshire, Portsmouth and Southampton to create a new CFA area, there would be no reduction in the operations of the fire and rescue service. The fire and rescue service will continue to respond to incidents on the Island and carry out preventative and protection work as currently happens. Residents on the Island will continue to feel safe and protected by their fire and rescue service.
19. The new CFA would need to undertake a review of risk across the whole geography of the new CFA through an Integrated Risk Management Plan (IRMP). The operations of the new CFA will adjust to meet the risks and demands of the new CFA area. Fire and Rescue Authorities have a duty to have regard to the Fire and Rescue National Framework required by s.21 Fire and Rescue Services act 2004 and to produce an IRMP that identifies and assesses all foreseeable fire and rescue related risks that could affect its community.
20. A larger CFA provides for more resources to be able to grow and improve the fire and rescue service provision on the Isle of Wight. The IWC's financial situation could present a future challenge and efficiencies have been made to some services on the Isle of Wight. A new CFA including the IWFRS would ensure a fire specific focus on the Isle of Wight by a new organisation whose sole purpose is fire and rescue services. It would also give the ability to look ahead and ensure the public are receiving the best service.
21. The IWFRS have recently carried out a service review across the island and have an excellent understanding of the current and future risks and demands that the fire and rescue service face.
22. The table below provides a direct comparison of the main statistical information for both the Isle of Wight and Hampshire.

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Operational	Key comparators for Hampshire and Isle of Wight FRS		
	Hampshire	Isle of Wight	Total
No of fire stations	51	10	61
On-call fire stations	38	8	46
Number of appliances	78	13	91
Number of calls to control	30,433	1969	32,402
No of incidents attended 17/18 within county	20,299	1349	21,648
Total fires	3,891	306	4,197
Total accidental dwelling fires	796	75	871
Number of FSO inspections carried out	457	107	564
Number of wholetime firefighters	679	76	755
Number of on-call firefighters	496.5	86	582.5
Number of corporate staff, non-uniformed service delivery and	256	19	275
Fire Control	31.5	0	31.5

Resilience

23. The current arrangements on the IOW mean that there are 180 employees of the fire service to provide Prevention, Protection, Response and Resilience to the community. In the combined area of Hampshire there are 1462 employees. It is only in times of emergency that other fire and rescue service teams can deploy to the Island to bolster numbers. In the event of high sickness levels or the long-term loss of staff, other fire and rescue services could only support the Island by negotiating contractual support which would take time and agreement. By combining and creating a new CFA, this would provide for increased resilience operationally across the whole of the new CFA and would build upon the benefits already realised under the current Strategic Partnership.

24. Under a new CFA it would be possible to plan for teams to operate between the mainland and Island for specific events as well as to provide contingency in case of low staff numbers, as described above. The same approach can be taken for vehicles and equipment across the two areas. The IOW has 13 equipped front-line appliances, Hampshire has 78. In the event of major mechanical failure or an accident, the Island's fleet could quickly be depleted, although the current partnership would support the repair of these vehicles it is clear that a larger fleet size would allow an immediate replacement to be moved from the mainland to the Island, reducing the chance of the vital life-saving appliance not being available to the community.

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25. A CFA with more resources is of great benefit during national incidents where whole communities become concerned or involved. During the Grenfell Tower incident, Hampshire Fire and Rescue Service were able to deploy resources across the County from areas of low risk to areas of greater risk in the cities of Portsmouth and Southampton. This supported the City Councils in inspecting the 272 high rise buildings and provided reassurance to the communities that live in them.
26. A new CFA would provide increased resilience for the new Service by creating a more stable platform for the delivery of services to the public, controlled by one corporate body which is able to use its resources in a joined-up way for the benefit of the community. In the current model, as two separate legal entities, both services maintain their own facilities and are more vulnerable as a result. As one larger organisation, there would be much more resilience to ensure safer communities.
27. The table below illustrates the comparison between the Isle of Wight and Hampshire in relation to Command Officers and Protection activity. It shows what increased resilience a new CFA could have if the two organisations resources are joined together.

Key comparators for Hampshire and Isle of Wight FRS			
	Hampshire	Isle of Wight	Total
Number of level 1 command officers	488	57	546
Number of level 2 command officers	48	9	57
Number of level 3 command officers	9	0	9
Number of level 4 command officers	9	0	9
Protection			
Fire Safety Audits	457	107	564
Enforcements	0	2	2
Prohibitions	25	0	25
Action Plans Issued	176	4	200
Alleged Fire Risks	466	7	473
High Rise Inspections	272	6	278
Joint Inspections of High Rise with Local Authority	29	0	29
Prosecutions	7 pending	0	7
Building Control	828	71	899
Other Fire Safety activities, e.g. licensing	647	25	672

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Capacity

28. As well as describing the organisational resilience elements it is vital to consider the overall delivery capacity of the current arrangements and the potential of a new combined service. The IWFRS has 10 fire stations with 13 front line firefighting appliances. These appliances are crewed by 180 staff across the Island strategically located to best deliver the response times described in the Integrated Risk Management Plan (IRMP), this is supported by five Community Safety Officers.

Team	IWFRS	HFRS
Community Safety	5	44
Protection	3.5	23

29. These are the specialist teams that HFRS that would transfer into a new CFA and provide increased capacity and resilience for the new CFA and development opportunities for current IWFRS staff.

Team	Number of HFRS staff
Marauding Terrorism Firearms Attack (MTFA) - terrorist incident casualty response	50
National Interagency Liaison Officers (NILOs)	12 (IOW have one NILO officer)
High Volume Pump (HVP) - declared national asset for movement of large volumes of water	30
Specialist Technical Rescue (formerly Urban Search and Rescue – USAR)	31
Detection, Identification and Monitoring (DIM) of Hazardous materials	19
Animal Rescue	64
Water Rescue	37
Maritime Response Team	42
Incident Command Team	24
Command Support Vehicles	69
Extrication and Trauma teams	12

30. By sharing these resources and utilising them across the new CFA area there would be an overall enhanced capability compared to the current arrangements. A new CFA would provide enhanced and increased capacity operationally and organisationally. It would create the opportunity to work flexibly across a larger geographical area focusing resources upon the needs and risks of the communities. As a combined workforce, these numbers provide for a more capable Service that is better able to adapt to the changing needs and risks of the whole geographical area.
31. The current capacity of both services is designed to match the risk that exists within the given Authority area. When considering the joint capacity of both services the benefit of combining the services would be greater than the sum of both organisational capacity and while there will be transitional costs the overall outcome would be for a safer community with access to more facilities.

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Duplication

32. While the existing partnership arrangements provide for more sharing between the two services, they still remain two separate organisations and therefore duplication of policies, strategies, response standards, performance indicators and other agreements exists. Currently HR, legal and employment practices cannot be shared as there are two different employers of FRS teams in the two Authorities. This means that legal challenges, trade union negotiations, grievance and pay procedures are made more difficult for the shared leadership team as they need to operate across two sets of rules. The same is also true for organisational personal support and standards, including discipline where there is a real need for consistency to give our teams the peace of mind to know they are protected and supported in their roles.
33. The IWFRS workforce have been used to working within a council environment including broader local authority capacity such as pensions services, pay arrangements and employment arrangements. The change to fire specific support would focus and reflect the differences in the fire national conditions and peculiarities of those terms and conditions.
34. The creation of a new CFA and the alignment of such policies, would remove this duplication and create clarity for both staff and the public. It would ensure there is one team providing emergency response and delivering consistent safety messages. It would also remove duplication of work as there are currently two teams delivering all aspects of the Fire and Rescue Service. Aligning the two organisations may take some time however operating as one organisation and the increased consistency this brings is of great benefit to both staff and the public.

Continuous Improvement

35. The creation of a new CFA would allow for increased shared operational knowledge and learning. Both organisations have a breadth of expertise and coming together as one organisation will further enhance the sharing of knowledge, increase operational learning and ensure continuous improvement. A larger organisation lends itself to better career progression opportunities. The bringing together of the strengths of both organisations, will allow for a mixture of skills and knowledge to be shared benefiting the whole organisation and the public.
36. Staff will have the opportunity to work across different geographical areas allowing for exposure to, and a better awareness of varying social demographics enabling a better understanding of risk. With the increase use of flexible working for support staff, the opportunity to work closer to home and reduce the amount of commuting will increase. A larger organisation will also lend itself to providing increased development opportunities for staff. There will be cultural differences between the two organisations. This brings strength as

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the differences between the two organisations are valued and brought together as one.

37. A new CFA would mean that there would be one team with the responsibility of data gathering, data sharing and intelligence. An enhanced data provision and the combining of the data sets would provide a richer picture of the risks faced across the whole geographical area and lead to a better understanding of how to mitigate the risks and create safer communities.

Reducing the risk from fire and other emergencies

38. There are currently two separate corporate plans for each of the two services. The IWFRS plan is designed to be fully integrated into the Council's core business. A risk exists that any future CFA plan may not be as integrated into the Council. Any future CFA would provide continuous support to the one public service strategy.
39. A fire and rescue services primary concern is public safety. The creation of a new CFA must ensure the continued focus on public safety and this has been considered below.
40. Isle of Wight residents will see an improvement in the daily operations of the IWFRS and will continue to see fire engines and firefighters respond to incidents and carrying out community safety activities. The creation of a new CFA is an opportunity to enhance the community safety provision delivered on the Island and provides greater capacity and resilience to ensure the safety of communities.
41. The creation of a new CFA would allow for the alignment of the IRMP and other policies and strategies that are currently delivered individually. As IWC budgets become tighter, spending money on safety campaigns and initiatives becomes harder to justify when competing against other IWC priorities. Alignment of budgets, teams and strategies would ensure the public are receiving clear consistent safety messages and ensure safer communities through a dedicated Communications Team. It will allow for aligned preventative and protection messages to assist with ensuring safer outcomes for the public.
42. A larger more resilient organisation would be better equipped to deal with emergencies when they happen, and be better equipped to carry out preventative and protection work in a clear consistent manner for the communities. HFRS have well established links with medical and clinical governance professionals and deliver a highly regarded Immediate Emergency Care (IEC) course. The IWFRS are not currently part of this area of work and a new CFA would mean that the Isle of Wight residents could benefit from delivery of this course.
43. The IWFRS deliver road safety prevention activity on the IWC and have established a number of partnerships with local road safety charities and organisations. This has enabled the delivery of an extensive road safety

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programme which is not replicated by HFRS. In 2017/2018, the IWFRS have delivered the following courses:

Course	Number of participants
Head On	650 students
Biker Down	100 participants
Driver Awareness Training	1350 drivers
Bikeability	290 children
National Citizen's	11 sessions to 30 people
Child pedestrian training	42 schools

- 44. The successful delivery of these courses demonstrates the Council's commitment to ensuring safe communities on the Island.
- 45. HFRS have a comprehensive Community Safety programme which includes courses and initiatives currently not delivered on the Island. Over the course of 2017/2018, HFRS have delivered:

Course/Initiative	Description	Number of participants
Safe and sound online assessment	Internet based self-assessment for those not eligible for a Safe and Well visit	700 participants
Safety Through Education and Exercise for Resilience (STEER)	Exercise Class for over 65's that aims to reduce frailty and social isolation	31 courses delivered to 289 people
Falls champions	Supporting and educating family members of vulnerable persons to enable them to support them	
Phoenix	Personal development programme for young persons designed to reduce fire incidents, crime and anti-social behaviour by working with identified young people in the community	
A Better Me	Course aimed at year 8, 12-13 year olds who have been identified by the schools as having low levels of physical activity due to long term medical conditions or low self esteem	15 courses to 180 participants
Firesetters	Dedicated team of Fire Service staff that visit young people up to 18 years old who have shown an unhealthy interest in fire in their home. Individuals can be identified or referred by operational crews.	
Fire Cadets	Currently run out of one of the retained stations in Ringwood giving young people the opportunity to learn the basic skills of a firefighter whilst	Currently 15 cadets aged 13-18 years old.

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	participating in a wide range of activities in and around the local station.	
Princes Trust	A 12-week programme delivered to 16-25 years olds to engage them in a community based programme to increase confidence, team building and life skills	1400 participants in the past 15 years
Water Safety Partnership	A local partnership with the RNLI and the MCA which contribute to National Water Safety Forum	
Falls response	Operational crews responding to non-injury mechanical falls to enable the delivery intervention activities to vulnerable people and to reduce the demand on health	Attended 24 incidents so far since April 2018
Gaining entry for South Central Ambulance Service (SCAS)	Operational response to assist SCAS to gain access to properties	1217 incidents attended from April 2016 to March 2017
Arson Task Force (ATF) and investigation	A highly regarded team that operates a three-tier approach to fire investigation and have a detection and conviction rate of 70%	
Schools education	Fire safety, water safety and road safety delivered to children in key stages 1 & 2	460 visits
Social media	Award winning marketing and communications team that utilise social media to reach a wide range of people	
Fire Investigation Education courses	Theory and practical courses delivered to University of Portsmouth, University of Winchester, Defence School of Policing and Guarding (MOD), loss adjustors, Hampshire Constabulary and Sustainable Criminal Justice Solutions	28 courses
High Rise Safety	Sprinkler demonstration in Southampton held in conjunction with the local Authority	
Schools Liaison Officer	Embedded Officer within Hampshire County Council to ensure fire safety in schools across the County	
Business Education Seminars	Seminars and training to businesses to inform them of their legal responsibilities	

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46. The public on the Island could benefit from receiving all of these Community Safety activities if the decision is made to create a new CFA. Equally, the communities in Hampshire do not currently receive such a comprehensive road safety programme as is delivered on the Island and could benefit greatly from the creation of a new CFA and combining the skills and knowledge of all staff as one organisation.
47. Under the Strategic Partnership, the Strategic Management of the IWFRS is provided to the Isle of Wight by HFRS, under the policy direction of the IWC. Although an efficient way to manage the IWFRS, a significant amount of Hampshire Officer's time is spent on the IOW in relation to strategic leadership and contribution to the IWC. Clearer more effective and streamlined governance and decision making could be achieved by the creation of a single Fire and Rescue Authority.
48. Decision making under the current arrangements can be lengthy and take up a lot of time. This is time which could be better spent on making decisions around safety, prevention and protection. The current governance arrangements mean that the IWC consider decisions around the Fire and Recuse Service amongst other priorities, the IWC have multiple purposes and priorities. The creation of a new CFA and a single purpose organisation making decisions around one strategic area, will allow for more cohesive decision making about the safety of the public. It will also ensure all focus on the Island is fire related.
49. Currently, the Strategic Partnership allows for specialist teams, such as the Arson Task Force and Fire Safety Engineers, from HFRS to be used by the IWFRS upon request but this is at a cost to the IWC. A new CFA including the IWFRS would allow for all specialist teams to be deployed onto the Island when needed at no additional cost, a financial benefit to the IWC and a safety benefit to Isle of Wight residents.
50. HFRS Officers, at a tactical level, frequently get involved with national Fire and Rescue initiatives and have the ability influence policy at a national level. The capacity HFRS have enables this. The IWFRS, being a smaller FRS, has limited capacity and ability to be involved with national work at a tactical level and isn't able to influence the direction of policy. A new CFA would provide IWFRS Officers the opportunity to be involved with and provide input into national initiatives. This benefits the development of staff and the public who receive the outcome of the new initiative or policy.
51. The creation of a new larger CFA lends itself to being better equipped to deal with national resilience issues and events. Often, issues and events of national resilience can become a huge drain on the resources of a Fire and Rescue Service, the recent Grenfell Tower fire saw this on a large scale and required HFRS to deploy resources to areas of need on a large scale. During Grenfell there were significant priorities HFRS had to work on and do so quickly to help ensure public safety. Operating as one Fire and Rescue Authority creates more resilience when it comes to dealing with events such as these.

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52. HFRS have been operating a successful volunteer scheme for many years now. The number of HFRS volunteers in 2017 was 100. In the IWFRS, in 2017, there was one volunteer. The creation of a new CFA and the pooling of resources gives a greater opportunity for communities and business to benefit from the services currently offered, such as the volunteer scheme. They will also benefit from the use of cutting edge equipment and state of the art delivery of services.
53. The IWC are pursuing proposals for One Public Service (OPS), One Island: One Public Service, which is part of the plans for regeneration of the Island's economy. There may be a perception that a new larger CFA would detract from these arrangements, however a new larger CFA, with more resource and capacity, provides the opportunity for the fire and rescue service to engage with and actively support the IWC with the principles of the proposals.
54. There are many benefits to working in collaboration with other blue light partners and the introduction of the Policing and Crime Act 2017 places emphasis on ensuring consideration is given to collaboration at all times. The creation of a new CFA would provide greater capacity to deliver collaborative work and to enter into partnerships that will be of benefit to the communities in Hampshire and the Isle of Wight. A new CFA will remove duplication in bidding for funding to deliver services and courses from a health perspective from the Sustainability and Transformation Partnerships (STPs). STPs will benefit from working with one larger organisation with a single purpose.
55. The creation of a new CFA would provide greater operational resilience and in turn, improved interoperability, the ability for the Service to work with other Emergency Services across different boundaries. This will provide enhanced public safety due to the capacity to share resources more efficiently and effectively when it is required. A new CFA would create one single organisation for other partners to work with as opposed to two separate ones. This reduces duplication of workload for partners creating a single unified purpose.

Status quo – maintain existing arrangements

56. The alternative option to creating a new combined fire authority from an operational perspective would be to maintain the existing governance arrangements and remain as two separate fire and rescue services. There are no identified public safety benefits if the two Services choose to maintain existing arrangements. If the current governance arrangements were maintained, the public on the island would remain safe. There are no benefits that have been identified should the governance arrangements remain as they currently are, compared with creating a new CFA.
57. The risk of this option is that each authority will not make the improvements from an operational perspective as described in this business case. If the Services did remain separate the IWC would retain democratic control of the fire and rescue service. There could be further opportunities to embed the fire and rescue service into the day to day operations of the Council and explore the possibility of finding extra efficiencies.

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58. A review of the partnership under the DDIP arrangements would need to be carried out to ensure the Services can operate in the most efficient and effective way. It is unknown what the outcomes might be from a review of the partnership and whether the savings to IWFRS and IWC and more efficient and effective ways of working would be maintained. Currently the partnership has delivered £470K savings for IWFRS and provided increased capacity and resilience to the training department and leadership team.

Financial analysis

59. The process for creating a new CFA from a financial point of view is quite complex but what this section seeks to explain is the financial impact that it would have both on the Isle of Wight Council and on council tax payers on the Island.
60. In simple terms as the Fire and Rescue Service on the IOW is part of the overall Isle of Wight Council, we must identify all of the financial aspects that relate to that service and then consider what the impact is of transferring these into a new CFA. For the purposes of this consultation we have based the financial information on the 2018/19 budget as this is the most recent information that we have available.
61. In reality, the key element of this process is to identify the direct revenue costs (day to day costs such as salaries and fuel) of providing the Fire and Rescue Service (FRS) on the Island, but we must also consider other issues such as:
 - Central costs (e.g. finance and legal support) that are incurred in providing direct support to the FRS
 - Debt financing costs
 - Grants and other income
 - Potential savings
 - Assets and liabilities linked to the service such as buildings and vehicles
 - Reserves
62. The other important factor is to understand the impact on council tax. For residents on the Isle of Wight, they would see the council tax that they pay for Isle of Wight Council services reduce but a new amount (called a precept) would be charged by the new CFA for Fire and Rescue Services (in the same way that the Police and Crime Commissioner does at the moment).
63. There will be differences between the old and new amounts paid for Fire and Rescue Services and the new CFA must decide how it will 'harmonise' council tax for residents both on the Isle of Wight and in Hampshire when it is created.

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64. The following sections in this consultation document cover these issues in more detail.

Revenue Costs

65. As part of the financial process a figure must be calculated that represents the total 'notional' cost of the IWFRS. The total direct net cost of providing a Fire and Rescue Service on the Isle of Wight is budgeted to be £6.135m in 2018/19 including the proposals for savings that have been put forward as part of the service review.
66. In addition to these costs an exercise has been undertaken to identify other direct costs that are attributable to the IWFRS and to work out an appropriate proportion of other central budgets that should be taken into account. This has provided further costs as follows:

Item	£'000	Comments
Direct support costs	270	Based on forecast time spent supporting the FRS
Repairs and maintenance	26	Proportion of central budget
Debt financing costs	725	Proportion of central budget

67. The overall aim of the financial process is to leave the Isle of Wight Council in no better or worse position than it would have been if the service remained within the Council. On that basis, the following approach has been proposed in respect of the costs in the above table.
68. **Direct support costs** – In the main, these represent proportions of individual staff time spent supporting the FRS. If financial resources were transferred it is unlikely that the staff associated with those budgets could also be transferred to the new CFA since the work for IWCFRS represents only part of an individual's role. It is therefore proposed that this is excluded from the notional budget. This also has the benefit that the IWC will retain this resource but may be able to make savings against them if the Service transferred into a new CFA.
69. **Repairs and Maintenance** – Since this represents a proportion of an existing central budget and is relatively small, it is again proposed that the resources remain with IWC. This also has the benefit that relatively more money will be available to support a smaller number of buildings once the assets associated with the IWCFRS transfer to the new CFA (see below).
70. **Debt Financing Costs** – These costs are more substantial but have still been calculated on the basis of a relevant proportion of a central budget. Loans were taken out to fund capital expenditure in the past and this represents the cost of repaying those loans plus interest. It is not possible to easily identify which FRS assets were funded through borrowing and therefore a proportion of the budget has been used.

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71. If this cost transferred to the new CFA, it would mean that council tax income equivalent to the full value would also need to transfer with it. The impact on the IWC is therefore neutral irrespective of whether the debt costs transfer or not. On that basis it is proposed to leave the debt costs and council tax income with the IWC since this also removes potential administrative complications with transferring debt between organisations.
72. **Based on the assumptions detailed above this therefore means that the current revenue cost of the IWFRS for the purposes of any potential transfer are £6.135m**

Grants

73. The Isle of Wight Council also receive grants and other income to help offset the costs of services provided on the island. In order to calculate the 'notional' net cost of the IWFRS, a proportion of these grants and other income needs to be attributed to the IWFRS.
74. An explanation of the different income sources and how these have been treated is outlined below:
75. **Revenue Support Grant** – The Government provides grant to local authorities to help meet the cost of services in the form of Revenue Support Grant (RSG). Normally RSG is provided as a general grant and not allocated to specific services, but in the case of Fire a separate Fire RSG is identified by the Government.

For 2018/19 Fire Revenue Support Grant for the IWC was assessed as **£992,000** and this amount can therefore be taken into account as part of these calculations.

76. **Retained Business Rates** – Local Authorities can now retain a proportion of Business Rate income collected in the year. Again, this is a general grant that can be used to fund all services and therefore only a proportion of this can be attributed to the IWCFRS.
77. The Government publishes baseline assessments for business rates that distinguish between Fire Services and Other Services. The figure for retained business rates for IWCFRS in 2018/19 is **£1.065m**.
78. **Business Rate Top Up Grant** – Some local authorities also receive a top up grant from the Government as the income they now receive through business rates retention is less than the total level of grants they previously received.
79. For IWC the Top Up grant is £12.652m, but again the Government provides a breakdown of this figure between Fire Services and Other Services. The figure for Top Up grant for IWFRS in 2018/19 is **£714,000**.

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Potential for further savings

80. There is no scope to reduce the level of operational capacity under the current DDiP arrangements that would still maintain an effective firefighting capability on the Isle of Wight given the risk profile that exists.
81. In overall terms, the potential removal of the FRS from the IWC would have the impact that the IWC will need to find a relatively higher proportion of savings from a smaller service cost base due to the higher reduction in general RSG compared to Fire RSG.
82. Whilst this has a slight negative impact on the overall financial position of the Council, if the FRS remained within the IWC it would have a very limited ability to contribute to any further savings programmes since most of the costs are driven by staff, buildings and vehicles. On that basis the IWC is in no worse a position than it otherwise would have been.
83. A separate commitment (as explained elsewhere in this document) has also been made to continue to use capacity that exists within the IWCFRS to improve and generate efficiencies in other IWC and IOW public services. Whilst this will not make direct savings within the FRS itself it may help other services to reduce their expenditure through collaboration and close working with the FRS.
84. In addition, although the scope is much smaller, it may still be possible to make savings in other running costs within the IWCFRS and current plans to replace Personal Protective Equipment (PPE) in the current year will lead to a saving in annual revenue costs of around £80,000 from 2019/20 onwards.
85. Since the IWC are funding the £340,000 required to replace the PPE this year, it seems reasonable that the future saving should also be taken into account as part of the calculation of the notional FRS budget.

This would have the effect of reducing the net service cost of the FRS to £6.055m

Council Tax

86. As mentioned in the introduction to this section, it is necessary to calculate a 'notional' council tax for the IWFRS, which would be removed from the IWC total council tax and replaced by a separate precept from the new CFA.
87. The notional council tax can be calculated as follows:

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	£'000
Net Service Cost	6,055
Fire Revenue Support Grant	(992)
Retained Business Rates	(1,065)
Business Rates Top Up	(714)
Net Amount to be met from Council Tax	3,284
Divided by Tax Base for IWC	52,998
Notional Council Tax	£62.00

If a new CFA were to be created then this is the amount that the IWC council tax bill would be reduced by and a new precept would then be charged by the new CFA.

88. The amount to be charged for council tax by the CFA in the future would need to take into account the impact on the residents of both the Isle of Wight and Hampshire, which is known as council tax harmonisation.
89. The council tax for Hampshire Fire and Rescue Authority in 2018/19 is £65.74 which is which is £3.74 higher than the notional amount shown above. For the purposes of this consultation it has been assumed that council tax would be harmonised at the current Hampshire rate.
90. This would mean that if nothing else changed, Isle of Wight residents would pay an extra £3.74 per year for a band D property, which would be an increase of 0.24% on the current 2018/19 council tax.
91. This needs to be set in the context that the transfer would facilitate a range of improvements to the IWCFRS fire stations and vehicle replacements as outlined in the next section.

Assets and Liabilities

92. When a transfer of functions between public bodies takes place, it is also usual practice for all relevant assets and liabilities to transfer at the same time. In the context of the IWCFRS this would include:
 - Specific land and buildings associated with the provision of the IWCFRS (mainly dedicated fire stations)
 - Vehicles and equipment used within the service
 - Specific financial assets or liabilities associated with the service (provisions, capital receipts, reserves etc)
 - A relevant proportion of general reserves held by IWC based on the IWCFRS budget as a proportion of the total budget (4.087%)

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93. No debt would transfer for the reasons set out previously and it is assumed that contracts for services would be novated to a new CFA wherever this could be negotiated with the provider.
94. The assumption within this business case is that all physical assets would transfer to a new CFA unless separately agreed between the two organisations and that relevant financial assets and liabilities would also transfer at the point of the creation of a new CFA. This would give the following profile of transfers based on the estimated position at the end of 2018/19 (or as per the 2017/18 accounts in the case of the Net Book Values):

	£'000
Net Book Value of Property (existing Use Value based on a 5 year re-evaluation)	10,327,205
Net Book Value of Vehicles and Equipment (historic cost less depreciation)	2,898,645
FRS Special Grants Reserve	106
4.087% of Repairs and Renewals Reserve	41
4.087% of Non-insurable risks reserve	81
4.087% of General Reserves	456

95. In overall terms, the transfer of these assets and liabilities has a broadly neutral impact on the IWC but does provide a substantial benefit when considering future maintenance and replacement programmes for buildings and vehicles in particular, which is discussed in more detail in the next section.

Asset Maintenance and Replacement

96. One of the key benefits to the IWC of the creation of a new CFA would be the transfer of future liabilities relating to Property and Vehicles which at this stage are effectively unfunded as part of the Medium Term Financial Strategy and additional resources would need to be found by IWC to address a number of key issues over the next 3 to 5 years if a transfer does not take place.
97. Funding for capital expenditure across all IWC services is very limited, which requires the strict prioritisation of funding to the areas that most need it. This can cause backlogs in repairs or replacement of assets which can ultimately impact on service effectiveness.
98. A review has been carried out to identify the essential areas for capital investment within the IWCFRS and these are outlined below:
99. **Property** – The current estate of fire stations is old and in a poor state of repair. A condition survey has been carried out which has identified a programme of essential maintenance that is required to the estate to keep it operationally effective and a safe place to work.

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100. This would require capital funding in the order of **£2.34m** over the next five years with **£1.4m** of this needing to be addressed within the first 1 to 2 years. In addition, it is estimated that an annual revenue budget (which does not exist at this point) of over **£520,000** per annum would need to be created to properly maintain and service the fire station estate across the Isle of Wight.

It would be for the new CFA to address these funding issues and no liabilities would fall on the IWC after the assets had been transferred.

101. **Vehicles** – The current service review proposals for IWFRS include changes to the vehicle types used by the service. In addition, there is a general requirement for vehicle replacement over the next 5 years.
102. These two things together require investment in vehicles of **£2.4m** over the next five years against which the IWC only has **£0.6m** put aside to help fund this expenditure.

Again, it would be for the new CFA to address this funding shortfall and no liabilities would fall on the IWC after the assets had been transferred.

103. In overall terms, as a dedicated CFA with significant resources (and without the competition for attracting funding relative to other Council services) funding can more easily be put in place for these property and vehicle liabilities therefore maintaining the efficiency and effectiveness of the FRS on the IOW.

Costs of new CFA creation

104. The majority of this section has dealt with the financial implications and process for a potential transfer of the IWCFRS to a new CFA.
105. However, there are also potential one-off costs associated with the transfer itself in terms of preparation of a final business case to Government, the legal process for creation of the CFA and transfer of assets, liabilities and contractual arrangements.
106. Furthermore, there may be costs in respect of the practical arrangements for the transfer of staff to the new CFA, in areas such as information and communication technology, equipment etc.

At this stage, it has been agreed by the two authorities that all one-off costs will be met by Hampshire Fire and Rescue Authority.

CONSULTATION INFORMATION

Introduction

107. The Isle of Wight Council (IWC) are seeking views on the creation of a new Combined Fire Authority (CFA) to include the Authorities of Hampshire County

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Council (HCC), the Isle of Wight Council (IWC), Portsmouth City Council and Southampton City Council (SCC).

108. This consultation document is for the purposes of IWC's consideration of the proposal. Hampshire Fire and Rescue Authority (HFRA) are running a similar consultation process as part of their consideration of the proposal.
109. The consultation documents will be available online and in paper form (upon request).
110. Consultation will run for 12 weeks with a decision about the creation of a new CFA or to maintain existing governance arrangements. The results of the consultation will be carefully analysed and put into a report which will be presented to the Cabinet, along with all other relevant information. This will inform the creation of a decision paper for the Secretary of State for the creation of a new CFA or to maintain existing governance arrangements. This decision will be in November 2018. A similar process and decision will be made by HFRA, following consultation with their key stakeholders.
111. Consultation is taking place with the following key stakeholders (this list is not exhaustive):
 - the public
 - the Constituent Authorities of Hampshire County Council, Portsmouth City Council and Southampton City Council
 - Bordering Fire and Rescue Authorities and Services
 - The Police and Crime Commissioner
 - Bordering Constabularies
 - Local emergency services
 - The National Fire Chiefs Council
 - Hampshire MP's
 - Home Office
 - National Police Chiefs Council
 - Local Government Association (LGA)
 - Trade unions and professional representative bodies
 - Society of Local Authority Chief Executives (SOLACE)
112. Section 2 of the Fire and Rescue Services Act 2004 states that a Combined Fire Authority may only be created by the Secretary of State if it is in the interests of economy, efficiency, effectiveness or public safety. The information contained within this document pays due regard to economy, efficiency and effectiveness and public safety under the headings of operational and financial, and explains how the proposed creation of a new CFA could meet the

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requirements of section 2 of the Fire and Rescue Services Act 2004. We are therefore seeking views from stakeholders on these areas.

113. The Isle of Wight Council are a Best Value Authority, under section 3 of the Local Government Act 1999, and is committed to securing continuous improvement in the way its functions are exercised, having due regard to economy, effectiveness and efficiency. IWC is consulting with key stakeholders regarding the proposed creation of a new CFA to ensure it continues to meet the requirements of a Best Value Authority.

Background

114. Fire and Rescue Authorities (FRAs) are governed by the Fire and Recuse Services Act 2004 (“the 2004 Act”). An aim of a Fire and Rescue Authority is to promote fire safety in its area. All FRAs must ensure they provide services to their communities in relation to fire-fighting, road traffic incidents and other emergencies. FRAs are also increasingly broadening their role into Health and Wellbeing functions.
115. An FRA must provide the services set out in the 2004 Act and in doing so, delegates the day to operations to a Fire and Rescue Service (FRS) made up of officers and support staff. The FRA holds the FRS to account for delivery of an Integrated Risk Management Plan (IRMP).
116. The IRMP is based around the risks and demands the Service faces and outlines how it will deploy resources to ensure safer communities. Through delivery of the IRMP, both HFRS and IWFRS provide a Community Safety, Community Response and Community Resilience service to the communities they serve.
117. HFRA and IWC entered into a Strategic Partnership in April 2015. This partnership, named “Delivering Differently in Partnership” (DDiP), enabled the operational alignment of Hampshire Fire and Rescue Service (HFRS) and the Isle of Wight Fire and Rescue Service (IWFRS) and has been successfully operating for three years. The partnership has enabled the two services to establish a close working relationship.
118. The main focus of the partnership was shared Strategic leadership and incident command, aligned service policy, a Fleet Management and Health and Safety provision and training and development support. The Chief Fire Officer of HFRS is also the Chief Fire Officer for the IWFRS. HFRS have also recently taken on call handling on the Isle of Wight. The call control room in Hampshire now receives the 999 calls from the Isle of Wight and despatches emergency response on the Island as appropriate.
119. Since April 2015, DDiP has delivered benefits to both services, the staff and the communities we serve, including successfully achieving financial efficiencies, operational benefits and increased and shared knowledge and learning. It has also had the effect of bringing the services closer together. The current partnership has enabled the two services to align on an operational level but

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does have some constraints financially, and also with regards to governance and decision making.

120. The partnership has enabled the IWFRS to continue to operate financially, something which has become more difficult in the current financial climate. Three years into the partnership it is timely to build upon the success of DDiP and now consider proposals for optimal governance arrangements for both Authorities.
121. Investigations into the proposed creation of a new CFA began in February 2017. In March 2018, IWC and HFRA agreed an outline business case exploring the risks and opportunities of creating a new Combined Fire Authority (CFA) consisting of Hampshire, the Isle of Wight, Portsmouth and Southampton.
122. This consultation document describes the current governance arrangements of HFRA, HFRS, the IWC and the IWFRS, explains why we are consulting on a proposed change in governance and what a new CFA might look like. No decisions around creating a new CFA have yet been made and we are now seeking views from key stakeholders to inform a final business case and decision.

Governance

123. Fire and Rescue Authorities (FRAs) are governed in a variety of ways including: a Combined Fire Authority (CFA), an upper tier Local Authority, a Metropolitan Council, a Police and Fire Crime Commissioner (PFCC) or an Elected Mayor.
124. A Combined Fire Authority (CFA) is created by the Secretary of State using powers granted in section 2 of the Fire and Rescue Services Act 2004. A statutory instrument known as a Combination Order is created. This constitutes the CFA as a public body and provides some detail about how the CFA should operate. A CFA covers more than one local authority area. The upper tier Local Authorities in the CFA area are known as Constituent Authorities. The Constituent Authorities appoint a fixed number of elected Councillors to the CFA. The Councillors on a CFA are known as Members.
125. A Local Authority led Fire and Rescue Service is integrated into the Local Authority. The Local Authority is responsible for delivering fire and rescue services to the area it covers in the same way it delivers other services. The Local Authority's Constitution will set out how fire and rescue functions are discharged and what responsibilities lie with elected Councilors.
126. A Metropolitan Fire and Rescue Service (with the exception of London and Manchester) is similar to a CFA. Metropolitan Fire and Rescue Services consist of Metropolitan Councils from different local areas, who come together and appoint Councilors to form a Fire and Rescue Authority, in a similar way to the CFA model.

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127. Both Manchester and London operate a Fire and Rescue Service with a single Mayor to govern the whole area.
128. In January 2017, the Policing and Crime Act 2017 granted powers to Police and Crime Commissioners (PCC) to be able to take on the responsibilities of Fire and Rescue Services instead of having a Fire and Rescue Authority. If a PCC opts to go down this route, and the Secretary of State agrees it is in the interests of effectiveness, efficiency, economy or public safety, they become known as a Police and Fire Crime Commissioner (PFCC). There are currently a number of PCCs in England that have opted to take on the responsibilities of the Fire and Rescue Service.

The Isle of Wight Fire and Rescue Authority (IWFRA)

129. The IWFRA is part of the Isle of Wight Council (IWC). The IWC is an upper tier Council made up of 39 areas known as wards. An upper tier Council is the top tier of local government for an area, providing a large number of public services to the community. For the Isle of Wight, the Council provides services for the whole Isle of Wight area.
130. The Isle of Wight Council has 40 elected Councilors. The IWFRA is made up of Cabinet Members on the IWC who make decisions regarding the Fire and Rescue Service. A single Councillor is responsible for bringing to Cabinet, decisions around the Fire and Rescue Service. The decisions are considered amongst other Council business. The Cabinet within the IWC agree the IRMP.

The Isle of Wight Fire and Rescue Service (IWFRS)

131. The IWFRS is a department of the IWC and is part of the Community Safety and Public Protection portfolio. The Fire and Rescue Services budget is part of the larger budget of the whole Council. Operational staff cover the whole of the Island to provide response to incidents, protection and prevention work and Fire Safety and to ensure delivery of the IRMP. Currently the strategic management of the Fire and Rescue Service is provided by HFRS under the DDIP agreement with operational staff on the Island remaining IWC employee's.

Hampshire Fire and Rescue Authority (HFRA)

132. HFRA is a CFA comprised of the constituent authorities of Hampshire County Council, Portsmouth City Council and Southampton City Council. HFRA was created by the Hampshire Fire Services (Combination Scheme) Order 1996 (known as the Combination Order) and which has remained in force under section 4 of the Fire and Rescue Services Act 2004.
133. The number of Members of the HFRA is currently 10. There are eight Members from Hampshire County Council, one from Portsmouth City Council and one from Southampton City Council. As a member of the body governing the FRS, a Fire Authority Member's priority is to ensure the Service is protecting life and property in the event of fires, rescuing and protecting people in the event of

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road traffic collisions and rescuing and protecting people in the event of other emergencies across the whole CFA area. They make decisions regarding the operations of the Fire and Rescue Service as a whole including approving the Integrated Risk Management Plan (IRMP).

Hampshire Fire and Rescue Service (HFRS)

134. HFRS is accountable to HFRA. HFRS delivers the day to day operational fire and rescue service as directed by HFRA. The Service is responsible for carrying out the objectives within the IRMP. Resources are deployed throughout the CFA area according to risk and demand to ensure safe communities. The Service is made up of operational staff who respond to incidents, protect life and property, undertake prevention work and deal with fire safety.

The Police and Crime Commissioner (PCC)

135. The PCC in Hampshire represents, and covers a boundary area, comprising of the Hampshire County Council, the Portsmouth City Council and the Southampton City Council areas and the Isle of Wight. This is the same boundary area that Hampshire Constabulary cover. With the HFRS and IWFRS as two separate Services, the boundaries are not co-terminous with the PCC or Hampshire Constabulary. The PCC has been invited by both the HFRA and the IWC to become a voting Member of each of the FRAs. The HFRA combination order was amended in 2017 to reflect this and facilitate the change.

136. The PCC declined the invite to become a voting member and instead, regularly attends HFRA meetings as a non-voting participant and actively comments on the debate. The PCC has indicated that at the moment, he is not minded to use the Policing and Crime Act 2017 and change the governance of the Fire and Rescue Services of Hampshire and the Isle of Wight but will continue to engage and support the fire Authorities. He has also said that he will continue to look for the successful coming together of the Fire Authorities.

A new Combined Fire Authority (CFA)

137. IWC and HFRA are considering making a proposal to the Secretary of State to create a new, single Combined Fire Authority covering the existing HFRA area and the Isle of Wight.

138. In order for a new combined fire authority to be created, the proposal needs to be put forward to the Secretary of State for consideration. It is the decision of the Secretary of State whether a new CFA is created or not. Should the Secretary of State agree to create a new CFA, this would be done under section 2 of the Fire and Rescue Services Act 2004.

139. The proposed new CFA would consist of the Authorities of Hampshire County Council, the Isle of Wight Council, Portsmouth City Council and Southampton City Council. It is anticipated that the new CFA would be made up of elected

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members from each Constituent Authority. The total number of members is likely to be determined by the new CFA. The number of members from each Constituent Authority should, so far as is practicable, be proportionate to the number of electors in each Constituent Authority area compared to each other.

140. HFRA has recently carried out a Governance Review, for the purpose of ensuring it is operating in the most efficient and effective way and is aligned to the Fire Reform agenda. The Governance Review resulted in a reduction of the number of Members of HFRA from 25 to the current number of 10 (as of June 2017). This reduction in size has seen many positive benefits such as a cost savings and more efficient and effective decision making.
141. It is important that a new CFA recognises the importance of the principles of Fire Reform and continues to operate in the most efficient and effective way. Any decision about the size and number of Members of a new CFA must reflect these principles. Using 2017 electoral data from the Constituent Authorities, calculations show that a new CFA could consist of 11 Members representing the four councils, with the PCC as an invited guest. In keeping with HFRA's Governance Review, HFRA's preferred option would be for a new CFA to be initially created with 11 Members. However, the total number of members would then be a decision for the CFA from time to time, according to the proportionality principles explained above.
142. If a proposal is put forward to create a new CFA, then the current Hampshire Fire and Rescue Authority Combination Order would be revoked and the staff and assets of HFRA would be transferred to the new CFA. Similarly, the staff and assets of IWFRS would be transferred from the IWC to the new CFA. The two Fire and Rescue Services would combine under the governance of a new, single CFA to serve the communities of all the constituent authorities, across the whole CFA area.