



House of Commons
Committee of Public Accounts

The failure of the FiReControl project

Fiftieth Report of Session 2010–12

*Report, together with formal minutes, oral and
written evidence*

*Ordered by the House of Commons
to be printed 14 September 2011*

HC 1397
Published on 20 September 2011
by authority of the House of Commons
London: The Stationery Office Limited
£11.00

Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

Current membership

Rt Hon Margaret Hodge (*Labour, Barking*) (Chair)
Mr Richard Bacon (*Conservative, South Norfolk*)
Mr Stephen Barclay (*Conservative, North East Cambridgeshire*)
Dr Stella Creasy (*Labour/Cooperative, Walthamstow*)
Jackie Doyle-Price (*Conservative, Thurrock*)
Justine Greening (*Conservative, Putney*)
Matthew Hancock (*Conservative, West Suffolk*)
Chris Heaton-Harris (*Conservative, Daventry*)
Joseph Johnson (*Conservative, Orpington*)
Rt Hon Mrs Anne McGuire (*Labour, Stirling*)
Mr Austin Mitchell (*Labour, Great Grimsby*)
Nick Smith (*Labour, Blaenau Gwent*)
Ian Swales (*Liberal Democrats, Redcar*)
James Wharton (*Conservative, Stockton South*)

The following member was also a member of the committee during the parliament:

Eric Joyce (*Labour, Falkirk*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume.

Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Lori Verwaerde (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5708; the Committee’s email address is pubaccom@parliament.uk.

Contents

Report	<i>Page</i>
Summary	3
Conclusions and recommendations	5
1 Project initiation	7
2 Running the project	9
3 Future plans	11
Formal Minutes	13
Witnesses	14
List of printed written evidence	14
List of Reports from the Committee during the current Parliament	15

Summary

This is one of the worst cases of project failure that the Committee has seen in many years. FiReControl was an ambitious project with the objectives of improving national resilience, efficiency and technology by replacing the control room functions of 46 local Fire and Rescue Services in England with a network of nine purpose-built regional control centres using a national computer system.¹ The project was launched in 2004, but following a series of delays and difficulties, was terminated in December 2010 with none of the original objectives achieved and a minimum of £469 million being wasted.

The project was flawed from the outset, as the Department for Communities and Local Government (the Department) attempted, without sufficient mandatory powers, to impose a single, national approach on locally accountable Fire and Rescue Services who were reluctant to change the way they operated. Yet rather than engaging with the Services to persuade them of the project's merits, the Department excluded them from decisions about the design of the regional control centres and the proposed IT solution, even though these decisions would leave local services with potential long-term costs and residual liabilities to which they had not agreed.

The Department launched the project too quickly, driven by its wider aims to ensure a better co-ordinated national response to national disasters, such as terrorist attacks, rail crashes or floods. The department also wanted to encourage and embed regional government in England.. But it acted without applying basic project approval checks and balances – taking decisions before a business case, project plan or procurement strategy had been developed and tested amongst Fire Services. The result was hugely unrealistic forecast costs and savings, naïve over-optimism on the deliverability of the IT solution and under-appreciation or mitigation of the risks. The Department demonstrated poor judgement in approving the project and failed to provide appropriate checks and challenge.

The fundamentals of project management continued to be absent as the project proceeded. So the new fire control centres were constructed and completed whilst there was considerable delay in even awarding the IT contract, let alone developing the essential IT infrastructure. Consultants made up over half the management team (costing £69 million by 2010) but were not managed. The project had convoluted governance arrangements, with a lack of clarity over roles and responsibilities. There was a high turnover of senior managers although none have been held accountable for the failure. The Committee considers this to be an extraordinary failure of leadership. Yet no individuals have been held accountable for the failure and waste associated with this project.

The Department awarded the IT contract to a company with no direct experience of supplying the emergency services and who mostly relied on sub-contractors over which the Department had no visibility or control. The contract was poorly designed, lacking early milestones which would have enabled the Department to hold the contractor accountable for project delays. Payments within the contract were scheduled too late, and created

¹ Resilience was to be achieved through enhanced technology to enable a more effective handling of calls, mobilisation of equipment and management of incidents.

tension in an already poor relationship. This was made worse by the Department's weak contract management and its failure to ensure the contractor followed the contracted approach.

Following the cancellation of the project, the Department has earmarked £84.8 million to meet the project's original objectives, to improve resilience, efficiency and interoperability within the Fire and Rescue Service. It has invited bids for this money from each of the Fire and Rescue services. These arrangements, however, rely on the voluntary collaboration of individual services, and we are concerned that the Department could not tell us how it will ensure certainty of response in the event of a large scale incident, or whether the £84.8 million will provide value for money. Response in the event of a large scale incident is a key issue which needs to be addressed in the new National Framework later this year, and we look forward to reviewing progress on this in due course.

On the basis of a Report by the Comptroller and Auditor General, we took evidence from the Department and representatives from the Fire and Rescue Service on the delivery and cancellation of the FiReControl project.²

Conclusions and recommendations

- 1. The Department failed to secure the co-operation and support of local Fire and Rescue Services.** The project's success rested upon voluntary cooperation between local Fire and Rescue Services. Delivery of the project was fatally undermined from the outset by the Department's failure to acknowledge the independence and local accountability of local services and work to build their support for the project. In the future the Department must secure the buying in of those expected to use and operate new systems and must involve them in both the decision and the delivery of projects.
- 2. The Department failed to apply effective checks and balances from the start.** The project progressed too fast without essential checks being completed. For example Departmental and Treasury approval was given without proper scrutiny of the project's feasibility or validation of the estimated costs and savings. For all future projects, the Department must follow proper business case approval procedures and ensure that an appropriate level of challenge is applied to the approval process. Accounting Officer Directions must be sought where officials believe proposed projects do not represent value for money.
- 3. The Department's management and oversight of the project was weak.** The Department lacked the necessary expertise and experience to deliver the project and was over-reliant on consultants, whose performance was not managed effectively. The Department did not approach the project as being one of business transformation, but treated each element in isolation. So for instance the Department failed to understand the complexity of the IT system but prioritised building the new control centre. So today we have nine regional white elephants, most of which have stood empty since 2007. For all future projects, the Department should follow proper project and programme management procedures and not take on projects without ensuring it has staff with the right business change, programme management and IT skills
- 4. The Department failed to manage delivery of the IT system by the contractor.** The Department failed to follow the most basic fundamentals of good contract management. The poorly designed IT contract lacked early milestones or mechanisms to effectively manage prime or sub-contractor performance. The Department allowed the contractor to deviate from the agreed approach, and when problems did emerge, it did not take timely corrective action. The Department should ensure that all its future contracts contain terms and conditions which clearly define responsibilities and outputs, including those requirements which, if not met, would constitute a breach of contracts. Rewards and incentives must reflect the balance of risk.
- 5. Despite the scale of failure and waste, no one in the Department has been held accountable.** Convoluting governance arrangements, a lack of continuity among senior staff and an over-reliance on consultants impeded effective management and oversight. The Department's wider corporate governance arrangements failed to provide an effective check on the project. For future projects, the Department needs

to clearly identify roles and responsibilities and to define clear lines of accountability. It should make sure that any such future projects are subject to robust challenge by its Board. More widely, Government as a whole through the Cabinet Office needs to embed a culture which accepts personal responsibility and accountability for major projects and must be clear as to how Government will address underperformance.

- 6. The Department must ensure that the further £84.8 million it now intends to spend to obtain the original objectives of the FiReControl project is not wasted.** The Department has made new money available to local Fire and Rescue Services to ensure greater collaboration. We are unclear how national resilience will be delivered given that collaboration between local services is not guaranteed and how the expenditure of a further £84.8 million will deliver value for money. The Department should manage the new funding as a distinct programme, with defined outputs, clear criteria for approval, appropriate milestones and transparent delivery arrangements and accountabilities.
- 7. The regional control centres remain empty and expensive to run.** Eight of the purpose-built regional control centres remain empty and continue to cost the taxpayer £4 million per month to maintain. It is likely that only five will be used by the Fire and Rescue Service. The Government must urgently undertake a review of fire, ambulance and police services to develop better co-operation and integration between the emergency services. This review should look at the potential for co-location so that good use can be made of the newly built fire centres which currently stand empty.

1 Project initiation

1. The Department embarked on the FiReControl project in 2004. Its aim was to modernise the Fire Service in the wake of the September 2001 attacks, the 2002 Bain Review³, and the proposal to establish regional fire services in England, as outlined in the 2003 White Paper ‘Our Fire and Rescue Service’.⁴ The project had three objectives:

- improving national resilience: by enabling full interoperability between local Fire and Rescue Services and increased capacity to handle calls from the public;
- increasing efficiency: through abolishing 46 local control rooms and moving activities to nine purpose-built regional control centres; and
- enhancing services through new technology: by upgrading response and deployment capacity, in particular through combining the proposed new IT system with the new FireLink communications project.⁵

2. The Department was keen to launch the FiReControl project. A Gateway Review by the Office of Government Commerce in April 2004 found that the project developed at an “extraordinarily fast pace.” The review concluded that the project was in poor condition overall and at significant risk of failing to deliver.⁶

3. The Department confirmed in evidence to us that the project was flawed from the outset. The Department attempted to impose a single, national approach on the Fire and Rescue Services without engaging properly with the independent locally accountable local services.⁷ In addition, it did not have sufficient mandatory powers to make these local bodies adopt the new regional structure.⁸ The Department acknowledged that local services felt excluded from the process. They were not, for example, consulted on the specification of the control centres.⁹

4. The fast pace of implementation led to insufficient work being carried out to analyse the costs or understand the risks of the project.¹⁰ In fact, the project was approved by the Department and Treasury before a project plan or business case was finalised.¹¹ The result was an overambitious project with hugely unrealistic forecast costs and efficiency savings.¹²

3 The Future of the Fire Service: reducing risk, saving lives: Independent review of Fire Service, December 2002

4 Qq 16, 162 and Office of the Deputy Prime Minister, *Our Fire and Rescue Service White Paper*, June 2003, p30 para 4.15.

5 Qq 6, 15

6 Q196

7 Qq 31, 34, 44

8 Q32

9 Qq 90-96

10 Q35

11 Qq 28, 198

12 Qq 13, 15

Costs were originally anticipated to be £120 million but now stand at a minimum of £469 million.¹³

5. Many Fire and Rescue Services were reluctant to change the way they operated and were antagonistic to the Department's regionalisation policy.¹⁴ They were also concerned that the project might leave them with extra costs and residual liabilities to which they had not agreed.¹⁵

6. Although Board members expressed their concerns regarding the scale of the investment involved and the willingness of Fire and Rescue services to take on the technology, the view of officials was that the benefits outweighed the risks. No-one in the Department, either at Ministerial, Board or official level, sought to challenge the approach.¹⁶ The Department made two further assessments for Ministers in 2009 both of which recommended that the project should continue. It took until summer 2010 for the Department to finally conclude that the project should be terminated.¹⁷

13 Q13

14 C&AG report para 2.3

15 Qq 37, 45, 90

16 Qq 17,18, 19

17 Qq 71, 73

2 Running the project

7. FiReControl was characterised by very weak project and contract management which eliminated any chance of overcoming the flaws in the way the project was approved in the early phase. We have seen many examples of poor project management before, especially in IT projects, but in this case, poor management was a consistent feature across most aspects of the project.¹⁸

8. We questioned the Department's lack of relevant operational experience in the project team. The Department tended to rely on external consultants, but then failed to manage them.¹⁹ The Department told us it spent £68.6 million on consultants amounting to 76 % of the cost of the central project team. £42 million of the total spend was paid to PA Consulting to advise on project management issues.²⁰ Despite these large sums and the consultants' critical role in running the project, the Department did not use benchmarks or indicators to evaluate outputs or monitor performance.

9. The Department failed to align the separate work streams of building the control centres, developing the IT system, and modifying working practices within local services.²¹ The time taken to develop the IT contract meant that the first control centres had already been completed just three months after the IT contract had been awarded and before the necessary changes to business processes had started. The buildings therefore remained empty for years, costing £4 million a month to simply maintain.²²

10. The success of FiReControl depended on local services changing their ways of working to align with the new technology. We find a common cause of project failure is the lack of understanding of the impact of technology changes on users, and this was evident in FiReControl. The Department told us that insufficient attention was given to helping control room staff understand the new ways of working.²³

11. The Department mistakenly assumed that the delivery of the IT system would be straightforward and could be developed through a standardised off-the-shelf product.²⁴ In fact, the technology was very complex, requiring 46 local fire services to standardise the way they operated.²⁵ The failure to deliver the technology in an acceptable timeframe was the reason for the project's termination.²⁶ The lack of initial planning meant it was not until 2007, three years after the project started, that the Department was in a position to award the IT contract. When it did so, it chose a prime contractor with no experience in the

18 Qq 83, 162, 206

19 Qq 76, 82

20 Q74

21 Q191

22 Qq 28, 29, 103

23 Qq 192, 193

24 Q183

25 Q191

26 Qq 62, 68

sector, who was reliant upon sub-contractors over which the Department had no visibility or control.²⁷

12. Despite the long preparation time, the IT contract itself was poorly designed and managed.²⁸ The contract did not include appropriate milestones to enable the Department to hold the contractor to account. The Department was also unable to terminate the IT contract without exposing itself to large costs. Payments within the contract were scheduled too late, and created tension in an already poor relationship.²⁹ The Department failed to ensure that the contractor followed the approach set out in the contract.³⁰

13. The project was beset by poor leadership and characterised by a high turnover of senior management staff. Since the project started there have been five Senior Responsible Owners and four Project Directors.³¹ None have so far been held to account for failure, and most have suffered no hindrance to their career. The Department's Accounting Officer between 2005 and 2010 is now the top civil servant in Scotland.³²

14. At the same time, the Department created complicated and convoluted project governance structures which did not have clear lines of accountability or responsibility, and decision-making was consequently slow. This situation did not change for years: in 2008, the Office of Government Commerce concluded that the project board was not operating as an effective decision-making forum, and in 2009 it noted a cultural failing to share bad news early "across the breadth of the project".³³

27 Qq 34, 185, 190

28 Q38

29 Qq 38, 74, 75, 76, C&AG Report para 3.11

30 Q191

31 Qq 65, 111

32 Qq 115, 120

33 Q61

3 Future plans

15. In April 2010 the Department concluded that cancellation was the best option, but it took a further eight months to achieve it. We are now left with empty buildings, no inter-operable IT system and no change in working practices.³⁴ In total a minimum of £469 million will have been wasted.³⁵

16. The London control centre is the only building which has been transferred to a Fire and Rescue Authority, the other eight centres remain empty. The Department is in negotiations with Fire Authorities to take over four of these buildings.³⁶ The Department holds 20 to 25 year leases on these buildings, and has a continuing liability for their rent, utilities and facilities management.³⁷

17. The project's original objectives are still important, particularly the need to provide a speedy and comprehensive response when large scale incidents occur.³⁸ To address this issue, the Department has set aside £84.8 million for Fire and Rescue Services to upgrade their control rooms and response capacity. The Department told us it intends to leave it to local fire services to determine how this funding will be used to improve resilience and efficiency. Local services have been invited to submit bids which the Department will evaluate against criteria of value for money. We were told individual services will be encouraged to bid collaboratively.³⁹ The Department has set up a dedicated programme board to manage this funding.⁴⁰

18. The Department told us that this £84.8 million will deliver a resilient system across the piece.⁴¹ However, local services are only responsible for incidents which occur within their local boundaries, and are not required to secure national resilience under the Fire and Rescue Services Act.⁴² It is unclear whether locally determined solutions will provide sufficient collaboration between services. Some services may believe that national resilience is a matter for Government. It is not clear how the Department will overcome these barriers. This is a key issue for the Department to address in putting together its new National Framework, which defines the responsibilities and accountabilities between the Department and Fire and Rescue Authorities, later this year.⁴³

19. Whatever the outcome, the Department has guaranteed to subsidise two thirds of the costs for every centre until their leases expire in 16 to 24 years time.⁴⁴ Given the future

34 Qq 13, 23

35 Qq 13, 57

36 Qq 108, 109

37 Q49, C&AG report para 4.12

38 Qq 11, 12

39 Qq 126, 127

40 Q134

41 Q128

42 Qq 140, 146

43 Qq 134, 140, 142, 155-157

44 Q103

expense of these highly-specified buildings together with the likelihood that some may never be occupied the Department must work with the Efficiency and Reform Group and other Departments to review whether they could be used for joint emergency services response activity.⁴⁵

Formal Minutes

Wednesday 14 September 2011

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon

Dr. Stella Creasy

Jackie Doyle-Price

Matthew Hancock

Chris Heaton-Harris

Jo Johnson

Mrs Anne McGuire

Austin Mitchell

Nick Smith

Ian Swales

Draft Report (*The failure of the FiReControl Project*) proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 19 read and agreed to.

Conclusions and recommendations 1 to 7 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Fiftieth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for placing in the Library and Parliamentary Archives.

[Adjourned till Monday 10 October at 3.00pm]

Witnesses

Wednesday 6 July 2011

Page

Sir Bob Kerslake KCB, Permanent Secretary, Department for Communities and Local Government, **Sir Ken Knight**, Chief Fire and Rescue Adviser, **Steve McGuirk**, Chief Executive, Manchester Fire Service, Board Member, Chief Fire Officers Association and **Roger Hargreaves**, National Project Director, FiReControl

Ev 1

List of printed written evidence

- | | | |
|---|---|-----------------------------------|
| 1 | Department for Communities and Local Government | Ev 21: Ev 22: Ev 25: Ev 27: Ev 29 |
| 2 | Cambridgeshire and Peterborough Fire Authority | Ev 28 |
| 3 | Chief Fire Officers Association | Ev 29 |

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–12

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Multi-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
Seventh Report	Funding the development of renewable energy technologies	HC 538
Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	Community Care Grant	HC 573
Twelfth Report	Central government's use of consultants and interims	HC 610
Thirteenth Report	Department for International Development's bilateral support to primary education	HC 594
Fourteenth Report	PFI in Housing and Hospitals	HC 631
Fifteenth Report	Educating the next generation of scientists	HC 632
Sixteenth Report	Ministry of Justice Financial Management	HC 574
Seventeenth Report	The Academies Programme	HC 552
Eighteenth Report	HM Revenue and Customs' 2009-10 Accounts	HC 502
Nineteenth Report	M25 Private Finance Contract	HC 651
Twentieth Report	Ofcom: the effectiveness of converged regulation	HC 688
Twenty-First Report	The youth justice system in England and Wales: reducing offending by young people	HC 721
Twenty-second Report	Excess Votes 2009-10	HC 801
Twenty-third Report	The Major Projects Report 2010	HC 687

Twenty-fourth Report	Delivering the Cancer Reform Strategy	HC 667
Twenty-fifth Report	Reducing errors in the benefit system	HC 668
Twenty-sixth Report	Management of NHS hospital productivity	HC 741
Twenty-seventh Report	HM Revenue and Customs: Managing civil tax investigations	HC 765
Twenty-eighth Report	Accountability for Public Money	HC 740
Twenty-ninth Report	The BBC's management of its Digital Media Initiative	HC 808
Thirtieth Report	Management of the Typhoon project	HC 860
Thirty-first Report	HM Treasury: The Asset Protection Scheme	HC 785
Thirty-second Report	Maintaining financial stability of UK banks: update on the support schemes	HC 973
Thirty-third Report	National Health Service Landscape Review	HC 764
Thirty-fourth Report	Immigration: the Points Based System – Work Routes	HC 913
Thirty-fifth Report	The procurement of consumables by National Health Service acute and Foundation Trusts	HC 875
Thirty-seventh Report	Departmental Business Planning	HC 650
Thirty-eighth Report	The impact of the 2007-08 changes to public service pensions	HC 833
Thirty-ninth Report	Department for Transport: The InterCity East Coast Passenger Rail Franchise	HC 1035
Fortieth Report	Information and Communications Technology in government	HC 1050
Forty-first Report	Office of Rail Regulation: Regulating Network Rail's efficiency	HC 1036
Forty-fifth Report	The National Programme for IT in the NHS: an update on the delivery of detailed care records	HC 1070
Forty-sixth report	Transforming NHS ambulance services	HC 1353
Forty-seventh Report	Reducing costs in the Department for Work and pensions	HC 1351
Fiftieth Report	The failure of the FiReControl project	HC 1397

Oral evidence

Taken before the Committee of Public Accounts on Wednesday 6 July 2011

Members present:

Rt Hon Margaret Hodge (Chair)

Mr Richard Bacon
Stephen Barclay
Stella Creasy
Jackie Doyle-Price

Matthew Hancock
Austin Mitchell
Ian Swales

Amyas Morse, Comptroller and Auditor General, **David Corner**, Director, NAO, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, gave evidence. **Gabrielle Cohen**, Assistant Auditor General, was in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

The Failure of the FiReControl Project (HC 1272)

Examination of Witnesses

Witnesses: **Sir Bob Kerslake**, Permanent Secretary, Department for Communities and Local Government, **Sir Ken Knight**, Chief Fire and Rescue Adviser, **Steve McGuirk**, Chief Executive, Manchester Fire Service, Board Member, Chief Fire Officers Association, and **Roger Hargreaves**, National Project Director, FiReControl, gave evidence.

Q1 Chair: Can I just welcome you all? I am sorry you have not all got seats, those of you who have come in from outside. I am sure somebody is helping you. Just to get it clear, was anybody sitting in front of us around in 2004, with responsibility for this area?
Steve McGuirk: I was around in 2004.

Q2 Chair: But not with responsibility for this area?

Steve McGuirk: No, not quite.

Chair: Was anybody here in 2007 with responsibility for this area? Right.

Mr Bacon: Sorry, what was the answer to that question?

Chair: "No."

Mr Bacon: No? None of you?

Q3 Chair: The reason I took 2007 is that that was when costings were apparently properly done.

Sir Bob Kerslake: I should say, Chair, that I, as you know, was a non-executive on the board.

Q4 Chair: You will have to talk up.

Sir Bob Kerslake: I beg your pardon. I was a non-executive on the board, but not with responsibility for the project, of course.

Q5 Chair: Right. You are accountable, and it won't be enough to just say, "Not me, Guv," if I can put it in that way. I want to start by trying to get you to help me to understand what went wrong. I want to start by asking what the purpose of the FiReControl project was. What problem was it trying to fix?

Sir Bob Kerslake: Shall I kick off on that question, Chair, if I can? The project's aim was, as the NAO Report says, to essentially improve the resilience, efficiency and technology of the fire service—

Q6 Chair: I understand that. We have all read the NAO Report. What problem was it trying to fix?

Sir Bob Kerslake: The problem it was trying to fix was around the overall resilience of the system nationally. It was born out of issues that were raised under the experience of 9/11 and indeed some of the natural disasters around flooding. The issue it was trying to resolve was first of all how you could achieve the highest level of resilience and capability across the different fire and rescue services. If one service was taken out, would you be in a position where another service could completely take over mobilisation from that centre? The second thing was that clearly it also had an ambition to achieve efficiencies. There was a twofold agenda. One part was about strengthening resilience, having complete interoperability across the country between the different regional centres, and secondly it was to improve efficiency.

Q7 Chair: Had you guys sitting in front of us been there in 2004, would you have advised that this was a problem that needed to be addressed?

Sir Ken Knight: Chair, if I might help, I was of course in the Fire and Rescue Service at that time. I was not responsible for the project: I was London Fire Commissioner at that time. Sir Bob makes a very valid point. Up to that point, the 46 fire and rescue authorities all had varying different systems that could not technically talk to each other—

Q8 Chair: I understand that.

Sir Ken Knight:—different technologies that had moved at different paces. Some had very advanced equipment. Some had less good equipment. There was an inability to transfer calls in what we call spate

conditions, large volumes from one fire control to another, so it all just piled up waiting for those spare conditions to pass. Some of those definitions of resilience and interoperability were to ensure that you could shed calls and share calls, not cause delay between the 46 control rooms.

Q9 Chair: Was that a problem you would have tried to fix in 2004?

Sir Ken Knight: Yes, it was a problem, and it remained a problem. In fact, I did a report in 2008 on the flooding of 2007, which showed that just that problem occurred there. Calls came in that had to be shed, because that fire and rescue service could not do anything with them, and had to wait for the high volume of calls to subside. That was the inherent problem that occurred at that time.

Q10 Stella Creasy: What do you mean by “shed”?

Sir Ken Knight: Pass them to another fire control. I will give you an example, if I may, Chair. In Gloucestershire the calls became overloaded in the fire control at that time. Clearly fire control couldn't answer them. BT had the 999 calls and were holding them and moving them off to the fire and rescue service. They built up in faxes waiting for them to be passed back for the original fire and rescue service to deal with them. There was an issue about capacity, and an issue about resilience.

Q11 Chair: Can I just pursue this line of questioning? If there was a genuine problem in 2004, about which you wrote a report in 2008, is it still a problem today?

Sir Bob Kerlake: The question was that, yes, there was a problem to be resolved, but was this the right solution, or indeed was a solution of this scale required? My personal view was that this was a very ambitious, complex and expensive way of resolving what were the problems at the time.

Q12 Chair: Is it still a problem today?

Sir Bob Kerlake: The answer is that there is still an issue to solve regarding the connectivity between the centres, but we believe that there is a lower cost and more bottom-up approach to addressing that problem. That is now what we are proposing for the future fire control services project.

Q13 Chair: I have noted and read the statement of your Minister to Parliament, and the attached papers on an £84¹ million investment to deal with the problem today that you were trying to deal with in 2004. On crude costings in July 2004 you said £120 million. By 2007 it had risen to £340 million, and as we sit here today, we already have losses of £469 million and are facing a potential further loss of £180 million. Why on earth, in 2004, did officials in your Department, which you lead today, not tell Ministers that they should be doing something that at today's prices you are saying only costs £82 million to £84 million?

¹ The Department have corrected this figure to ££83 million

Sir Bob Kerlake: I think, as I said earlier, they were trying to achieve two very big changes here. They were trying to achieve—

Q14 Chair: Why didn't they tell them?

Sir Bob Kerlake: Why didn't they tell them—

Q15 Chair: Why didn't they tell them that they could fix this problem of interoperability and resilience, by doing whatever you are going to do today—I am no great technician—which your Minister has announced in Parliament earlier this week, surprise surprise, which will only cost £84 million at today's prices?

Sir Bob Kerlake: There are two reasons why they gave different advice. The first was that they were trying to achieve a very high level of resilience, potentially higher than you need to achieve. It was hard to conceive of a situation where you would have needed the level of resilience that the FiReControl system required. However, there was a very ambitious agenda in terms of resilience. The second thing, as I touched on earlier, was that there was a desire not just to strengthen resilience, but move to a much smaller number of centres with a wholly different model of management, and an expectation that there would be efficiency savings achieved through that route as well.

Q16 Chair: But by 2007 they knew they didn't have the efficiency savings.

Sir Bob Kerlake: By that point, of course, the project had developed to a very advanced stage. You asked the question: at the time, in 2004, I think what drove the thinking was a very ambitious scale of change, a very high level of resilience, and a desire to wholly reorganise the delivery of fire control centres in a way that also achieved efficiency savings.

Chair: Mr McGuirk, then I have one more question.

Steve McGuirk: I would agree with Sir Bob's summary about the two reasons. There was a third, political dimension to this, however. At the time the fire and rescue service was coming out of a period of industrial unrest. We had new primary legislation coming, and there was a White Paper in June 2003. The fire service was on a direction of travel for regionalisation. Part of the drive was ministerial in the sense that that was where the fire and rescue service was seen to be moving. It was not just a wholly resilient, technological argument, although those were absolutely big driving parts of the project.

Q17 Chair: That leads me very sensibly to my final question. If it was ministerial, and it has turned out to be such a dreadful waste of taxpayers' money, why did the Department—I accept it was not you—not seek a ministerial direction before embarking on a project where they had not done the costings properly, and where clearly there was a cheaper alternative? I have to say to you, Sir Bob, that I know you were not Perm Sec, but you were non-exec director at the time, so I assume there were discussions on the board. I cannot understand why there was no direction from Ministers.

Sir Bob Kerlake: Yes, there were discussions on the board, and the points that I raised earlier were ones that I made at the time about the scale of the

 6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

investment compared to the problem, and the concern that I had at the time about whether or not fire and rescue services were willing to take on this technology. These were all points that were discussed, but the view of the officials on balance at that time was that the benefits of doing the scheme outweighed the risks and the costs.

Q18 Chair: Was there a discussion about a ministerial direction?

Sir Bob Kerslake: I don't think it came to that, because as I say the view of officials was to recommend, with some issues identified as concerns, that the scheme went ahead. This was not a case where a direction would have applied, because the recommendation from officials, as I understand it, was to go ahead with the scheme.

Q19 Chair: The recommendation from officials was to go ahead with the scheme, despite the fact that they had no buy-in from any of the fire authorities, very poor costings, questionable savings, and no idea about the IT. The recommendation from officials was to go ahead.

Sir Bob Kerslake: That is my understanding.

Q20 Mr Bacon: Why?

Sir Bob Kerslake: As I say, when they took account of all the issues involved in their judgment of the importance of tackling this issue of resilience and reducing costs, the judgment reached on balance was that the benefits of the scheme justified proceeding with the project.

Q21 Mr Bacon: What benefits?

Sir Bob Kerslake: As I say, the benefits of much stronger resilience and the opportunity to improve the efficiency.

Q22 Mr Bacon: The opportunity to improve efficiency is not a benefit. Improved efficiency is a benefit. The opportunity to do it is not a benefit. I ask again: what benefits?

Sir Bob Kerslake: Let me try again. First of all to improve resilience, secondly to achieve efficiencies, and thirdly, as Steve has said, that it potentially laid the foundations to move towards a regional fire service model.

Q23 Mr Bacon: It didn't deliver extra resilience, did it?

Sir Bob Kerslake: Clearly not, because the project didn't proceed, but that was the view. We are talking now about the views at the time.

Q24 Chair: It is 2004. There were several views. There was a view in 2004. Were you a non-exec director in 2007?

Sir Bob Kerslake: Yes I was.

Q25 Chair: Were there discussions on the board in 2007 as to whether to pull the plug?

Sir Bob Kerslake: There was no discussion at that point about whether or not the project proceeded. There were, as you will see from the NAO Report, a

series of reviews that went on at each stage of the project.

Q26 Chair: And were this sort of project to arrive on your desk today, would you seek a ministerial direction?

Sir Bob Kerslake: I was not persuaded at the time, as I say, but I was a non-executive, only there in an advisory role. My personal view is that I would need some convincing about the ambition here and the potential risks against the benefits.

Chair: You would, wouldn't you? You would. That's the answer to that, is it?

Sir Bob Kerslake: It is hard for me to say that I definitely would. It is a hypothetical question. As I say to you now, however, I would have needed some very strong persuasion.

Q27 Mr Bacon: Was your scepticism as a non-executive director recorded at the time?

Sir Bob Kerslake: It was clearly referred to in the discussions in the meeting. I have not gone back and checked every note of the meetings, but it was clearly referred to in the meetings.

Q28 Stephen Barclay: The project was approved before a project plan or business case was finalised. Could you explain why that was the case?

Sir Bob Kerslake: The judgment was that there was a desire to move quickly on the project at pace. That is the first part. The second part is that the assessed risks for the project were seen primarily, and mistakenly, as we now know, around the development of the fire control centres. Therefore there was a need to move ahead on the physical centres. As a consequence of that, the project went ahead with, as you say, an incomplete cost-benefit analysis.

Q29 Stephen Barclay: Sure. They moved so quickly that they built the centres, and completed two of them, only three months after they managed to get the IT contract agreed.

Sir Bob Kerslake: Absolutely right. The judgment made, as I say, completely wrongly as it has now turned out, was that the IT would be the more straightforward part of this and the centres would be the difficult bit.

Q30 Stephen Barclay: If they were moving so quickly, why did it take them until 2007 to do a comprehensive assessment of costs? What was happening for three years?

Sir Bob Kerslake: I cannot answer the detail as to why there was not a comprehensive assessment of costs. What I can say is that the focus was very much on securing the delivery of the physical centres.

Q31 Stephen Barclay: The contract was flawed at the outset, never mind that it was mismanaged, which impacted on your ability to terminate. Given that it was flawed at the outset, and you had professional advisers to advise you on that contract, perhaps you may be able to help us with why you then continued to use those professional advisors on the termination.

Sir Bob Kerslake: When you say that the contract was flawed at the outset, we have to distinguish the elements of the project. There were clearly issues about how the project was started, as we talked about earlier, and the extent to which there was adequate buy-in from the fire and rescue services. So that is one issue.

Q32 Stephen Barclay: They were not legally bound by it. They were not even required to use it.

Sir Bob Kerslake: Absolutely. This was clearly a risk that was identified at the time in the discussion on the project. The expectation was that by working with the fire and rescue services, they would be persuaded that this was a project they should come on board with.

Q33 Stephen Barclay: Sorry, is your evidence that the contract was not flawed at the outset?

Sir Bob Kerslake: No, what I am saying is that there are two separate issues about the project.

Q34 Stephen Barclay: Was that yes or no, please? Was it flawed or not?

Sir Bob Kerslake: There are clearly issues about the way the project started without full buy-in from the Service. I am absolutely clear about that. I go along with the view that the NAO expresses. The contract that we are talking about here, which went badly awry, was the IT contract with EADS, which was not signed until 2007.

Q35 Stephen Barclay: Could you tell us what your analysis is of the flaws in the contract at the outset?

Sir Bob Kerslake: I want to distinguish the project from the contract, I am sorry to go on about this. The flaws in 2004 that are identified in the NAO Report were flaws about the way in which the project itself started, and what they say, quite rightly, is that insufficient attention was paid to the buy-in of the fire and rescue service, insufficient work was done to analyse the costs and get the full business case sorted, insufficient analysis was done about the risks, or there was insufficient understanding of the risks. To that extent it is quite clear that there were flaws in the start of the project in 2004. I am distinguishing that from the contract, which was in 2007 for the IT equipment.

Q36 Mr Bacon: Sir Bob, could I just ask you to repeat something? Sorry, just for the benefit of the Committee, I am not sure I heard. Did you say insufficient attention to securing the buy-in of the fire and rescue services?

Sir Bob Kerslake: Yes, absolutely.

Q37 Mr Bacon: I just wanted to check that.

Steve McGuirk: Could I come in on the point about the contract itself, if it is helpful? The point of this exercise is to learn from this. The other thing I would add, not just about the fire and rescue service, is on local government lawyers. At the time that officials were negotiating the contracts, there were attempts from local government lawyers and fire and rescue service lawyers to come in and say: "Can we contribute, because we will have legacies and liabilities arising from this contract? Can we be part

of the contract negotiations?" Expressions like "commercial confidence" and those kinds of expressions were liberally bandied around. Therefore the first time that local authority lawyers found out some of the liabilities they would be left with—not least the facilities, the rooms, why a 25-year lease had been negotiated and so on, and that partnership working—was at quite a late stage in the project's development. The standard terms that you would see in local government contracts were not in the central Government contract.

Q38 Stephen Barclay: But you had professional advisers advising. The cost on this was £68.6 million spent on consultants and £8.4 million on secondments. You had consultants advising you at the outset, and then you continued to use those.

Steve McGuirk: I did not.

Stephen Barclay: The Department did.

Sir Bob Kerslake: Could I just deal with that question? The reason that I wanted to distinguish the contract from the project was that there are two different sets of issues here. In terms of where the issues were on the contract, there was a full and detailed negotiation of the contract. The weaknesses in the contract were different. They were first of all that the milestones, and indeed the payments for the contract, came too late in the history of the project. What that meant was that when the project started to fail in its delivery, there were insufficient levers, if you like, in the negotiations with the private contractor.

Q39 Mr Bacon: But is that not the whole point about having a thorough project plan and a thorough business case and going through the processes of approval before you start? Then instead of its being done, as the Report says, at this extraordinarily fast pace, those milestones are in place before you start. This is basic, isn't it?

Sir Bob Kerslake: Personally I think it is clear that there should have been both tighter milestones on the project, but also tighter milestones on the IT contract. Both were insufficient.

Q40 Chair: So the contract was flawed?

Sir Bob Kerslake: The contract, as it turned out, was flawed in the sense that it did not have early enough milestones where you could have held the EADS to account.

Q41 Mr Bacon: What is it about the creation of milestones that is so difficult, or so unusual, or so new? You said earlier that there was insufficient attention to getting the buy-in of the fire and rescue service. Can you just say, in your experience, is failure to get the buy-in a common problem in project failure?

Sir Bob Kerslake: I think it is quite often a problem.

Q42 Mr Bacon: It is an incredibly common problem.

Sir Bob Kerslake: Yes.

Q43 Mr Bacon: Is it not?

Sir Bob Kerslake: I would not disagree with you.

Q44 Mr Bacon: Given that it is so common, why does it continue to recur?

Sir Bob Kerlake: My personal view is that there is often an over-centralist approach to the delivery of projects. The historic experience of central Government is that it moves ahead on projects on the basis of its assessment of the issues, and does not sufficiently connect with the local players. There is not enough attention given to how you best deliver projects. The history is—and it goes back a very long time, bluntly—that central Government knows best.

Amyas Morse: Can I just supplement Mr Bacon's point, and go back to what Steve McGuirk was saying? It is very important. A flavour might come of, "Well, perhaps the fire brigades did not want to join in because of whatever reason." However, what you are saying is that they were being given residual liabilities and they had not had an opportunity to represent themselves and negotiate. That is a rather more tangible reason for resisting. Is that right?

Steve McGuirk: That is absolutely right. Bear in mind that at the time, the whole resilience programme had three components, the FireLink, the radio scheme, the New Dimensions, all the kit for terrorism, and this was the third component. All of that had huge issues and liabilities and contractual negotiations going on simultaneously.

Q45 Chair: So the contract has been signed by the centre, but the liabilities are being picked up at the local.

Steve McGuirk: Absolutely. Certain liabilities were going to be picked up by local fire authorities, yes.

Q46 Chair: So who owns these white elephant buildings that we have around the place? Can I just get that clear? Who owns them?

Sir Bob Kerlake: The buildings are owned by the Department. They were leased buildings, in effect, so that we hold the leases. What Steve says is right—

Q47 Stella Creasy: Who is the freeholder, then?

Sir Bob Kerlake: Sorry?

Stella Creasy: Sorry. Who is the freeholder, then?

Q48 Chair: This is buy and lease back.

Sir Bob Kerlake: The freeholder is the companies that bought them, but they are on long leases.

Q49 Mr Bacon: How long?

Sir Bob Kerlake: 20 to 25 years.

Stella Creasy: So it is a PFI?

Mr Bacon: 25 years is not a very long lease.

Chair: It is a buy and lease back.

Q50 Mr Bacon: Do you mean that in 25 years' time they will own the whole thing, lock, stock and barrel?

Sir Bob Kerlake: There will obviously be issues about whether the leases are extended on the contracts.

Q51 Mr Bacon: But if the leases were not extended, then in 25 years' time these companies would own the entire asset. That is correct?

Sir Bob Kerlake: Yes.

Mr Bacon: They could then use it for something else, or knock it down, and they have the land.

Q52 Chair: Who are the companies?

Sir Bob Kerlake: It is a series of different companies who are involved.

Q53 Chair: Who?

Sir Bob Kerlake: I do not know. Roger, do you know?

Roger Hargreaves: They are investment companies. The original private developers tended to sell them on to investment companies.

Q54 Chair: Who?

Roger Hargreaves: I think Aviva is one. There is another big property company that has access to the—

Q55 Mr Bacon: Property investment management institutional investors. Could you send us a list of all of them?

Sir Bob Kerlake: I will just get them off the team now, if I can. Could I just come back to the liabilities? Steve is absolutely right to say that the fire and rescue services picked up some of the cost here, and one of the issues I had at the time was how willing they would be to do that. It is important to say that the majority of the cost, and the majority of the risk, lay with the Department. That is really important to understand.

Q56 Matthew Hancock: Can I just step back to the big picture around this? Sir Bob, do you understand the anger that the waste on this has caused to people up and down the country?

Sir Bob Kerlake: I am very aware that when this scale of failure happens, and we cannot call it anything other than that, people will look at the scale of costs here and say, "This should not happen." It is our responsibility to ensure that we learn from projects like this and make sure it does not happen again.

Q57 Matthew Hancock: Let us take this to the local level. I represent West Suffolk. In Suffolk, they spend £22 million per year on fire and rescue services. The consequence of the budget crisis is that they are having to reduce that, and the services are being reduced, for instance from seven-day full-time cover to five-day full-time cover with retained cover at the weekends. These are the sort of consequences that are happening around the country, and yet the fire service has wasted between £469 million and £649 million on this failed project.

Steve McGuirk: It is not the fire service that has wasted £469 million.

Mr Bacon: It is the Department.

Matthew Hancock: It is the Department, but the failure to buy in from fire services is a crucial part of it.

Q58 Chair: But the Department funds you.

Steve McGuirk: In part, but also the local taxpayers.

Q59 Mr Bacon: 75% comes through central Government, does it not? Or is it 70%?

Steve McGuirk: It is as low as 50/50 in some areas.

Q60 Matthew Hancock: On a fire branded issue, up to £649 million has been wasted, where in local areas changes that are causing great concern locally are happening for much, much smaller sums than that. Do you understand the consequence of that on the reputation of the fire service across the country?

Sir Bob Kerslake: I do not think this should bear on the reputation of the fire service, as Steve says, because this is clearly a failure of the project.

Q61 Mr Bacon: Lions led by donkeys, that is what it looks like, doesn't it? Lions led by donkeys. We all meet our own fire people. They are great people. Mr Hancock's point is that it is £649 million that could have been spent differently if it had been handed locally to people to be spent, with some sense of governance and control. We all know that the New Dimensions thing was going on at the same time. I have visited my own local fire service and been shown some of the anti-terrorism stuff, and some of it is very impressive. What I find extraordinary is the sheer scale. This is two-thirds of £1 billion, potentially. Paragraph 9 on page 6 sums it up: "Governance arrangements in the first five years of the project were complex and ineffective, which led to unclear lines of responsibility and slow decision-making. Additional layers of governance were created in response to emerging issues without clear lines of decision-making, accountability, responsibility, assurance, or internal challenge. In 2008, the Office of Government Commerce concluded that the project board was not operating as an effective decision-making forum. It was similarly concerned in 2009 about a cultural failing to share bad news early 'across the breadth of the project'". This was an extraordinary failure of leadership that has cost nearly two-thirds of £1 billion. Who is carrying the can for it?

Sir Bob Kerslake: I am sitting here, taking responsibility for the questions that you are raising.

Mr Bacon: You have a couple of hours that are slightly uncomfortable. It is not the same.

Matthew Hancock: Richard obviously shares my anger, so I will carry on with my line of questioning.

Mr Bacon: I am sorry.

Q62 Matthew Hancock: One of the failures in this, of which there were many, is that the deadline appears, according to Figure 5 on page 28 of the Report, to have been extended eight times. Why was the deadline continuously extended when it became more and more clear that the project was never going to work?

Sir Bob Kerslake: Yes, it is right to say there were extensions, but at each stage that there was an extension, there was a process of review, including external review. At each occasion the judgment taken by Ministers, by officials and indeed by the Select Committee was that the potential benefits at that point justified continuing with the project. It is worth remembering that as late as April 2010, the Select Committee still felt, on balance, that the project

should proceed. As I said earlier, you have to see a combination of issues in the project. There were clearly failings in the way the project was conceived and managed along the way. What in the end led to the project being closed down, and this is very important to say, was the failure of the IT contract, which started in 2007. Had that been able to be delivered we might be in a different conversation today.

Q63 Matthew Hancock: Sir Ken, do you regret the negative impact that this had on the reputation of the fire service across the country?

Sir Ken Knight: I tend to agree with Sir Bob. I do not think the reputation of the fire service is at risk here. It has a high reputation. I certainly regret the effect that it has had on people such as control staff, who have felt they were moving and then were not moving, and now have an uncertain future although they now have more certainty with the new proposals. I certainly regret that the whole of the FiReControl project could not be completed, because, like by CFOA, at the outset the concept and principles were welcomed. Of course the local engagement that Mr Bacon refers to is exactly right. It failed to recognise the sovereignty and independence of those 46 fire and rescue authorities, which themselves have the statutory responsibility to receive the calls. It washed over that rather too lightly in trying to provide a top-down approach to those fire authorities, which themselves are local authorities. I think the reputation of the fire and rescue service remains high, and will remain high as it continues to deliver a local solution.

Q64 Matthew Hancock: My final question is about project management. Clearly there has been shocking project management over this project. Mr Hargreaves, you are the National Project Director for FiReControl. How long have you been in that job?

Roger Hargreaves: I arrived in December 2008.

Q65 Matthew Hancock: How many National Project Directors were there before you?

Roger Hargreaves: There were three.

Q66 Matthew Hancock: So you are the fourth National Project Director. You picked up the project when it was already delayed and failing. At what point did you make an assessment that this project was wasting money and never going to be delivered?

Roger Hargreaves: During my time as Project Director I found myself having to provide advice to Ministers on those issues about once every three or four months, as we faced more challenges with the supplier.

Q67 Matthew Hancock: At what point did you think it was better to cancel the whole thing and work on the cheaper bottom-up proposal that we have ended up with?

Roger Hargreaves: It was spring of last year we looked seriously at this option.

Q68 Matthew Hancock: Spring of last year. Did you advise Ministers of that at the time?

Roger Hargreaves: Yes. It was around the point where there was a change of Government, and the advice that we prepared for incoming Ministers was the same in either case. We had significant concerns about the performance of the contractor and we had exhausted every opportunity to make things work, and we felt that they could not deliver to time, cost or quality, or at least give us evidence that would satisfy us that we should proceed on that basis. The advice would have been to that effect.

Q69 Matthew Hancock: How much would we have saved for the taxpayer had you made that assessment when you arrived at the job, rather than after two years in the job?

Roger Hargreaves: The monthly burn rate on the project was around £4 million, of which around £2 million was the buildings. That cost would have been there anyway, because of the nature of the contract. We were spending around £2 million per month on the National Project Team and all the work that was going on regionally and locally.

Q70 Matthew Hancock: Are you saying that, had we cancelled it two years earlier, we would only have saved about £50 million?

Roger Hargreaves: The decision to proceed with cancellation was a year or so after I started, and so on that basis you have one year's worth rather than two years' worth, and probably half the burn rate, so around £2 million. It is around £25 million.

Q71 Matthew Hancock: So because of your failure to make an early assessment that this project was not going to work, how much do you think was wasted?

Roger Hargreaves: It is fair to say that we did make regular assessments. I made an assessment when I arrived. I made assessments for Ministers in the summer of 2009, at the end of 2009 and early 2010. Those assessments—

Q72 Matthew Hancock: Were wrong.

Roger Hargreaves:—were on the basis of not only our own work but also the independent external advice that we received that the project could be made to work and that we should proceed. That is how we arrived at this.

Q73 Matthew Hancock: Those judgments were wrong, weren't they, because ultimately the opposite judgment was made?

Roger Hargreaves: Ultimately we were not able to deliver the project, and the problems that we faced at the time proved not to be surmountable. That does not necessarily mean that, on the basis of the evidence available to us at the time, the judgments were wrong. In hindsight, if we had not ever started the project, then that would have been possibly the best course of action.

Q74 Chair: Could I ask something about the judgments? We keep hearing this. PA Consulting made nearly £70 million out of this. They were your external consultants. Those of us who have wandered occasionally into this world would know it is in their

interest to keep that consultancy going. It is a huge amount of money to spend on one consultant, on one project. What confidence did you have in their advice? You look at it and think: "What on earth was going on to pay PA Consulting £70 million for a project that as early as 2007"—sorry?

Matthew Hancock: £42 million.

Sir Bob Kerlake: It is £42 million, which is still a large number.

Chair: I have £68.6 million.

Matthew Hancock: That is the total consultancy costs.

Sir Bob Kerlake: Could I just come back on that question, and in answering that question, come back to the point about the timing of ending the contract? We were saying, and I want to keep to this point, that the IT contract did not start until early 2007. The contract was not in trouble from 2004, but from 2007. The second point is that because of the issue of the milestones that I spoke about earlier, if you had terminated the contract in 2008, your potential exposure on the costs with EADS would have been very high indeed, and in my view would have had—

Mr Bacon: The what costs? Sorry, could you just repeat that? I did not hear it.

Sir Bob Kerlake: I am sorry. Let me give you the answer and then you can come back. The potential exposure to costs with EADS, had you cancelled the contract and the project in 2008, would have been very high.

Q75 Matthew Hancock: So the way that you wrote the contract, are you saying that it would have been more expensive to cancel the contract before it failed?

Sir Bob Kerlake: None of us can be certain because we did not do that, but—

Matthew Hancock: But have you learned lessons on how you—

Stephen Barclay: But because there were not milestones in the contract—

Chair: Listen, guys, one at a time.

Q76 Matthew Hancock: Hold on, hold on. Have you learned lessons, in terms of the design of contracts, from that startling piece of evidence you have just given us?

Sir Bob Kerlake: There is an issue about the tightness of milestones early in contracts. What I am saying is that the ability to terminate the contract without exposing large costs was a product of when they had failed and defaulted on milestones. The way the contract was constructed, in order to terminate the contract, you needed to have what was described as a material default on the contract. If you had done it in 2008 you would not have had sufficient grounds, in my view, to terminate without exposure to costs.

Mr Bacon: So it was flawed at the outset.

Stephen Barclay: That was my point.

Chair: No, no, no. I will stop you all because Ian is coming in. Answer the PA Consulting thing and then I will bring Ian in.

Sir Bob Kerlake: This is the second point of your question. What I would say about the consultancy is that the consultants formed part of the team delivering the project. They were not, in that sense, standing

back from the project, advising a team delivering. They were a key part of the actual delivery team. In my view, one of the lessons to learn from the project, and it is again highlighted in the NAO Report, is that there was, at least in the early stage of this project, an excessive reliance on external consultants and, in my view, insufficient in-house capacity to manage the contractor, who in effect formed part of the team that were delivering the project.

Q77 Chair: But actually, Mr Hargreaves, you were running them.

Roger Hargreaves: Yes. When I arrived in the team, at the end of 2008, I felt that we were using too many consultants. Obviously consultants can come and do a very specialist role, where they bring expertise that we do not necessarily have in-house, or they can perform more generalist roles. I felt we were using consultants in generalist roles where we could instead get people from the fire and rescue service, or from the Civil Service to do those jobs as well.

Q78 Chair: Did you get rid of them?

Roger Hargreaves: Yes.

Q79 Chair: When?

Roger Hargreaves: In a steady programme of removal of consultants from early 2009 onwards.

Q80 Chair: So how much did you spend in 2009 on consultants?

Roger Hargreaves: A 25% reduction in the first year, a 25% reduction in the second year, approaching nearly 50% of consultancy use.

Q81 Chair: Why didn't you just stop them?

Roger Hargreaves: Because many of them were in key positions with huge amounts of retained knowledge. They had to be removed more gradually, else you would leave a gap in terms of the project and understanding what was going on. Some of them did highly specialist roles and relied on expertise that is not readily available in Government. However, I achieved a 50% reduction of consultancy use in 18 months, saving £6 million.

Q82 Matthew Hancock: Do you think that it was a mistake to have so many consultants in the first place, before you arrived?

Roger Hargreaves: I think we over-relied on consultants.

Q83 Ian Swales: It is hard to know where to start, because I understand from the Chief Executive of the Association for Project Management that they use this case as a textbook example of how not to do a project. We could talk for days about it, I am sure. I would like to come right back to basics. How many people work in a typical fire control room?

Steve McGuirk: There is not really a typical fire control room. You go from one extreme, the London Fire Brigade, which is probably a complement of about 80 or 100 people—

Sir Ken Knight: More than that.

Steve McGuirk: Down to as small as 20-something in a small county council, like Cumbria or Suffolk, for example.

Q84 Ian Swales: 20-something?

Steve McGuirk: Yes. I think it is about 24.

Q85 Ian Swales: Across all the shifts? I am told that on a typical shift, my fire service has four people. On Teesside, there is quite a lot of danger around with petrochemical industry and so on. They reckon there are four people. Across the north-east, they reckon there are fewer than 20 at any one time.

Steve McGuirk: Sorry, yes. That would be to give you four.

Q86 Ian Swales: Yes.

Sir Ken Knight: But it is some 1,400 in total.

Q87 Ian Swales: Across all the shifts?

Sir Ken Knight: yes in England.

Q88 Ian Swales: So on any day you might find a couple of hundred working, or perhaps 250. In the north-east, I am told there are under 20 working at any point in time, but the control centre was designed for more than 50 people. Why was that? Because they were never asked. As one of the services says in a document that we have here, "The project was often managed in a way which ignored the advice from the fire and rescue services. This led to frustration, suspicion and anger from the fire and rescue services which was counterproductive to successful implementation of the project." Why would County Durham and Darlington fire service be able to make that comment? Why did we end up with a control room in the north-east twice the size that was required?

Sir Bob Kerlake: Do you want me to come in first? Clearly this is from analysing what happened in the project, but my understanding is that one of the things that occurred in that early period of the IT contract—I will emphasise that point—from 2007 onwards was major issues about the way in which EADS were delivering the contract. There were also major issues about the relationship between EADS and the Department. In that situation, the focus of the conversation went on between the Department and EADS—

Q89 Ian Swales: What—

Sir Bob Kerlake: I will just finish the answer to the question. The services felt excluded from the process and were unclear what was happening whilst that process was going on. That is my understanding.

Q90 Ian Swales: What about the basic question of the size of the building? Didn't they talk to the fire services to decide how big these places needed to be?

Steve McGuirk: In truth, the short answer is, not a great deal. Somewhere in the project report it talks about things getting out of control, or out of sequence. The reality is that we were asked to be picking furnishings, wallpaper, floor coverings, etc., before we had actually decided any kind of governance

6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

arrangements for the control centres. In terms of the sequence of the bits of the project, clearly there were different bits of project teams at the centre who were working to different milestones and the different bits of the project. It was out of sequence. Effectively the Service, or Services, were consulted on design and layout, broadly speaking, but the arguments for a common building spec from the centre to a contract that would get value for money was put to the Service rather than inclusive of the service.

Q91 Ian Swales: When we piece together what we have been hearing about what you said about lawyers, Mr McGuirk, what we have just heard about consultants, and what Mr Hargreaves said about property companies, what we have here is a project that was being driven by people who almost had a vested interest in making the project bigger and bigger, and last longer and longer, with the fire service almost excluded from the process. Is that a fair comment?

Steve McGuirk: I could not really comment on the consultants, but I absolutely take the point about vested interests. As to whether the design of this project had the best interests of the fire service at heart, I am sure all the Civil Servants felt they had at the time, but whether there was anybody listening to what the fire service was saying is an entirely different matter. We have very over-engineered buildings. These buildings are absolutely magnificent buildings.

Q92 Chair: Why are you not moving in then?

Steve McGuirk: Some are, shortly, possibly.

Chair: Only one, we are told.

Ian Swales: If I can just finish on that point, then, to summarise what you have been saying, this was Civil Service driven, and driven by effectively the interests of many of these people who had heavy engagement in the project. The fire service, as I said earlier, were almost excluded from the process. Is that a fair comment?

Matthew Hancock: Can I just interrupt—

Q93 Ian Swales: It is very important. Can anybody else just comment on that, maybe Sir Ken? It is important to know how we get into this type of a mess.

Steve McGuirk: I would just add that that is certainly a fair comment in the early days of the project. It would be fair to say, as the project moved forward, 2007 was recognised as a trigger date. That was because of the Select Committee hearings in 2005–06 that then flowed through to further changes, and a much greater engagement of the Service from that point on.

Q94 Ian Swales: But it was too late. For instance, some of the buildings were complete by that point.

Steve McGuirk: Yes, they would be. In terms of the complexity in the engineering of the buildings and the specification, that was designed by the centre on the basis of security advice, from presumably either security consultants or officials and experts in security. The design of the buildings was built with that central concept of security in mind.

David Corner: I was just going to say that the Department has accepted that there was little engagement with the intended users of the regional control centres in agreeing paragraph 3.21 of our Report.

Q95 Chair: Say that again?

David Corner: The first sentence of paragraph 3.21.

Q96 Chair: What does it say?

David Corner: “There was little engagement with the intended users of the regional control centres.”

Q97 Matthew Hancock: A very quick one: on this question of over-engineering, Sir Ken, you have just stated that there are 1,400 controllers around the country. Is that right?

Sir Ken Knight: Yes about that many staff.

Q98 Matthew Hancock: Staff. This means that the maximum waste on this project is equivalent to around, according to my calculations, £400,000 per controller. If you think about the morale of controllers, I wonder how they feel at the thought that the Government had wasted £400,000 for each one of them in trying to allow them to talk to each other more easily. Would it not have been better to buy them all mobile phones?

Sir Ken Knight: It was not, in truth, just to allow them to talk to each other; of course, it was to provide an enhanced service for the community, which is an important point that I have covered earlier. It was also to overcome some of the shortcomings that I outlined earlier on. As Mr Swales has mentioned, in some fire controls there are very small numbers, particularly at night. In others there are—

Q99 Matthew Hancock: I would just like you to comment on this calculation, if I am correct in my sums, that it is around £400,000 per controller that has been wasted by this project.

Sir Ken Knight: I am sure if you have done the maths on that and it works out per fire controller then that is what the cost is. I am not sure that that is relevant to the cost to the fire and rescue service or the cost to the project itself, because there are a whole range of other parameters in there. I do not think fire controllers would see it like that, actually. They are very pleased, I suspect, if I might say, Chair, that they are now able to determine a local solution.

Q100 Matthew Hancock: You mean they are pleased that the project has been canned? They probably just wish it had never been started in the first place.

Q101 Stephen Barclay: They are not using it.

Q102 Ian Swales: To look at that another way, we know that fire control rooms work in shifts. I think you said earlier that you did not dispute my figure that at any point there might be about 250 people actually working. We are talking about having failed, but heading towards providing essentially office or control room accommodation, with supporting systems, for

250 people at about £2 million per person. If you actually say this thing could have cost £500 million plus, we are talking about £2 million per person. This is just unbelievably outrageous. You cannot think of any other walk of life where you would be spending that kind of money to sit people down and enable them to do their job in what is effectively a very sophisticated call centre. That is what we are talking about here, isn't it? It is just stunning.

Steve McGuirk: That is a fair comment. Your comment earlier, Chair, was why people were not using the facilities. They are starting to be used for other activities now. That is clearly one of the debates about the future of the project. CLG made some announcements yesterday, which I have not had time to look into in great detail. Some, I am sure, will be used, but one of the issues is that the lease costs of them will need to be very heavily subsidised in order to make it in the slightest bit attractive for any local fire authority to use them.

Q103 Chair: Sir Bob, just on CLG.

Sir Bob Kerlake: One of them is firmed up in the public domain, which is London. We have a further four where there is good progress, two of which are in the public domain, and one of which is, of course, the north-west, which is Steve's area, and the other is Durham and Darlington. There are two others where we are still in negotiation. There are four where, at this stage, we are not in a discussion. The likelihood is, in the deal that we are looking at, that the Department will take two-thirds of the cost and look for a third to be covered from the services. However, it will be an individual negotiation in each of the fire and rescue services.

Sir Ken Knight: Can I just say, Chair, that that totals 14 fire and rescue services that are currently either confirmed or in negotiation to use the fire control centres.

Q104 Chair: 14?

Sir Ken Knight: About one-third of the fire and rescue services.

Q105 Chair: 14 out of the 46?

Sir Ken Knight: Yes.

Q106 Chair: And we have nine regional centres.

Sir Ken Knight: Either confirmed or—

Q107 Chair: Yes, but just to get this clear, because it makes a difference to the figures of loss, those 14 are negotiating over how many of the nine regional centres?

Sir Ken Knight: One is confirmed.

Q108 Chair: Yes, that is the London one. Out of the eight? All eight? Do you have negotiations going on all of them?

Sir Bob Kerlake: What I was saying was that out of the remaining eight, there are a further four where there is active negotiation. Two of those are in the public domain, that is the north-west and Durham and Darlington taking the north-east.

Q109 Chair: And the remainder?

Sir Bob Kerlake: There are two where we are in negotiation but we have not concluded that and it is not in the public domain, and there are four where, at this stage, we are not in an active discussion.

Chair: Okay. Thank you for that.

Q110 Stephen Barclay: Could I just check, Mr Hargreaves, how many multi-site, multi-million pound programmes you have run?

Roger Hargreaves: I came to DCLG from the Cabinet Office, and before that I was in the Treasury. I was involved in several large-scale projects of different kinds, policy projects and also delivery projects. So, for example, I ran the Civil Contingencies Act implementation programme, which reformed the way in which local areas handle emergencies right across the country. I was involved in the simplification programme, which was a large programme—

Q111 Stephen Barclay: I have your bio here, and your bio says about working on labour market policy, on education spending, and on the simplification programme for regulation. My question was specific. A common issue with this Committee is people who are very bright but with policy backgrounds in the Civil Service taking on operational roles. What I was trying to clarify is this. We have a programme where north of half a billion pounds has been wasted, and has already gone through three programme directors before yourself, and five senior responsible owners. The Department has a programme that is clearly in trouble. You would have thought that they would hire a pretty hardened programme manager. What I just want to clarify with you is: as a programme director, how many similar programmes to this have you run?

Roger Hargreaves: I have a mixed policy and programme background. I have been involved in some very large value programmes like the simplification programme.

Q112 Stephen Barclay: As programme director? Have you been a programme director on anything before?

Roger Hargreaves: On the simplification programme.

Q113 Stephen Barclay: And that was a multi-site—

Roger Hargreaves: It was not multi-site. It was a cross-Government co-ordination programme.

Q114 Stephen Barclay: Was it a policy programme, looking at the policy and getting the policy right?

Roger Hargreaves: No, it is holding Departments to account on delivery.

Q115 Stephen Barclay: Okay. Could I come on, Sir Bob, to your predecessor, Sir Peter Housden, because he was the accounting officer from 2005 until 2010, so for the key period in which this programme went off the rails, and he is now the top Civil Servant in Scotland. How as accounting officer has he been held accountable?

Sir Bob Kerlake: As I understand the convention and the way this works, when there is a change in accounting officer it is the current accounting officer

6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

who takes responsibility of appearing in front of this Committee. That is the convention that applies.

Q116 Stephen Barclay: So how does that work in practice? To put it in context, as Mr Hancock referred to earlier, I have got a village fire station in the Fens, a retained station. It cost £60,000 a year to run, and it is in the process of being up for closure because allegedly there isn't the money to support it. The fire service locally can afford six press officers, but that is a separate issue. Half a billion pounds has been wasted. What I am trying to understand is how the role of the accounting officer has actually worked. Because it seems to me that you are here today, yes, but no one is actually losing their job over half a billion pounds of public money being wasted. Has anyone lost their job as a result of this programme?

Sir Bob Kerslake: No one, as far as I am aware, other than the people who had been working on the project who were no longer required. Clearly a number of people left at that point, but no one has left directly in terms of disciplinary action or failure on the project.

Q117 Stephen Barclay: So there were five senior responsible owners and I understand one has retired. None of those lost their job for poor performance; they all went elsewhere in the Civil Service, did they?

Sir Bob Kerslake: Not as far as I am aware.

Q118 Stephen Barclay: So they are still in the Civil Service?

Sir Bob Kerslake: I do not know whether the individuals are in the Civil Service. I dare say I can find that information out, but I do not personally know about the case.

Roger Hargreaves: I think two have retired and three are still in the Civil Service.

Q119 Stephen Barclay: I was told Shona Dunn is still in post; Peter Betts is now at the Department of Energy and Climate Change; Alun Evans is in the Cabinet Office on secondment to the Institute for Government, probably advising them on how to run programmes; Clive Norris has now retired; and Marie Winkler, I do not know, she was the first SRO.

Roger Hargreaves: She has retired.

Q120 Stephen Barclay: So two have retired. What I am trying to get at is how accountability for the loss of half a billion pounds of public money has been exercised. If it was the private sector, heads would have rolled. It seems no one has lost their job as a result of this programme. Is that correct?

Sir Bob Kerslake: I think it is correct to say that no one has directly lost their job as a result of this programme. How does accountability work? Clearly I have to take responsibility as the current accounting officer. That is the convention of how this works as a system.

I would make two points here though. There have clearly been significant issues and failures in the way this project was delivered. But as I said earlier, at each stage that the project progressed there were independent reviews, and on balance the view was taken as late as April 2010 that the project should

proceed. So we cannot say this is a project where someone ploughed on against advice to proceed with it. At each stage it was examined and decisions made.

Matthew Hancock: I just want to make a comment. The concern that we have is that a defence of the project such as that gives the impression that you are not learning the lessons from what is obviously a catastrophic failure.

Chair: Well Stella was actually going on to ask about the future.

Sir Bob Kerslake: Do you want me to answer that or wait for the next question?

Chair: We are on wind-ups, and I know what is going to happen after that.

Stella Creasy: I was interested in your comment at the beginning, Sir Ken, about the faxes, and the fact that this report also says the bit that seemed really important about this project, which was actually the technology and integration so that you could actually not have calls stacking up, has not yet happened. In particular, how do you learn the lessons from this moving forward? You all talk about local solutions; that is great. But you are also talking about trying to get 46 different forces to talk to each other in a way that can be integrated. And what worries me here is how are you going to manage that? How are you actually learning the lessons? Having tried to impose a system that they all rejected, how will you avoid ending up with 46 different solutions where they still will not talk to each other so you can deal with that fax problem?

Sir Bob Kerslake: Shall I start then, and I am happy for Ken to come in on this, because the responsibility for delivering the successor project lies with me.

Q121 Stella Creasy: So you are still going to have a centrally delivered project for the IT component.

Sir Bob Kerslake: No, what we will do here is very different from the way in which FiReControl was progressed. We have essentially set aside £83 million, and we have sought proposals from each of the fire and rescue services about how they would wish to take increasing the efficiency and resilience of their service forward.

What we have done in the way in which we have encouraged those bids to come in, and the invitation to bid actually went—

Q122 Stella Creasy: Sorry, I have a cold, so I really cannot hear you very well.

Sir Bob Kerslake: I beg your pardon. Let me try again. What we have done is effectively invited bids against the £83 million from each of the fire and rescue services. We have allocated notionally £1.8 million per fire and rescue service. But we have also done two other things. Firstly, we have encouraged those bids to come forward through collaboration, so some of them will not come forward from individual fire and rescue services, they will come from a group that have decided to work together. Steve's is a good example of that in the north-west. Secondly, we have set aside £1.8 million specifically to seek a joint bid on how we strengthen interoperability. So we have set this up as a bottom up—

Q123 Stella Creasy: Just so I am clear, you have got some forces collaborating to bid, presumably pooling the £1.8 million for each of the 46, so this is where you are incentivising the collaboration. And you have a separate piece of work about interoperability?

Sir Bob Kerlake: And that is specifically about how we get absolutely consistent and common standards in the way in which not just the IT works, because we tend to focus on the IT here, but how the actual control rooms do their job as well. We have put some money in specifically to promote that as well.

Q124 Stella Creasy: How many bids are you talking about? How much collaboration is going on now?

Sir Ken Knight: Can I, if I might, Sir Bob? First of all it not all as gloomy as you might suggest. Fire authorities are very responsible local authorities. They have been upgrading and improving where it is necessary to do so. For example, earlier this year Norfolk and Hertfordshire have started being able to share calls together, and share their responsibilities together. Elsewhere we have seen the fallback arrangements improve.

Q125 Stella Creasy: Does that mean that Norfolk and Hertfordshire will not be getting £1.8 million?

Sir Ken Knight: No, they may well bid for it. The FiReControl Project was actually a third prong of three major projects. It includes New Dimension, which someone has already mentioned earlier on, and the FireLink project, which was to bring all fire brigades onto the common radio system called Airwave, which of course is identical to the radio system that the ambulance and police use, so there is improved interoperability. So one of the major requirements of the consultation of all the fire authorities was to ensure they can put the platform of Airwave in their controls, whether it is in an integrated control or an existing one. I am absolutely convinced that most, if not all, will want to bid to be on the Airwave platform in their controls, and therefore even in the areas that I have just talked about they will want to do that.

Q126 Stella Creasy: So this announcement talks about the technology, about trying to deal with this IT problem that when you tried to impose a national IT strategy, they all said, "Actually this does not work for us, we do not want to work in that way." You are talking about Airwave. You are basically giving £1.8 million to each fire authority to try and improve their technology, but I am trying to understand, how does this deal with the fax problem? As a potential user of fire services, that seems to be the critical issue.

Sir Bob Kerlake: Shall I come back again, and then Ken will come back again if we have missed something. What we are seeking is bids to use the funding. Each of those bids will be evaluated to ensure value for money, and, as I said earlier, we will look to see how much there is collaboration and what we have called buddying between different fire and rescue services. So the money will not be simply handed out, there will be a bidding process, and we will test the proposals for value for money.

Q127 Stella Creasy: What if they do not want to collaborate? If one of the issues here has been that people do not want centralised services because they want to be able to run them, what are you going to do if they do not want to collaborate?

Sir Bob Kerlake: We are not saying they have to collaborate. We are saying it is for individual fire services to look at the opportunities to collaborate, and many are doing so. And if they do collaborate then their potential is to have more money for that control centre.

Q128 Chair: But if they do not, Sir Bob, you are responsible for resilience. So what are you going to do to make sure there is resilience, which is question one.

Sir Bob Kerlake: We will ensure that the outcome of the total funding will deliver us a resilient system across the piece.

Q129 Chair: If they do not co-operate?

Sir Bob Kerlake: They do not have to collaborate to deliver resilience. This is the point I am making. What we are saying is we would encourage collaboration because we think that will increase efficiencies, and it will achieve greater interoperability.

Q130 Stella Creasy: From a money perspective, it does make sense to us, particularly on IT and when you are talking about integration, that there would be benefits to collaboration. But you're up against the same problem; I am just concerned because what the report is really strong about is that you did not have the ability to get buy-in from the various fire services and that really hampered your ability to do this. I am just not clear what you are doing to deal with that issue so that we can be sure that the extra money that is going into the service is not still going to sit there because one fire authority says, "We want Airwave" and the other one says, "We do want to move into this big fancy building and that means we want a particular type of technology."

Sir Bob Kerlake: Let me just come back on it. What I would say is that the different fire and rescue services have ended up in different places during this period of FiReControl. Some have invested funding already to improve their services on fire control, but actually want to tackle a different problem in terms of the resilience of their system, which is how, as Sir Ken has said, FireLink works.

Q131 Stella Creasy: Sorry?

Sir Bob Kerlake: FireLink, the communications system. Some of them want to invest in that. We have not said there is a standard solution that everybody must conform to. We have said come forward with where you need to make investment to deliver the improvement in your resilience and capability, depending on where you are, what you have invested in and what your plans are.

Q132 Stella Creasy: But that means you have different measures of what real improvement might be, don't you? That means in some authorities it will be dealing with the pile of faxes, in others it will be who is on which Airwave system, and in a third one

6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

it might be, “We have this big new fancy building and we have to try and get it to work.”

Steve McGuirk: I think it is important to be clear on some operational points here. There is a lot of confusion about four different things here. Airwave is radio technology, the kit on the fire engines, it is how you mobilise the fire engines, and every fire authority is already on that system now, here, today. It is the same system as the police and the ambulance, so in theory we can all talk to each other for the first time ever, which is very good news, and that would certainly be one of the benefits of this project. The £1.8 million is for upgrades of command and control systems for people that take the 999 calls and then mobilise those fire appliances, a separate thing to FireLink and the radio scheme.

Q133 Stella Creasy: If that local authority wants Airwave it cannot spend the £1.8 million on it.

Steve McGuirk: They are separate.

Sir Ken Knight: I mentioned Airwave because it is the fire control where Airwave system concludes. It puts the data transmission in between fire engines and fire control to support resilience.

Q134 Chair: This is going all round the houses. I will tell you what the conclusion will be from our Committee. The conclusion from the Committee will be that responsibility for resilience rests with the Department, but the Department at the moment is planning to encourage local authorities to invest to seek the resilience. If they don't it is unclear with whom the responsibility lies. That will be our conclusion. If I have got it wrong tell me now.

Sir Bob Kerlake: I think it does not give the full answer here. I would make two points. Firstly, the responsibility for running the overall programme lies with the Department. We will have a senior responsible officer and we will have a programme team, and jointly with local government and the fire and rescue service we will create a programme board so we take this forward together. But the responsibility for ensuring that the fire and rescue service has a resilient system that is capable of carrying out the responsibility of the service lies with each individual fire and rescue service.

Q135 Chair: So there is no responsibility with the Department?

Sir Bob Kerlake: There is a responsibility for the Department ensuring that those services have the investment and the encouragement to do that.

Q136 Chair: One final question on this. You put out a statement yesterday and the day before, very appropriate timing. You have said you will announce the results of the bids by November. In the middle of all this we have August, so in effect you have given yourselves about six weeks or a couple of months to both get the bids in and assess them. Aren't you simply going to repeat the mistakes and disasters of this time round—of rushing at something—with lesser money so we will be wasting it?

Sir Bob Kerlake: I do not think so. I would make two points. Firstly, what we announced yesterday was

actually the consequence of a consultation we started when we terminated the project. We were very clear when we terminated we needed to immediately start a consultation on where next, and we got very strong and consistent, positive feedback from the fire and rescue services that the right way forward was to allow them to work together to develop solutions on resilience and capability.

Q137 Chair: You have not answered the question.

Sir Bob Kerlake: It is an important point to make. I am saying that services have not had just from yesterday to think about where they would use funding. What yesterday did was to confirm the results of the consultation.

Q138 Chair: But you are not dealing with my point, which is that an announcement in November with August in the middle means you are rushing it, and we are going to end up with a dreadful mess.

Sir Bob Kerlake: My second point is I do not think this is rushing it because services have had a number of months to think through how they would move forward. And secondly, I think the services will have right the way through to November to develop the bids. We will not make final decisions on those bids until early into the following year. There is plenty of opportunity to have further dialogue with those services.

Q139 Chair: So I have misread it in thinking you are announcing the results in November?

Roger Hargreaves: No, we are closing bids.

Sir Bob Kerlake: It is closure of the bids in November. The announcement will not be made until the following year.

Q140 Chair: And you, as accounting officer—as you have just arrived you might be likely to be there if all goes wrong—are confident that this time round you will get value for money and a resilience across most of the system.

Steve McGuirk: Chair—

Sir Bob Kerlake: Can I just deal with that question, Steve? The short answer to that is yes.

Steve McGuirk: I really need to make a very important point, otherwise I would be doing my colleagues a great disservice about this question of resilience, because it is bandied around as a liberal term that everybody understands. To clarify the point that you were saying was going to be the Committee's conclusion, national resilience, as far as each fire and rescue service is concerned, is a matter for Government. There is nothing in the Fire and Rescue Services Act that requires me as chief fire officer, or my fire authority, to secure national resilience.

Q141 Chair: That is not what Sir Bob just told us.

Steve McGuirk: Which is why I think it is a really important point to make. I am facing a 12.5% cut in budget in the next two years, and at least the same again. I do not think I have got responsibility for national resilience unless I am financially incentivised to do so.

Q142 Chair: Sir Bob?

Sir Bob Kerslake: What I said was that the individual services have responsibility for ensuring that they have the capability to deal with incidents in their area.

Q143 Chair: If there is a disaster, another flood or a train crash or, God forbid—

Stella Creasy: Or a terrorism act.

Chair: —a terrorism act, who is accountable?

Sir Ken Knight: It is the fire authority who has both a statutory responsibility, and in some cases, the power.

Q144 Chair: So you do have responsibility, Mr McGuirk.

Sir Ken Knight: Chair, if I can help you, in the case of Buncefield, which was a very large fire in Hertfordshire, it was Hertfordshire County Council that took that responsibility but received resources from other parts of the country in a resilient way.

Q145 Chair: And if there is a terrorist bomb, who is responsible?

Sir Ken Knight: I was the London Fire Commissioner in 2005, for the 7/7 bombings, where the London Fire and Emergency Planning Authority took its responsibility for fire fighting and rescue.

Q146 Chair: So you may hate it, Mr McGuirk, but you are responsible.

Steve McGuirk: I have been clear about this all along. If anything happens on my patch, I have responsibility, with some exceptions. Flooding isn't one of those, by the way, that I have responsibility for, although it is commonly bandied around. But if something happens it is my responsibility to make arrangements to deal with the 999 calls within reasonable boundaries, and it is my responsibility to mobilise as many appliances as I think I need. Therefore part of my professional judgment is to advise my fire authority how they do that in my area. If it is a terrorist bomb or a cat up a tree, it is mine. It is not my responsibility to sort out my neighbouring authority; that is for the Chief—he is my twin brother as it happens, but it is his responsibility.

Q147 Stephen Barclay: The Department is spending half a billion pounds on something for which you had no obligation: to use the regional powers. It is pretty bonkers, isn't it? Because exactly as you said, your authority has an obligation to your area, not to the neighbouring area.

Mr Steve McGuirk: I thought the Committee might ask why chief fire officers went along with it, but we did not actually go along with it. There is something about gift horse in the mouth, isn't there?

Matthew Hancock: That is why we didn't ask.

Steve McGuirk: If someone is offering to pay half a million pounds for a newer system you would be foolish to say, "Please don't".

Q148 Jackie Doyle-Price: We are nicely getting into the operational impacts of all this now, so I have got some questions really for you, Mr McGuirk, just following on from that. Paragraph 4.8 of the Report details a survey that the NAO did with the regional

fire services about the impact of this, and it says that 17 of the 27 who responded had said that it had had a significant negative operational impact on the service, and a further 23 said it had had a significant financial impact. My question to you is, would your service have been better off had this project never been started?

Steve McGuirk: It is very much a hypothetical question, isn't it? I suppose the short answer is probably no, it wouldn't, because it would be wrong to portray the project as a disaster. A financial disaster, sure, but actually as this thing has gone through various gateways, the operational benefits have been confirmed each time, and those benefits are, as Sir Ken identified, being able to deal with incidents on scales that we have not previously foreseen due to terrorism, climate change and so on. That technology is still there and it is developed to be used. If the rooms themselves are available to be used at the right cost they are super, state of the art facilities, and so on. All of that is there for fire authorities to take advantage of, so in the sense whether the project has been worth while doing, from that perspective it has. Has it been well run and well managed? I think the Report covers that in far more detail than I could.

Q149 Jackie Doyle-Price: Is there a financial impact on your Service?

Steve McGuirk: Yes, there is. I have not had a chance to read the Report in detail; I did touch on it briefly with Sir Bob, and I would give credit to the Department in the last couple of years because I think the Report does say things have been very good, and that is true. But the idea of just throwing things out there and hoping that people will collaborate and encourage because we will all see it is the right thing to do is optimistic. We are facing serious financial difficulties, as some members have identified, in every fire authority. I am not sure exactly how you incentivise people to do it.

We have also not factored in the costs of individual fire authorities. That £400 million odd does not include a penny of my time or my colleagues' time or anybody else's time. Certainly our travelling expenses, all those things, were paid for under the new burdens principle, but we certainly did not receive anything for my time when I used to trail down to London once a month for a two-day meeting and a project board and so on.

Q150 Stephen Barclay: Are your costs not borne centrally?

Steve McGuirk: No—

Q151 Stephen Barclay: Because when I had a dispute with my fire service, they used the Audit Commission definition for accounts, which is why Cambridgeshire claimed to be the most efficient per head in the country. And that excluded senior fire officer time, fire authority time and pensions liability, which was different to the CIPFA definition.

Steve McGuirk: Is that the FiReControl project or generally?

Q152 Stephen Barclay: Generally.

6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

Steve McGuirk: I would go back and ask for a correction on that. It is certainly not the way my time is paid for.

Q153 Stephen Barclay: But the CIPFA is the whole cost, and the Chief Fire Officer of Cambridgeshire was excluding his costs because they are borne centrally. So you are saying that that is incorrect then?

Steve McGuirk: I would go and check that again if I was your good self.

Roger Hargreaves: It is certainly the case that over the course of the FiReControl project we paid around £88 million to fire authorities to cover the costs of staff and other implementation costs.

Q154 Stephen Barclay: So you paid centrally.

Steve McGuirk: That is absolutely true, but that did not go anywhere near the actual time that staff were committing to this project.

Q155 Mr Bacon: Mr McGuirk, when you said “I’m not quite sure how you would incentivise people to co-operate”, surely the obvious answer to that is to offer something that has such manifest benefits that the case for co-operation and collaboration is very, very strong. Is that not the way to do it?

Steve McGuirk: In some cases, yes; in some cases, no. The financial settlement this year has thrown up some unusual outcomes. Six fire authorities will get an increase in grant this year, whereas Metropolitan fire authorities are facing a 12.5% cut in grant. If you are getting an increase in grant, do I or do I not collaborate? At the time of the first announcement of delay, 2008, I was the Chief Fire Officer of Cheshire Fire and Rescue Service, and I thought the project was doomed to failure. So I went to my fire authority and we replaced the command and control system because ours was falling over at that time. It cost around half a million pounds and we were live by the following October. It took less than a year to get it live, and that is now up and running perfectly satisfactorily, and I am sure Cheshire will form part of the north-west discussion as we go forward. So £1.8 million looks like a lot of money, but it depends how many hoops you have to jump through to get it.

The other point I would add is that the Department may well have a view, and it may be absolutely intent on incentivising it, but I am not so sure that all fire authorities will see it that way. If I were in a different position, I might argue, “Hold on, I have been without a system now, or my system has fallen over, for the last five or six years whilst I have been waiting for this project to come to fruition. That is what you would say, Sir Bob, but I think I have got a right to that £1.8 million because I have waited so long anyway,” and I might take a different view in a tight financial climate.

Roger Hargreaves: In fairness, we have continued to fund fire authorities for the provision of their control room services; it is one of the component parts that drive the amount we give fire authorities.

Q156 Chair: This is a very odd session for me because we are getting slightly conflicting evidence from the Permanent Secretary and from Steve

McGuirk on the ground. The reason one has concerns about that is that clearly resilience matters. Were there, God forbid, to be a bomb somewhere in the UK, we do not want to hear afterwards that it was because fire authority A—

Stella Creasy: It was sitting on a fax.

Chair:—decided not to take advantage of £1.8 million, or did not spend it on creating a system that allowed the sort of interoperability or co-operation that would mean that we, the UK, wherever you live, wherever it happens to be has the best possible response to it.

Sir Bob Kerlake: I do not think you are hearing different points. I think Steve is saying, quite rightly, and I am saying that the responsibility for being sure that you have the capability to deal with incidents in your area lies with the Chief Fire Officer. There is no argument or ambiguity about that. The responsibility for ensuring that we have a national approach to dealing with resilience that is coherent and effective lies with the Department. What we are trying to do here in the way we move forward is learn the lessons from FiReControl, which as everybody has said was excessively top-down or did not sufficiently engage the fire services, and now look at a model that encourages a bottom-up approach.

Q157 Chair: I think we understand that, Sir Bob. I am sorry to pursue it, but from the evidence we have had from Mr McGuirk, that will work with some authorities and they will respond positively, but it will not work with all. And in those instances where it does not work the bucks has got to stop.

Sir Bob Kerlake: No, there are two points I want to make. First of all, we are out for the bids now. I think we can form a judgment whether or not people have responded to the request for proposals when we have them in. My personal view and the evidence we have from our discussion with fire and rescue authorities is that they are up for change, and I do not think it is simply driven by the level of their financial saving. All fire and rescue authorities should be looking for opportunities for efficiency and collaboration. I think that has made that point.

The second point is that alongside the process of seeking bids for funding, we are also reviewing the National Fire Framework, which is the fundamental document that governs the relationship with fire and rescue authorities. And as part of that I think we will pick up these issues about responsibilities.

Q158 Stella Creasy: So if they do not do what you consider to be resilience, and right now, you cannot force them to do that because they have local resilience, so you will change the rules to make them do it?

Sir Ken Knight: I do not think you should be afeard, Chair. I think that resilience goes on day to day. We saw it recently in the Berkshire fires: large gorse fires, where fire brigades attended from all over parts of the south-east. There is a requirement under the 2004 Act to do so. What Sir Bob is talking about is setting out what the expectation is of fire and rescue services to reinforce each other at the time of a major incident.

Q159 Chair: But I have to say to you, if that resilience were there, why the hell did we start in 2004 on this whole ruddy project? And why actually did you bother to make yesterday's announcement?

Sir Ken Knight: Because, if I might say, Chair, we have just confused the resilience on the ground with attendance at incidents and over the boarder support between fire and rescue services—we seem to have drifted into major incidents—and call handling, which is what the FiReControl project was about. The resilience of call handling and receiving of calls at the front end is vital for the service to respond after that.

Q160 Jackie Doyle-Price: Thank you for your frank response to my question, Mr McGuirk, I think that has opened up an interesting debate.

Steve McGuirk: I am simply injecting a note of caution. It is great and I support the ideas, but the practical arrangements, how this is going to work, really need some rigour behind them.

Q161 Jackie Doyle-Price: I think you are illustrating beautifully the difference between operations and policy, which is why we are where we are. This is the final question for the Department. Given the amount of money that we have got here, and we have still got a question mark over the ultimate cost of the failure of this project, can you give an assurance to this Committee today that the ongoing costs will not impact the operational effectiveness of services on the ground?

Sir Bob Kerslake: I do not believe it will do so I think it is just worth reinforcing that we have reasonable confidence that this will be enough to do what is required across the fire and rescue services. We need to see the proposals coming in from them, and it is absolutely right: until we get them in, we cannot be certain that they will have worked through these issues in detail, but I expect they will do so. We believe we have put enough money into this. The key point I would make is we are not imposing and saying, "We know what is right for your fire and rescue service", we are looking for them to take the lead in telling us what they think the right solutions are. And in a sense that is learning very positively the lesson about what went wrong last time.

Q162 Jackie Doyle-Price: Would you agree with that?

Steve McGuirk: I am losing 12.5% out of my budget, and it is rather a moot point which line has been sliced out of that. Certainly, I entirely recognise Sir Bob's commitment to not seeing this as an added burden. But this is but one small element of a much bigger issue that fire and rescue services are facing at the moment.

Amyas Morse: I just want to ask, from your wider experience of Government, are the factors that led to the failure of this project particularly unique in your judgment, or are they just an extreme example?

Sir Bob Kerslake: I have not worked on a lot of projects across Whitehall because obviously I am relatively new to it, so I cannot say for certain. I think they are common to the very large-scale projects, and I think this is an important point to make here. This

was a very large, very complex project that was being delivered over a long period of time. I think there is evidence that the Government has struggled to deliver that kind of project. You will see common patterns that we have seen here: over-ambition at the beginning, under-assessment of risks, change in personnel and over-reliance on contractors. I think you can see many of those common patterns here in terms of projects going forward in the past.

My personal view is—and I think there is some evidence that this is part of the thinking of the new IT strategy from the Cabinet Office—that we should look very carefully at any project that involves that scale of investment and cost. You are much more likely to get it right with smaller, organised and bottom-up type networks and IT projects in my personal view. So there are some commonalities, and I think they are about big, long range, complicated projects. That is what I think the issues are.

Austin Mitchell: I want to move back from this uncertain future to history. As I read it, this was the time when the Government were moving towards regional government, pushed by John Prescott. Tony Blair didn't want to hand sufficient powers to regions to make them worth voting for or having, so the whole regional government movement floundered. But it was because there was a belief that we would have regional governments that the Department at that time felt that it a) could impose this, and it would be given the powers to impose collaboration, and b) should move to regional centres without consulting the fire service itself. Is that an accurate scenario? The interesting thing is why it did not consult and involve the local authorities.

Sir Bob Kerslake: I would make two points about this. First of all, there was some consultation, but we would have to put our hands up and say it was inadequate. In terms of why the project was conceived, I think it is important to say that the project was conceived out of concerns at the time, bearing in mind what was going on at that time—9/11 and so on—that led people to feel we needed a higher level of resilience. That was what drove the desire to invest money into this area.

Q163 Austin Mitchell: But that was part of the regional government movement.

Sir Bob Kerslake: The second point I was going to make was the solution that was identified to deliver it absolutely aligned with the view about regional models and regional government. So whether there was a need to do a project came from the issue of resilience and potential capability to deal with major incidents. How it was going to be dealt with through regional centres that would in effect take the staff out of the existing centres did have a linkage to ambitions around regional models.

Q164 Austin Mitchell: But in November 2003 the Fire Service Inspectorate report told the Department there was an unwillingness among fire brigades to collaborate. Up in civilisation in Manchester, Mr McGuirk, were you consulted? What did you say about these proposals?

6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

Steve McGuirk: I think both points are right. Sir Bob's point is absolutely true, resilience was a central part of the rationale.

Q165 Austin Mitchell: But the restructuring?

Steve McGuirk: You are also right, it was in the Regional Government White Paper; it was absolutely clear the first statutory function of the new regional assemblies was going to be fire. And the actual White Paper made it very explicit. It is not covert or underlying, it is absolutely explicit—that is what it was. So I think both those points are true.

In terms of the fire services collaboration, I think that was a fair criticism. Regarding fire service sovereignty, like many other organisations, local authorities, police services, historically we have not been good at collaborating. We have been buying the same things 20 times over. I have to say that world has changed dramatically. In the north-west now we buy everything together, we have single contracts for equipment, appliances and so on. So I think it was a fair comment at the time that fire and rescue services, like many other organisations, were not good at collaboration, and the central view of it was there needs to be a greater level of push rather than pull.

Q166 Austin Mitchell: We had a stoppage in Grimsby three years ago. I was immersed in the fire service at that time, and the lads were dreading this kind of structure. So what were you saying about it to central Government?

Steve McGuirk: Interestingly, at the time Sir Bob and I worked together. Bob was the Chief Executive of Sheffield and I was doing an assignment in Sheffield at the time as the Chief Fire Officer. I do remember having a conversation where we both expressed some trepidation about the idea. But as a Chief Fire Officer I was writing to Government. The formal machinery that was taken up: there are about 1,000 minutes of meetings that I can certainly get copies of. I think we would bury the room in paper if we wanted to do that. There is no shortage of evidence. I gave evidence to the Select Committee in 2006.

Which professional would not support the idea of the best part of half a billion pounds being invested in their Service, when all that you have to do is work with the Government and take forward a new and progressive policy? So of course we would work with the Government to do that, despite having all those reservations, and they are well documented in various bits of oral and written evidence. I think Sir Bob's earlier point is right. Had the technology actually worked as late as April 2010, the view at the time was it was still worth proceeding. So an awful lot of scrutiny and analysis was behind both support in principle, but with real reservations.

Sir Bob Kerslake: Can I just add one point to that before you go on? One of the reasons why I have confidence about going forward is the point that Steve makes. I think the world is very different in the fire and rescue service in the way in which they work together and the willingness to collaborate. If the project had any positive benefit, in those terms, it did actually encourage some level of collaboration. Notwithstanding that there will have to be efficiency

savings in the fire service, like every other public service, there is capability to do this and do it well.

Chair: An expensive way of encouraging collaboration.

Q167 Stephen Barclay: I just note that the original reports from the consultants in April 2000 recommended 21 sub-regional centres, so we seem to have gone through this bizarre thing of the original board recommending that, John Prescott politically driving through that it should be regional, and now we will probably end up with collaboration there.

Just on your other point in terms of procurement, we did have an NAO Report that highlighted that Firebuy, which was the procurement set-up centrally, cost more to set up than it actually saved. So the incompetence of this is not unique to regional control centres.

Could I just turn to Sir Ken? Firstly, can I just clarify in terms of your salary, Sir Ken, what you are actually paid?

Sir Ken Knight: Am I able to disclose that?

Sir Bob Kerslake: It is your choice, Ken.

Sir Ken Knight: Yes, I can.

Q168 Stephen Barclay: It is in the public domain.

Sir Ken Knight: It is in the region of £100,000.

Q169 Stephen Barclay: And is that full time or are you part time there?

Sir Ken Knight: No, I work flexible hours. Sometimes it does not feel as though I am on flexible hours because I am there five days a week, but my contract allows me to work three days a week, should I wish to.

Q170 Stephen Barclay: So contractually that is £100,000 for three days a week.

Sir Ken Knight: Yes.

Q171 Stephen Barclay: That is an interesting distinction. In terms of your responsibility for this project, because you have been in place since October 2007, advising Ministers and senior officials on policy matters such as this, what do you see as your accountability for this project?

Sir Ken Knight: It is important to say that the senior user was from the Service, of course: a principal officer nominated by the Chief Fire Officers Association from the Service itself.

My role continues to be to provide challenge and advice at various stages, including on this project. I am pleased to say I was able to do so. My role was not at all, and should not have been, the contractual arrangements or the negotiation of contracts. For example, at a key stage I made recommendations of what FiReControl should achieve in operational outcomes after the widespread flooding that I have mentioned, about interoperability, shedding calls and buddying arrangements. And later on in the project I chaired a group to ensure that the existing incident command protocols were not compromised by the FiReControl project. I chaired that with Chief Fire Officers and inputted the outcome into the FiReControl project.

Q172 Stephen Barclay: I have got the old governance structure in place here, and as you can see it is a pretty complex arrangement with programme board, project board, exec management board, delivery management group, RCCDs, financial working group, project exec, etc. It is a pretty complex governance, so at what point did you point out your concerns with the governance structure?

Sir Ken Knight: In the governance of the project itself?

Q173 Stephen Barclay: This project, yes. You were advising on policy. The Report makes clear that there were serious failures in the governance structure. You were advising the Government since 2007. At what point did you say you had serious concerns with the governance?

Sir Ken Knight: I was appointed in November 2007, and my role continues to be advising on the policy relating to fire: fire safety matters, operational fire matters and widespread emergencies. It does not relate to advice on running the Department or policy in the Department. I do not deny my responsibility of providing challenge and advice at all levels, and I continue to do that. I have done that during this project, but it is on the operational outcomes and expectations, and I am on record as saying—and I think Steve McGuirk and Chief Fire Officer colleagues have said the same thing—had this worked we would have welcomed the outcome of FiReControl performing in this way.

Q174 Stephen Barclay: What I am trying to get at, Sir Ken, is the date when the flag was raised on this. As late as 2009 the go-ahead is given for the IT system to continue even though there are numerous concerns. There have been various issues. Matt referred earlier to the eight extensions, the eight times when we could have said stop and we did not. We have a governance structure that is flawed, forces with different operational needs, and as someone who has been in the fire service for a long time I would have thought that was the essence of what your role is, pointing out these practical things.

Sir Ken Knight: Absolutely.

Q175 Stephen Barclay: I just do not have a handle on the date when you were expressing these concerns to Ministers.

Sir Ken Knight: One of my concerns was that those fire and rescue services that were by now looking as though they may have obsolete fire control systems and waiting for FiReControl to come on board would find themselves disadvantaged in operational terms. Certainly I was involved at that stage, particularly in ensuring assessment of those Services that came forward and said “We can’t wait any longer, and we need to bid for additional resources or put FiReControl systems in place.” So my interest particularly was ensuring that the Service delivered day to day, and that continued through the project, was not reduced by virtue of project delay, and I am confident that it has not been.

Q176 Stephen Barclay: Confident there has not been a project delay?

Sir Ken Knight: Confident that the service has not been compromised, because there have been several upgrades in fire and rescue services, and actually some have needed to replace their systems, for example, West Midlands. So I am confident that we maintained that service even though there were long delays in the project that caused some of those fire and rescue services some difficulty during the process. So that continuing advice on operational preparedness and the day-to-day operations continues to be at the core of the advice I give.

Q177 Ian Swales: I find the eye-watering lengths of time on the projects that we hear about round this table just amazing. This one was given birth in December 2003, to be completed by October 2009, which is almost exactly the length of the Second World War. It is mind-boggling that we would even go into that. I just wonder if it is to do with expertise. We visited the aircraft carrier building facilities in Scotland last Thursday, and we saw a logistics and warehousing company—experts—doing the logistics and warehousing. I just wonder in this whole project what sort of expertise have you been calling upon, because we need to learn for the future. For instance, has there been call centre expertise brought in? Has there been expertise from other people who do emergency services? Surely this project could have been done in a fraction of the time that was allowed.

Sir Bob Kerlake: If I can ask Roger to deal with the technical expertise, I will come back on the programme and project management, if I can.

Roger Hargreaves: We used a mixture of experienced civil servants and contractors and consultants, plus experts in the fire and rescue service, to provide that understanding of what FRSs did in their current systems and what was done in the private sector, for example, in relation to call handling in contact centres or looking at construction projects, changes to the business process and so on.

Q178 Ian Swales: Specifically on the call handling and call centres, can you say more about what expertise you actually brought in and how it was used?

Roger Hargreaves: We used consultants who had experience of helping private companies develop their call handling arrangements, the kind of models they used, the kind of rota and staffing arrangements they used, how efficiencies could be driven out and the standard calculations used by the private sector for achieving that.

Q179 Ian Swales: I recognise the sophistication of what you were trying to do, but people set up call centres in months. They do not take six years to do it.

Roger Hargreaves: In fairness, the interaction between a fire service control room operator and a member of the public and a call centre operator and a member of the public is a higher degree of complexity.

Q180 Chair: Why?

Ian Swales: What is different?

6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

Chair: You ring in.

Roger Hargreaves: Yes, but they are immediately mobilising often quite complex resources and dealing with people in operational roles.

Chair: But what is the difference? So their response has to be different.

Q181 Ian Swales: There are two things to do: interact with the public, find out what the public want; and then there is call up some resource, whatever that is. These kind of things are going on all the time.

Roger Hargreaves: It is a very sophisticated resource and has to be done immediately. Steve or Ken might be better placed to explain exactly why.

Chair: You can ring the gas board about a leak, and that is urgent.

Ian Swales: My reason for asking these questions is because we all need to learn.

Q182 Mr Bacon: You can ring the parish council about the fact that a tree has fallen down and something is done pretty quickly. It is a specious argument. We don't really believe your argument, to be honest. At least not one that says "and therefore it needs to take the length of the Second World War", which is essentially what you are saying.

Roger Hargreaves: I think you are pulling two things together. The complexity of an individual role of control room operator does not necessarily translate into the length of the project delivering your control room system. The control room system is not just about that control room operator's individual transaction, it is about developing a national system.

Q183 Ian Swales: We are talking about public spending, and I think the whole issue is about gold plating. To what extent was this built upwards from the simplest approach you could possibly have in terms of buildings and systems, with the sophistication that was needed built on top? Or to what extent was it a top-down, very gold plated process, including the use of a Canadian defence contractor, I think, for the IT system? It seems to have been completely out of proportion with the actual requirement.

Sir Bob Kerlake: It is right to say that this was a high ambition, high spec project. I think the view was that actually you could deliver the IT through essentially buying a standardised product off the shelf. In reality it did not turn out like that at all, and that is a key point to recognise.

Q184 Ian Swales: Did the IT company have experience of delivering emergency service IT to another emergency service?

Roger Hargreaves: They had sub-contractors who did. I don't know if you're familiar with EADS, the company who were the prime contractor, but they are a large defence, security aerospace contractor—the world's second largest. So they have experience.

Q185 Ian Swales: A defence and aerospace contractor?

Roger Hargreaves: Yes, so they have experience of doing a whole range of different things. Something

that did come to concern us, and I think this is an important learning point, is that they did not have experience of implementing a control room system in the UK with UK emergency services.

Q186 Mr Bacon: So it is a failure of purchasing. Because there were people who had done control systems in the UK, weren't there?

Roger Hargreaves: Not on this scale.

Q187 Mr Bacon: That wasn't my question. Were there people who had done control systems and installed them in the UK, yes or no?

Roger Hargreaves: Obviously yes.

Q188 Mr Bacon: So it was a failure of procurement that you ended up hiring somebody who had never done it.

Roger Hargreaves: But not on this scale.

Q189 Mr Bacon: Yes, but they had not done it on this scale. They had not done it at all. Your argument is that it was better to have somebody who had not done it at all than to have somebody who had not done it on this—

Roger Hargreaves: The subcontractors had done.

Q190 Mr Bacon: Why not talk directly to the subcontractors? Why not talk to the people who know what they are doing?

Q191 Stephen Barclay: The Report speaks to this, it actually says, "The Department failed to ensure that EADS followed the approach that it had been contracted to follow". So you did not even get the contractor to follow what you had agreed.

Sir Bob Kerlake: It is quite important to say they were the prime contractor. The key subcontractors did have experience of doing systems like this. I think the point that is being raised by Roger is, in learning the lessons from this, whether you would do a project in this way with a prime contractor.

I really do want to pick up Mr Swales's point about the timescale here. For me, one of the really important lessons to learn from this was the separation of the physical buildings from the IT. If I was to do this, personally I would look at a turnkey project where you would hold one contractor—if you were going to for a prime contractor—for both, and there is no question about it, the length of time was a product of the buildings going ahead first and then the contract for the IT coming along later.

Steve McGuirk: Could I shed some light, Sir Bob? There is an essential point that is being missed. If all you are putting in is a call centre, and you are rolling out the same call centre 25 times because everybody is following the same script, it will go in like that. At the start of the project the contractors and everybody assumed it would not be complicated. They were a big defence contractor, and this was only a little old fire service: "How hard can it be?"

But when you have got 46 different fire services and they have all got very different ways of doing what might well be the same thing, you have to make them all do the same thing in the same way to systematise

it, because if you keep saying to them, “You can carry on doing it 46 different ways”, you cannot write computer logic, and computers are logical.

Q192 Ian Swales: That is a key area. What was the assumption when the project started? Which of those options was the plan? Was it that the 46 fire services would conform to the same way of operating, or was it that you would deliver a service that allowed 46 different ways of operating?

Sir Bob Kerlake: It was even more fundamental than that. Not only would it be the same system, but the staff operating the centres would be differently employed through the regional centres, so this was a complete change. One of the points that was made in the wider lessons point that Amyas raised is that we talk about these as IT projects. They are not, they are change projects, and that aspect was under-represented in the thinking as well.

Q193 Ian Swales: Absolutely. I was about to make that point. IBM have analysed that 90% of this type of project fail because of people issues. So we have got to the bottom of one of the key points here, which is that we have not dealt with the people aspects of this, which is why we are where we are today, as Miss Creasy said, still basically looking at the same position we were in seven or eight years ago in terms of the delivery of services, with no progress.

Roger Hargreaves: It is fair to say that we did recognise during the course of the project that insufficient attention was being paid to those kinds of people and convergence issues, helping people to understand new ways of working and new business processes.

Q194 Chair: I just want to ask our Treasury representative, why didn't Treasury stop this?

Marius Gallaher: At the time I believe the Treasury scrutinised the business case, but perhaps, with hindsight, inadequately.

Q195 Mr Bacon: You would not get past Mr Pitchford in the Cabinet Office with this mess, would you?

Austin Mitchell: You had all sorts of gateways and checks, and it has wasted £469 million.

Marius Gallaher: As far as I am aware, it went through the gateway process.

Q196 Chair: No, it didn't. It got a red on the gateway process.

Marius Gallaher: At the start.

Sir Bob Kerlake: This project did not fail for lack of reviews along the way.

Mr Bacon: This is paragraph 2.7, “Neither the project plan nor the business case were finalised before the project's approval. A Gateway Review by the Office of Government Commerce in April 2004 after the project had been approved found that the ‘extraordinarily fast pace’ of the project was introducing new risks to the delivery...and escalating those already identified.”

Sir Bob Kerlake: Absolutely right. This project started badly without the buy-in, all the things you

have just said, but if you look at the subsequent Gateway Reviews, they gave a different—

Q197 Chair: Did it get a green in 2010?

Sir Bob Kerlake: I think it got a green on one part of it. It got an amber on part of it.

Q198 Matthew Hancock: All of this gives the impression, especially early on, that the project was being driven by a desire to get it started and regionalised before there was anybody having a grip over the project. It gives the impression of something that was being driven forward despite the fact that the project actually was not put in place. And the fact that the go-ahead was given before there was a business plan implies that whoever was giving the go-ahead did not care what the business plan looked like, they just wanted the project to happen come hell or high water.

Sir Bob Kerlake: I think the judgment here is that this project did not get enough rigour at the first stage of going. We now have an investment sub-committee that basically will not say yes to any project unless those things are in place.

Q199 Matthew Hancock: Why did that happen?

Sir Bob Kerlake: Because of the ambition to get on with the project and the momentum that had built up behind it.

Q200 Mr Bacon: But that is what accounting officers are for.

Chair: We have been there.

Mr Bacon: I know we have, but essentially you had this out of control bull in a china shop going round telling you what to do, didn't you? And instead of standing up to him and saying, “I am sorry, I cannot defend this on value for money grounds,” everyone caved in. That is what happened.

Q201 Chair: I deliberately asked right at the beginning of this whether Sir Bob said he was accounting officer, and he said it was the officials that signed it off.

Sir Bob Kerlake: It would be a convenient cop-out to say this was just down to Ministers' enthusiasm.

Chair: Yes, quite.

Sir Bob Kerlake: That would not be right, officials recommended it.

Chair: They did. Now very quickly, Stephen, and then you are coming in on your last one, but I want to draw it to a close, please.

Q202 Stephen Barclay: With the Chair's indulgence, I just want to take the opportunity of Sir Ken being here. I was looking at the Chief Fire Officers Association Annual Accounts, and in its charitable activities for 2009–10 it seems to have over £1 million for what it defines as providing coherent leadership to provide professional advice in terms of implementing policy and communicating views and priorities to inform key decision makers, which by any other definition appears to be lobbying Government of various kinds. I wonder whether you can give us a note on whether the Chief Fire Officers Association

6 July 2011 CLG, Manchester Fire Service, Chief Fire Officers Association and FiReControl

does pay in essence for Government lobbying, and whether you have had any comment, given that most of its budget comes from providing training courses. So it seems to me what potentially is happening is county forces pay for training, a bit of profit is made on the training, and then that is used to lobby Government. I just wanted your comments about this.

Sir Ken Knight: You will understand, I am not a member of the Chief Fire Officers Association. But if you wish me to get that information, Chair, I will ask the Chief Fire Officers Association to give you a note.

Q203 Stephen Barclay: That would be great. Thank you.

Sir Ken Knight: As an ex-Chief Fire Officer, I was a member. But I think it is inappropriate for those to come from me.

Q204 Chair: I will not hold up the Report for that. We will get a note.

Q205 Mr Bacon: Sir Bob described this as a high-ambition, high-spec project. I take your point, Sir Bob, that it was a change project involving IT, but none the less it was a big IT project as well as a big change project.

Mr Hargreaves, in response to Mr Barclay earlier, you were asked whether you had run things and you said you did run the simplification programme. Indeed your biog says that. In expanding on it you said that the job there was holding Departments to account for delivery, which sounds to me rather like making sure they implemented what they were supposed to do rather than yourself being responsible for delivering

something. But this is a big high-ambition, high-spec project, to use Sir Bob's words, and you were its national project director. Had you been the national project director of any big IT project before this one?

Roger Hargreaves: No.

Q206 Mr Bacon: Your background was in the Treasury, where you worked on labour markets, education spending, single currency preparations, a whole load of things, all very worthy, but nothing to do with running or delivering a big IT project.

Roger Hargreaves: No. The single currency work was entirely to do with major IT projects. I was not the project director, but I was heavily involved in that work.

The other observation I make is when I joined this project there were significant problems in place. As the NAO Report recognises, very significant improvements were made. And regardless of whether or not I had direct experience of doing this kind of job before, I did it markedly better than—

Mr Bacon: The other three? I think we might even accept that. It was zooming towards earth without a parachute, and you got some of the parachute out before you finally crash landed.

Matthew Hancock: I think we should commend you for sticking up for yourself.

Mr Bacon: I think we would accept that, but it is extraordinary to me that we have had this scale of failure. I think it is one of the worst ones I have ever seen in my whole time on this Committee, and I have been on this Committee for 10 years. I suspect our conclusions may reflect that.

Chair: Thank you very much indeed.

Written evidence from the Permanent Secretary, Department for Communities and Local Government
FUTURE FIRE CONTROL SERVICES SCHEME

Ahead of attending the Public Accounts Committee tomorrow to discuss the FiReControl project, I thought it would be useful to update you on where we are on the next steps. Following the closure of the project in December 2010, the Department consulted on the future of fire and rescue control services. The consultation ran from January until April and today we published a summary of responses together with the Department's proposed next steps. Both the consultation and our future plans are mentioned in the National Audit Office report published last Friday.

I am therefore sending you a copy of the response document as well as our strategy for the future fire control services scheme and the guidance that the Fire Minister is sending today to Fire and Rescue Authority Chairs and Chief Fire Officers. While the strategy is essentially

a document for the Department, I feel it will give you a more comprehensive view of the future scheme.

The following reports were also submitted as background information:

<http://www.communities.gov.uk/publications/fire/controlservicessummaryresponses>

<http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110705/wmstext/110705m0001.htm#11070548000012>

July 2011

Supplementary written evidence from the Communities and Local Government

Guidance to Fire and Rescue Authorities seeking central support for improving the resilience and efficiency of their control service.

1. PURPOSE

The purpose of this document is to provide guidance to Fire and Rescue Authorities (FRAs) intending to request funding (up to £1.8 million) to improve resilience, efficiency and security in their call handling and mobilisation service and increase collaboration between their service and others.

2. CONTEXT

The response to *the consultation on the Future of Fire and Rescue Control Services in England* published on 5 July 2011 announced the Department's intention to provide funding to support locally delivered improvements to the resilience, efficiency and security of fire and rescue control services in England. The Department expects that greater collaboration between Fire and Rescue Authorities and the enhancement of control room technology will deliver significant improvements in national resilience. In addition it announced that funding would be available to support sector-led, national initiatives that deliver resilience and efficiency benefits for Fire and Rescue Services across the country. This funding may support initiatives leading to the development of common standards and protocols which enhance interoperability through common technical and/or procedural standards or for other schemes offering significant national benefits for control service coordination and resilience. These two separate grants are referred to as the control service Resilience and Efficiency Grant and the Interoperability Grant. The key features of these grants are summarised below:

Resilience and Efficiency Grant

- The purpose of this grant funding stream is to support local enhancements to control services which deliver efficiency and resilience improvements, and lead to greater collaboration between Fire and Rescue Services in the delivery of their control and mobilisation service.
- Guidelines which are drawn from the consultation feedback and are intended to Support FRAs in drawing up their plans are set out in Annex A.
- The indicative level of funding available for each FRA is £1.8 million. Funding is expected to be paid in 2011–12 and 2012–13 and will contain a mixture of capital and revenue grant.
- In advance of funding being provided FRAs would be requested to provide bids of around two to three pages outlining their plans including the expected costs, and the expected resilience and efficiency benefits, with sufficient information to support an assessment of the value for money of the local plans.
- Bids may exceed £1.8 million where some additional level of support is considered to offer the opportunity for significantly improved benefits and deliver value for money. The total amount of funding available for all Fire and Rescue Authorities, however, cannot exceed £81 million. Any bids which exceed £1.8 million cannot be considered until all other FRA bids have been reviewed.
- The Department expects to fund the plans outlined in FRAs' bids in full, subject to the value for money assessment and the overall affordability constraint.
- The Department may request that representatives from CFOA and LGA review the local plans. Their role will be to seek further clarification, offer additional technical support or expertise and help to ensure that FRA plans are aligned with wider resilience objectives.
- FRAs interested in receiving a grant are requested to provide bids by 4 November 2011.¹
- In exceptional circumstances the Department may consider bids before the 4 November deadline but will not be able to provide any funding above the indicative maximum of £1.8 million.²
- It is expected that grant funding will be confirmed by 31 January 2012.
- Bids should be submitted to Alan O'Loughlin (alan.o'loughlin@communities.gsi.gov.uk, tel: 03034442859) Interoperability Grant.
- The purpose of this funding is to support sector led development of technical and/or operational standards which support FRS interoperability—or to support other schemes that offer significant benefits for control service coordination and resilience across the country.
- The total amount of grant available is £1.8 million.
- FRAs, consortia of FRAs, and sector organisations such as the Chief Fire Officers' Association and Local Government Group are eligible to submit applications for this funding.
- Funding will be available in 2011–12 and 2012–13. Requests for funding for both years should be made by 4 November 2011.
- Applications should be submitted to Alan O'Loughlin (alan.o'loughlin@communities.gsi.gov.uk)

3. RESILIENCE AND EFFICIENCY GRANT—INFORMATION REQUIRED

This process has been designed to keep to a minimum the administrative and management burden on Fire and Rescue Authorities and the sector whilst providing sufficient information to ensure that grant funding provided represents good value for money and contributes to national resilience improvements.

Annex B provides a simple template for Resilience and Efficiency Grant bids and in summary these should set out:

- An explanation of the local plans for improvements to control service arrangements.
- The expected costs, split by capital and revenue.
- The expected resilience and/or efficiency benefits (Annex A contains examples of expected outcomes arising from the investment).
- An assessment of any risks and dependencies that could impede successful delivery of the benefits.

4. INTEROPERABILITY GRANT—INFORMATION REQUIRED

Whilst there is no set format for applications for this funding it is expected as a minimum that an application would include the following:

- A summary of the scheme/initiative.
- The expected costs.
- The expected benefits.
- An assessment of any risks and dependencies that could impede successful delivery of the benefits.

5. RESILIENCE AND EFFICIENCY GRANT Q&A

(a) *What is the maximum grant an individual FRA can receive?*

The indicative maximum grant any single FRA is expected to receive is £1.8 million. Bids may exceed £1.8 million where some additional level of support is considered to offer the opportunity for significantly improved benefits and value for money.

(b) *Who is eligible for funding?*

Any FRA operating a control and mobilisation service in England is eligible to request funding, either as part of a consortium of FRA's or a standalone Authority.

(c) *We are intending to submit a return as part of a consortium, should we submit one summary together or cross reference our partner FRA(s) in our own separate return?*

Consortia need only submit one bid.

(d) *How will distribution of funding be managed under a consortium arrangement?*

DCLG's preference would be for consortium funding to be provided to one, locally nominated lead authority. If consortium members wish funding to be provided to individual authorities they should indicate the percentage split.

(e) *What if we underestimate the costs and require additional funding to complete the necessary improvements?*

No commitment can be made at this stage that additional funding will be available. Fire and Rescue Authorities should attempt to ensure that their bids are based upon as comprehensive and accurate a breakdown of their expected costs as possible. It should be noted that the Department cannot provide funding for contingency.

(f) *What happens if operating costs increase (eg IT service fees) as a result of changes and improvements made to control services—would this be treated as a new burden?*

No, this would not be a new burden.

FRA's should consider any potential increases to FRA operating costs arising as a result of any investment and plan to meet this from their own budgets.

(g) *How will funding be provided by the Department?*

We anticipate that grant funding will be provided to FRAs as a lump sum in each of the relevant financial years (2011–12 and 2012–13).

(h) *Can we meet with DCLG to discuss a return in advance of submission?*

Yes. Please contact Alan O'Loughlin to arrange this (alan.o'loughlin@communities.gsi.gov.uk).

Annex A

RESILIENCE AND EFFICIENCY OUTCOMES

The following expected outcomes have been informed by responses to the consultation and are intended to support fire and rescue services in drawing up their plans. This list is not intended to be exhaustive nor prescriptive.

Efficiency

(1) the financial efficiency of the control service is improved. For example, the proposed change leads to a reduction in the overall cost per emergency call handled?

(2) improvements in the operational efficiency of the control service are achieved. For example, the proposed change leads to a reduction in call handling and mobilisation times?

(3) local plans requiring investment in the control service represent value for money in the long term and have been considered in the light of broader FRA planning considerations. *For example, investment in improvements to a control room where future plans for collaboration are not yet clear, may not represent value for money.*

Resilience

(4) data centric mobilisation benefits are secured and/or enhanced. *For example through upgrading of control room infrastructure to support data mobilisation and messaging.*

(5) call handling capacity during sudden peaks in call volume improves. *For example through improved arrangements with a buddy FRS/organisation.*

(6) remote (ie cross border) call handling and mobilisation arrangements are improved. *For example through improved interoperability and technology links with a buddy FRS*

(7) remote incident management arrangements are improved. *For example through adoption of common ways of working/operating procedures with a buddy FRS/neighbouring FRS.*

(8) improvements to physical and protective security are delivered. *For example through improvements to areas such as data security or to ensure accommodation remains operational and available during periods when mains services are unavailable.*

(9) plans contribute to improvements in national resilience. *For example, through better co-ordination with a number of other fire and rescue services and/or other emergency services enabling an improved response to a major incident.*

(10) plans contribute to improvements in local resilience. *For example through strengthening Section 13 and 16 arrangements, introducing more flexible staffing models and strengthening fallback arrangements*

CONTROL SERVICE RESILIENCE AND EFFICIENCY GRANT—BID TEMPLATE

Authority name(s):

Date:

1. Summary of local plans

Please outline local plans for improvements to control and mobilisation service.

2. Expected costs

Please identify capital and revenue costs separately.

3. Expected benefits

Please identify key resilience and efficiency benefits, where possible benefits should be quantified. Reference to the expected outcomes identified in Annex A to the guidance should be included.

4. Assessment of risks and dependencies

5. Contact name and details

REFERENCES

¹ DCLG will take forward discussions with FRAs on proposals which involve use of the control centre buildings separately. This is for commercial reasons and to ensure discussions already underway can proceed without unnecessary delay. FRAs which fall into this category have the same level of financial support available

(up to £1.8 million per FRA) although there is expected to be further implementation and ongoing financial support available to meet net additional costs arising from the use of these assets.

² Any other fire and rescue authorities that, due to resilience reasons, require an earlier decision should contact Alan O'Loughlin (alan.o'loughlin@communities.gsi.gov.uk) to discuss whether it is possible to submit an earlier return. Bids which exceed £1.8 million can not be reviewed until all other FRA bids have been received and reviewed.

5 July 2011

Supplementary written evidence from Communities and Local Government

STRATEGY FOR BUILDING ENHANCED RESILIENCE INTO ENGLAND'S FIRE AND RESCUE CONTROL SERVICES

- The Department's strategy is to build national resilience in fire and rescue control services through local planned and delivered solutions. This draws on lessons learnt from the FiReControl project including the need to have clear accountabilities and effective project management processes in place.
- The risks will be managed where they are incurred and can be managed best—at the local level by the fire and rescue services. The Department will provide an assurance role to see that the programme represents value for money and supports national resilience.
- The Department is working with the fire and rescue sector—through the Local Government Group and the Chief Fire Officers Association—to deliver this strategy and allocate funding to support it.
- We believe this funding approach achieves the right balance between reducing bureaucratic burdens while ensuring value for money for the taxpayer and more efficient, resilient control service functions—enhancing both local and national resilience.
- The approach is collaborative with the Local Government Group and Chief Fire Officers' Association, recognising the importance of initial buy-in from the sector—a lesson learnt from FiReControl.
- A joint Programme Board will be established to oversee delivery and outcomes with representation from the Department, the Local Government Group and the Chief Fire Officers' Association.

THE FUNDING SCHEME FOR FRAS

Total funding of £81 million will be available for Fire and Rescue Authorities to support improvements in control room resilience and efficiency. As a guideline, Authorities can request up to £1.8 million each. In exceptional cases a greater sum may be awarded provided the total amount of funding does not exceed £81 million. This funding will support the completion of Firelink and enable FRSs to enhance the efficiency and resilience of their control room functions

The funding can cover:

- Systems and infrastructure costs (IT hardware and software).
- Restructuring costs (eg redundancy payments).
- Project management costs for delivering their plans.
- Building costs—improvements to physical and protective security.

The top priority for funding among responses to the recent consultation was for the completion of the Firelink system. Firelink had put an interim voice-only service in place for existing control rooms. With the cancellation of FiReControl, FRSs now consider they need to improve the voice interface to Airwave and also provide a data environment to enhance resilience and operate more efficiently—FiReControl would have provided this.

On average, each control room would require new interfaces costing around £1.8 million to achieve the required connectivity. However, by sharing these interfaces, the cost can be reduced, making resources available for other improvements. This is a strong incentive to collaborate and take a longer-term view.

All requests for funding should be submitted by 4 November 2011. In exceptional circumstances earlier bids will be considered and processed, but these cannot exceed £1.8 million.

The Department would expect to see the outcomes given in the annex of the guidelines. These have been circulated to all Fire and Rescue Authorities.

GOVERNANCE

The Department will set up Programme Board, with representatives from the Local Government Association and Chief Fire Officers' Association. The Board will ensure the correct procedures are followed and report back to DCLG committees. The team assessing plans submitted, and the panel when required, will recommend funding decisions to the Board.

ASSESSMENT PROCESS

The Department, in association with the Chief Fire and Rescue Adviser, will assess the returns. These are examples of topics they would expect to see mentioned in the outline:

- Local resilience improvements—mutual aid arrangements, staffing models, fallback arrangements.
- Expanding local to national resilience—through collaboration and the interconnection of the local system.
- Same service interoperability and interagency interoperability.

The Department will assess the plans for value for money—including whether the proposals are good long-term value. For example, improving a control room where future plans for collaboration are not yet clear may not represent value for money. In addition HM Treasury will be provided with a summary of the bids to give an oversight of the value for money and of the Department's decision process.

Where the Department and HMT are satisfied that the plans demonstrate value for money and the CFRA is satisfied that there will be operational and resilience improvements, the Department will make a recommendation to the Programme Board to allocate the funding.

Where further clarification is needed, or the CFRA believes the plans could be strengthened, a review panel with representatives from CFOA and LGG may meet to consider them further. They may discuss the plans with the Fire and Rescue Authority(s) concerned and agree next steps.

The Department expects to confirm grant funding for agreed plans by 31 January 2012. There will be no New Burdens payments for future increases in control room running costs.

THE FUNDING SCHEME FOR CROSS-SECTOR INITIATIVES

A further £1.8 million will be made available for those in the sector—FRSs, FRAs, groups, representative organisations—to take forward initiatives that increase resilience and efficiency for Fire and Rescue Services across the country. This is for co-ordination and cross-cutting work that may support and benefit individual or collective FRA plans.

In the responses to the consultation there was wide consensus that the development of common technical and operational standards was needed to enable closer collaboration and interoperability. The funding would support initiatives in this area. For example, a number of Fire and Rescue Services are taking forward the FiReControl "Ways of Working" strand to produce standardised operating procedures—the group might apply for this funding.

The request for funding and the assessment processes are the same as for the FRA funding above.

ASSURANCE AND PROGRAMME MANAGEMENT

The Department will carry out an initial value for money assessment of the FRS proposals, supported by the expert review panel. Local audit arrangements will ensure that local plans are executed in a way that provides value for the tax payer. The adequacy and resilience of control room arrangements will also be considered as part of the Integrated Risk Management survey which is carried out every three years.

The Department will also put in place effective project management structures to monitor programme delivery. The Programme Board, with LGA and CFOA representation, will review progress and assess national resilience benefits.

The Department will not be monitoring individual local projects but will need to oversee delivery with the Fire and Rescue Services and assure national and local resilience outcomes. Fire and rescue authorities will be asked to demonstrate to the Department that the improvements set out in their plans have been delivered. This will be at a stage appropriate to the plans submitted and agreed after discussion with the Department. We would expect it to take place within six months of the completion of the work. This will involve submitting a short report and may include a site visit by the Department's expert FRS advisers to capture progress, assure resilience outcomes and spread good practice. Progress will be reported to the Programme Board.

Over the next few months the Department will be working with the sector on proposals for the revised National Framework. National and local resilience roles will be defined and the strategy for control services will be reflected here to clarify responsibilities. The Department will consult on this by the end of 2011. This will support the work of the Programme Board.

In early 2012 the Department, LGG and CFOA plan to run a joint review conference for all Fire and Rescue Authority Chairs, and Chief Fire Officers. This will:

- Showcase, record and disseminate best practice in delivering resilience and efficiency.
- Set out a shared strategy emerging from the National Framework, taking on board points from the consultation.
- Clarify objectives and how these are best achieved.

- Identify barriers, and discuss how these can be overcome—where appropriate, how the Department could help remove them.
- Set out a roadmap for enhanced national resilience and efficiency.
- The Chief Fire and Rescue Advisor's Unit are producing a strategy on protective security—a key element of interoperability and resilience. The guidance will underpin improved resilience. CFRAU will review how effectively this is adopted which will contribute to the overall assessment of national resilience improvements.

TIMETABLE

4 July	Department publishes Consultation response Document and details of funding programme
31 July	Programme governance arrangements agreed
July/October	DCLG continues commercial negotiations with FRSs funding requests which cannot wait until main round Consideration and announcement of any urgent FRS funding requests which cannot wait until main round
4 November	Deadline for applications for FRS Resilience and Efficiency Grants and Cross-Sector Grants
November-December	Applications for both grants assessed by DCLG, with HMT oversight for value for money. Applications reviewed by CFRA and CFOA/Local Government Group panel for operational and resilience improvements
By 31 January	Confirmation of grant funding
February/March	Joint DCLG/Local Government Group/CFOA Conference for Chiefs and Chairs
<i>July 2011</i>	

Supplementary written evidence from Communities and Local Government

Further to my letter of 13 June, I am now able to send you our formal response document and details of our next steps following the consultation. I am also sending the text of the Written Ministerial Statement laid in the House today.

In my previous letter I summarised some of the main areas of consensus emerging from the consultation responses and we have taken these on board in developing our approach and the guidance. As a result, I am making available £81 million for improving the resilience, efficiency and technology in England's control services. As a guide, this will provide up to £1.8 million for each Fire and Rescue Authority. Authorities may submit plans for more than this if exceptional resilience benefits would result. However the total funding cannot exceed £81 million. We are requesting plans to be submitted by 4 November 2011.

This funding should be sufficient to meet local costs of securing the benefits of enhanced data capability, for example through Firelink. However, through collaboration, further enhancements could be delivered.

An additional £1.8 million in total will be available to the sector as a whole—this could be groups or representative organisations—to develop initiatives of national benefit. The development of common technical and procedural standards would be an example. As the guidance I am sending with this letter indicates, we are inviting Fire and Rescue Authorities to send us a brief summary of their plans for the funding. These will be assessed to ensure they provide value for money and resilience improvements.

I am very grateful to the Local Government Group and the Chief Fire Officers' Association for their cooperation in drawing up this proposal. They have further agreed to be part of the oversight process and we are intending, jointly, to organise a review conference in early 2012, to which you will be invited. This will be an opportunity to discuss experiences and progress, share good practice and identify national resilience benefits.

Our strategy is to develop national resilience through local rather than national solutions, building on the expertise of Fire and Rescue Services. I look forward to hearing about your plans and working with you in future.

5 July 2011

Written Ministerial Statement

FIRE AND RESCUE CONTROL SERVICES (ENGLAND)

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): Today the Government is publishing its response to the consultation on the future of fire and rescue control services in England announced in my statement to the House of 13 January 2011 [col 22WSj]. This followed the closure of the FiReControl project in December 2010.

First I would like to thank all those who responded to the consultation—the Department received 61 responses, including from most Fire and Rescue Authorities and Services, by the closing date of 8 April. The great majority of those responding to the consultation believed that improved resilience and efficiency—and the enhanced technology needed to support these—were as important today as when FiReControl began in 2004. Most responding also agreed with the Government's preferred approach of achieving these objectives now through encouraging increased collaboration—in a locally determined manner—with some Government support. This approach will deliver efficiency and resilience benefits for Fire and Rescue Authorities in the best way for their area, as well as build national resilience through local solutions.

I am announcing today that the Government is making available £81 million for Fire and Rescue Authorities in England to improve the resilience, efficiency and technology in their control services. As a guideline, this will provide up to £1.8 million for each Authority. Authorities will be invited to submit their plans by 4 November 2011. The plans will be assessed for value for taxpayers' money and resilience improvements.

In addition, a further £1.8 million will be made available to the fire and rescue sector for initiatives likely to deliver co-ordination and resilience improvements across the Fire and Rescue Services, such as the development of common technical and procedural standards.

I am very grateful to the Local Government Group and the Chief Fire Officers' Association for their co-operation in developing this proposal. They have agreed to be part of the oversight process. Today I will be circulating further guidance, together with a copy of the response document, to all Chairs of Fire and Rescue Authorities and Chief Fire Officers. A copy of the response document will be available on the Department for Communities and Local Government website. Copies have been placed in the Libraries of both Houses.

5 July 2011

Written evidence from Cambridgeshire and Peterborough Fire Authority

THE ONGOING COSTS ASSOCIATED WITH REDUNDANT REGIONAL FIRE CONTROL CENTRE'S IN ENGLAND

To Chair of PAC

You may well have seen many reports over this past weekend and indeed—since the Spring when the Government decided finally to cancel the project which would have seen 46 Brigades move into nine Regional Centres, many of us associated with the Fire & Rescue Service over many decades had our concerns and worries about the whole way this project came about—and especially the financial arrangements contained in the contracts which were drawn up to create these centres—and for the most part have remained secret even from Members of individual Fire Authorities.

What is particularly of concern now—is to learn that the expected costs of these Centres now empty—could well be on the way to beyond £500 million, not least because of the 20–25 year agreements which pay rent to the Private owners, this is cash which the majority of Fire & Rescue Services badly need to meet the results of the Comprehensive Spending Review last Autumn—in our case here in Cambridgeshire we currently need to find £4.2 million and that could extend to £6 on a budget of under £30 million!

To that end can you indicate whether the PAC intends to programme an investigation into how this whole Project has been managed, what lessons will be learnt and what steps will be taken to recompense Fire Authorities for costs incurred in ensuring that Fire Controls continue to operate effectively whilst changes were being pursued?

Look forward to hearing from you.

June 2011

Supplementary written evidence from Communities and Local Government

RE: PUBLIC ACCOUNTS COMMITTEE HEARING; 6 JULY 2011; FIRECONTROL; Q202-Q204.

At the Public Accounts Committee hearing the Committee asked about the Chief Fire Officers Association's use of their financial resources (cross-reference Q202 to Q204 in the uncorrected transcript) and I undertook to supply the answer.

The Chief Fire Officers Association is a professional organisation and registered charity, part funded by membership subscription. The Association's aim is to act as the professional voice of the UK Fire and Rescue Service. However the range of activities that the Association engages in is wide-ranging, including activities such as supporting their members to achieve individual and collective improvement. In addition, through the entity Chief Fire Officers Association National Resilience Ltd, it provides assurance for Government funded New Dimensions equipment in return for Government grant.

At the Committee I indicated that I would contact the Association for its response to the Committee's questions. A copy of the letter that I have received from Peter Holland CBE, the Association's President, containing its response, is attached.

PAC OUTSTANDING ACTION

Thank you for your letter dated 14 July 2011. I am pleased to clarify OUT position as follows.

The Chief Fire Officers Association (CFOA) does not receive any funding from Government. CFOA is a professional association that receives the majority of its funding from UK Fire & Rescue Services via corporate subscriptions.

The funding supports a programme of work to develop both strategic and technical fire guidance and advice which is made available to all subscribing services primarily via the CFOA website and a series of electronic fora. CFOA is led by an elected Board of directors who meet regularly with ministers and senior officials to provide informed professional advice and comment to government policy makers.

Individuals working at area manager level and above within public sector fire and rescue services are eligible for individual membership of the Association and this provides an additional income stream. Members currently pay £240 per annum to engage in sharing and learning as part of the CFOA network. CFOA does not provide training courses per se but does arrange seminars and conferences on matters of strategic importance to the service.

19 July 2011

Supplementary written evidence from Communities and Local Government

MEMORANDUM ON QUESTION 55

At the Public Accounts Committee hearing on Wednesday 6 July on the FiReControl Project, Richard Bacon MP asked for the names of the freehold owners of all the control centre buildings and Sir Bob Kerslake undertook to supply the answer. This information is given in the table below:

<i>Control centre building</i>	<i>Current owner</i>
South West at Taunton	Leafrange ltd
East Midlands at Castle Donington	The Control Centre General Partner Limited
North East Durham	The Control Centre General Partner Limited
West Midlands at Wolverhampton	The Control Centre General Partner Limited
North West at Warrington	Aaim Warrington Unit Trust
South East at Fareham	Canada Life Limited
East of England at Cambridge	The Control Centre General Partner Limited
Yorkshire & Humberside at Wakefield	The Control Centre General Partner Limited
London at Merton (Morden)	Canada Life Limited

19 July 2011

Written evidence from the Chief Fire Officers Association

We acknowledge receipt of your email, dated 7th September 2011, with questions regarding some of the funding streams that The Chief Fire Officers' Association (CFOA) receives. CFOA no longer receives, although it used to, any direct grant from central government.

CFOA, a registered Charity, is the professional voice of the UK fire and rescue service. CFOA supports its members to fulfil their leadership role in protecting our local communities and making life safer through improved service delivery. CFOA provides professional advice to inform government policy and is committed to developing both strategic and technical guidance and sharing notable practice within the wider FRS.

Membership of the Association comprises almost all the senior management of fire and rescue services in the United Kingdom. CFOA is the driving force in managing change and implementing reforms in the service.

CFOA's single aim is to:

“... reduce the loss of life, personal injury and damage to property and the environment by improving the quality of fire fighting, rescue, fire protection and fire prevention in the United Kingdom”.

These aims are pursued through the provision of advice, information, leadership, research, informed comment and other services to relevant bodies and to the Association's own members.

In relation to your question around CNR Ltd, a wholly owned subsidiary of CFOA, £5.46 million of Central Government money is paid in accordance with a Memorandum of Understanding and addendum. The principal components require CNR Ltd to provide:

1. Assurance of Fire & Rescue Authority New Dimensions capabilities, these being:
 - Urban Search & Rescue
 - Mass decontamination of the public
 - Detection, Identification and Monitoring of Chemical, Biological, Radiological, Nuclear or Explosive agents
 - Command and Control arrangements in support of New Dimensions and the National Capabilities Advisory Framework and
 - Mass movement of water using High Volume Pumps.
2. Training & Exercising relating to the assurance functions detailed above:
and
3. Minor refresh of the extensive (approx £400m) inventory of New Dimensions vehicles and equipment in England.

CNR Ltd provides the business entity with which central government contracts to deliver these activities.

Monies provided for the assurance function are spent variously on the secondments and the facilitation of a team of capability experts from Fire and Rescue Authorities who then act under the direction of an assurance body known as the “National Resilience Board”. Other costs include accommodation costs, training facilities and overheads.

The Memorandum of Understanding between CNR Ltd and DCLG requires an annual statement of assurance which provides an evaluation of the state of readiness and efficacy of capabilities against a range of Government owned model responses and concepts of operations.

Monies provided for training and exercising are spent exclusively on these activities against a pre-agreed schedule of courses and exercise programmes.

Monies provided for Asset Refresh are used to replace time expired items or to support existing capabilities with approved technological uplifts.

Since inception, CNR Ltd has endeavoured to promote this model as one of efficient use of professional services for Central Government and it is regarded as a successful example of FRS sector ownership of a key national fire service function. CNR Ltd now has other sources of income for delivering similar but separate services to the Welsh Government. It has no other source of income from the public purse.

With regard to your second query, CFOA, the Charity, has four objectives. These are:

- CFOA will lead, from centre stage, and firmly influence the future direction of the FRS on professional, managerial and leadership issues which affect the service,
- CFOA will be the focal point for professional advice that drives and contributes to the development of policy which impacts upon the UK Fire and Rescue Service,
- CFOA will be effectively communicating views and priorities to inform key decision makers, and
- CFOA will be supporting its members to achieve individual and collective improvement.

The objectives all support CFOA's primary aim, as referenced at the start of the letter. We are not a professional lobbying organisation, nor do we employ the services of professional lobbyist. However, we do

seek to inform government understanding and policy around fire service activity, emerging risks in relation to fire and the built environment and the promotion of public safety.

The majority of CFOA's costs are used for staff salaries, accommodation costs, IT infrastructure, and contributions towards specialist support costs for the Director's work streams and the Presidential Team and the travel and support costs for all Directors, as well as contributions to some events run through CSL. During 2009/2010 these were CFOA's five conferences for members as part of our Continuous Professional Development programmes.

As detailed in the statutory accounts, CFOA coordinates and supports over 70 active working groups over the four Directorates. The output of these groups contributes to national, regional and local policy development which impacts on the FRS and ultimately businesses and community safety.

Aim one—leadership—has £210,736 of these infrastructure costs allocated to it. Other expenditure includes 50% of the costs (£2,967) for the development and production of a comprehensive narrative on the role and function of all UK FRSs for members to share with all incoming MPs as an information document which quantifies the contribution the FRS makes to the safety of all communities within the UK. 50% of the costs (£10,000) was paid towards a research project on sprinklers. Meeting costs for the Practitioners' Forum amounted to £1,333, printing and publication costs for CFOA's business plan were £1,875

Aim two—professional advice—has £190,228 of infrastructure and support costs, as well as specific costs for CFOA Scotland (£20,000), subscriptions to newsfeeds and other professional bodies and for information material (£4,059). The majority of the costs (£362,246) were to pay for secondees to provide senior user advice into the FiReControl programme and the interoperability programme. £1,606 was spent on work in Europe, representing the UK FRS on Hazmats and subscription to the European Fire Officers Association (FEU).

Aim three—communicating—has £188,942 of infrastructure and support costs. The other 50% of the sprinkler research (£10,000) and the narrative costs (£2,967) allocated to it. Other costs under this heading are £3,037 of meeting costs for the work groups, and £2,200 of subscriptions costs.

As a Charity CFOA has to separately show the governance costs, as defined by accounting policy. These are £14,330 of staff costs spent on the year end audit, governance and legal matters, the annual audit costs of £6,180, legal costs of £3,895, costs for Board meetings, £4,460, trustees training, £10,865, and bank charges and insurance, £3,306.

On your final question, CSL Ltd operates a number of conferences and seminars for the fire and rescue sector. These conferences meet specific requests from the sector and are expected to be economically viable. The PAs conference is one of a range of events, all of whose venues are sourced taking into account their cost effectiveness and appropriateness. PAs provide a vitally important role supporting Chief Fire Officers in our work both locally and nationally so they have to be skilled and knowledgeable enough to operate and think strategically.

13 September 2011

ISBN 978-0-215-56154-1



9 780215 561541



PEFC/16-33-622