

Impact Assessment, The Home Office

Title: Fire Reform White Paper Consultation

Date: 18 May 2022

IA No: HO 0392

RPC Reference No: N/A

Stage: Consultation

Other departments or agencies: N/A

Intervention: Domestic

Measure: Primary Legislation

Enquiries:

firereformconsultation@homeoffice.gov.uk

RPC Opinion: Not Applicable

Business Impact Target: Not a regulatory provision

Cost of Preferred (or more likely) Option (in 2021/22 prices)

Net Present Social Value NPSV (£m)

-121.3

Business Net Present Value BNPV (£m)

N/A

Net cost to business per year EANDCB (£m)

N/A

What is the problem under consideration? Why is government intervention necessary?

To ensure that fire and rescue services (FRSs) effectively and efficiently adapt to societal changes, emergent risks in their communities, are better able to respond to incidents, and improve their prevention and protection functions, systematic reforms and improvement programmes are required. These will seek to change how FRSs are governed, led, and how their biggest asset, their people, are utilised, supported and developed. The findings from the recent PCC Review highlighted that further reform cannot happen without government intervention. Government intervention is necessary to respond to the challenges and implement reforms.

What is the strategic objective? What are the main policy objectives and intended effects?

Strategic objectives: Prevent fires and reduce their harm, improve public safety, build back a better UK and make effective and efficient use of government investment in public services

Policy Objectives: Implement reform of the FRS to drive change and improvement across three pillars; people, professionalism and governance. These aim to lead to more well-trained and supported people focused on risks; introduce higher levels of professionalism; and create strong and effective governance balanced with operationally independent, professional leadership.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 0: Make no legislative changes (do-nothing).

Overarching option: The Fire Reform White Paper considers a College of Fire, a 21st century leadership programme, statutory oath, high potential development scheme, expansion of the direct entry scheme, operational independence including corporation sole, FRA governance transfers, strategic planning, and an updated national framework. The overarching option is to implement all nine, but each is considered independently. **The assessed cost is therefore the maximum.**

Main assumptions/sensitivities and economic/analytical risks

Discount rate (%)

3.5

The best available data is used in this analysis, but some assumptions are made. The cost of the independent body (College of Fire) option is highly uncertain. This contributes 32 per cent of the total cost. Any changes to this could significantly impact the Net Present Social Value (NPSV). The total cost of transferring FRA governance, and the 21st century leadership programme options are also highly uncertain. Sensitivity analysis has been conducted on these options. There is little data on benefits, so the NPSV does not accurately represent the benefits of this policy.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 2027

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:



Date:

18 May 2022

Summary: Analysis & Evidence

Policy Option 1

Description: Fire Reform White Paper Consultation

FULL ECONOMIC ASSESSMENT

| | | | | | | | | |
|--|------------|---------|---------|---------|-----------|-----------------------|------------|---|
| Year(s): | Price Base | 2021/22 | PV Base | 2022/23 | Appraisal | 10 | Transition | 5 |
| Estimate of Net Present Social Value NPSV (£m) | | | | | | Estimate of BNPV (£m) | | |
| Low: | -179.8 | High: | -73.3 | Best: | -121.3 | Best BNPV | N/A | |

| COSTS, £m | Transition Present Value | Ongoing Present Value | Total Present Value | Average/year Constant Price | To Business Present Value |
|---------------|--------------------------|-----------------------|---------------------|-----------------------------|---------------------------|
| Low | 5.1 | 68.2 | 73.3 | 8.6 | N/A |
| High | 10.9 | 168.9 | 179.8 | 21.1 | N/A |
| Best Estimate | 8.4 | 112.9 | 121.3 | 14.2 | N/A |

Description and scale of key monetised costs by 'main affected groups'

All monetised costs accrue to the public sector, either fire and rescue authorities (FRA), local authorities (LA), or central government. The total cost of all nine options represents **the maximum cost** of reform. Transition costs are estimated over five years to be **£5.1 to £10.9 million (PV)**. Ongoing costs over 10 years are estimated to be **£68.2 to £168.9 million (PV)**.

Other key non-monetised costs by 'main affected groups'

It has not been possible to monetise the costs of all options and questions proposed in the White Paper. Some options/proposal require further exploration/development following the consultation and there is a lack of available information on others. Any potential monetised cost implications of these proposals will be assessed at a later stage.

| BENEFITS, £m | Transition Constant Price | Ongoing Present Value | Total Present Value | Average/year Constant Price | To Business Present Value |
|---------------|---------------------------|-----------------------|---------------------|-----------------------------|---------------------------|
| Low | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| High | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Best Estimate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Description and scale of key monetised benefits by 'main affected groups'

No benefits have been monetised.

Other key non-monetised benefits by 'main affected groups'

These options aim to reform FRSs so they are more transparent, accountable and efficient, and have more effective leadership. This will enable them to better respond to incidents, keep people safe, and better represent the communities they operate in. This will reduce the danger to individuals posed by fires, and potentially the number of fires, fire related injuries and fatalities.

BUSINESS ASSESSMENT (Option 1)

| | | | | | | | | | |
|--|-----|-------------|-----|---------|-----|-------------|-----|-------|---|
| Direct impact on business (Equivalent Annual) £m: N/A | | | | | | | | | |
| Cost, £m | N/A | Benefit, £m | N/A | Net, £m | N/A | | | | |
| Score for Business Impact Target (qualifying provisions only) £m: | | | | | N/A | | | | |
| Is this measure likely to impact on trade and investment? | | | | | N | | | | |
| Are any of these organisations in scope? | | Micro | N | Small | N | Medium | N | Large | N |
| What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent) | | | | Traded: | N/A | Non-Traded: | N/A | | |

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

| | | | |
|---|---|---|---|
| Are all relevant Specific Impacts included? | Y | Are there any impacts on particular groups? | Y |
|---|---|---|---|

Evidence Base (for summary sheets)

A. Strategic Objective and Overview

A.1 Strategic Objective

These legislative proposals fit with the Home Office's overarching strategic objective to prevent fires and reduce their harm, and to improve public safety. The reform programme also aims to build back a better UK and make effective and efficient use of government investment in public services¹.

A.2 Background

These new reform proposals build on the reforms of the past 5-10 years, which have seen the establishment of an independent inspection regime, stronger national coordination amongst operational leaders, increased funding for service improvement and the development of a standards regime.

The Grenfell Tower tragedy, Manchester Arena attack and the Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS) State of Fire and Rescue reports² have set a challenging agenda. It is clear that the Government needs to go further to deliver more fundamental reform. The Government intends, through the Fire Reform White Paper and Consultation, to launch the next phase of fire and rescue reform in England. The Home Office will gather feedback through consultation on the reform proposals and build on existing evidence to shape and embed services which put their communities first.

The implementation of the proposals contained within the consultation, and costed in this impact assessment (IA), are subject to the outcome of the consultation and internal funding allocations. Implementation may be staggered over a period of time and, in some cases, some options may be pursued over others. The costings set out in this IA represent the full remit of what may be delivered following legislations and includes an assessment of the capital costs as well as the wider economical costs (that is, time spent on training) that may be incurred as a result of implementation.

On **People** the government ambition is to enable fire and rescue services (FRSs) to get the best out of their people. As recommended by HMICFRS, the role of FRSs needs clarification, and greater local flexibility for firefighters and staff could add value. It is proposed that fire professionals should be supported by a professional pay and role negotiation process.

On **Professionalism**, a series of options are being considered which aim to ensure that the Government continues to support fire and rescue professionals to help them better protect their communities. The proposed reform plans look at five key areas of research, data, leadership, standards, and ethics and set out an option to establish an independent College of Fire. It is proposed that development opportunities for staff should include support for progression to leadership roles and development schemes to identify and nurture talent. The White Paper consultation considers the opportunity to support consistently positive culture within services through the creation of a Statutory Code of Ethics and a Fire & Rescue Service Oath.

On **Governance**, the lack of executive oversight, variation and inconsistency between governance models has led to a number of challenges in terms of accountability and transparency for the public. The White Paper will seek to establish a criteria for good governance and consult on options to transfer functions to an executive leader, including whether to expand the role of police and crime commissioners (PCCs) to take on fire and rescue. The Government has also committed to legislate to implement the HMICFRS' recommendation to give operational independence to Chief Fire Officers (CFOs) to ensure they are not inappropriately hampered in their efforts to protect the public.

¹ [Build Back Better: our plan for growth \(HTML\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/build-back-better-our-plan-for-growth)

² [State of Fire and Rescue – The Annual Assessment of Fire and Rescue Services in England 2020 - HMICFRS \(justiceinspectors.gov.uk\)](https://www.justiceinspectors.gov.uk/state-of-fire-and-rescue-2020), [State of Fire and Rescue: The Annual Assessment of Fire and Rescue Services in England 2019 - HMICFRS \(justiceinspectors.gov.uk\)](https://www.justiceinspectors.gov.uk/state-of-fire-and-rescue-2019)

A.3 Groups Affected

The proposed reforms would impact the following groups:

- General public.
- Fire and rescue services and employees.
- Fire and rescue authorities (FRAs) and local authorities.
- Chief Fire Officers.
- Police and Crime Commissioners / Police, Fire and Crime Commissioners.
- Mayors.
- Existing fire governance structures such as the National Fire Chiefs Council, the Fire College, the Institute of Fire Engineers, the Fire Standards Board.
- Employee Representative Bodies.

A.4 Consultation

Within Government

All government departments will be engaged during the cross-government clearance process. However, a number of government departments were consulted on specific elements of the proposals during the drafting of the Fire Reform White Paper and Consultation. Home Office has liaised with these partners to develop the proposals:

- Department of Levelling Up, Housing and Communities (DLUHC).
- Department for Health & Social Care (DHSC).
- Devolved Administrations.
- HM Treasury.
- Prime Minister's Office, No.10.
- Cabinet Office.

Public Consultation

A full public consultation will run for 10 weeks following publication of the White Paper. It will seek views on the options highlighted in **section D**. Home Office has engaged with stakeholders while developing these proposals, including:

- National Fire Chiefs Council (NFCC).
- Fire Standards Board (FSB).
- Chief Fire Officers.
- Police and Crime Commissioners.
- Employee Representative Bodies.
- Local Government Association.

B. Rationale for intervention

As a result of the Grenfell Tower Fire and Manchester Arena attacks, and building on lessons from HMICFRS inspections and the FRS response to COVID-19, there is more to do to ensure services are better able to respond to incidents as well as increasing the effectiveness of prevention and protection functions to keep people safe and improve the delivery of fire services. The White Paper sets out proposals that build on lessons learnt from these incidents, and successes in the FRS COVID-19 response. HMICFRS inspections have been a fundamental catalyst for reform. The inspectorate has made six principal recommendations³, which are:

- The Home Office should ‘precisely’ determine the role of FRSs, to remove any ambiguity.
- The sector should remove ‘unjustifiable’ variation, including in how they define risk.
- The sector should review, and reform how effectively pay, and conditions are determined.
- The Home Office should invest CFOs with operational independence, whether through primary legislation or in some other manner.
- There should be a code of ethics.
- The Home Office should ensure that the sector has sufficient capacity and capability to bring about change.

HMICFRS has also highlighted issues to develop a modern FRS, with the focus on delivering greater consistency in the standards, professionalism, and governance across FRSs. Therefore, more work needs to be done in this area. These include:

- Considerably improving some working practices and cultures in FRSs, with a clear set of ethics which need to be embedded and followed.
- The need for systematic reforms and new improvement programmes to change the way FRSs are governed and led, and the way their human resources are marshalled, supported, and developed. The FRS needs to become an inclusive modern profession with the support, development, and oversight to match that status.
- The needs for greater consistency in areas such as the application of data and the need for an overall national strategy to bring consistency and promote innovation.

There are three areas of the fire reform programme: **People**, **Professionalism** and **Governance**. Rationale for intervention in each of these areas is assessed.

People

The biggest asset available to FRAs are the people they employ, and it is essential that these employees are supported to achieve their full potential with clarity of their role, accessible development opportunities and available structured learning.

In December 2020, the Home Office circulated a short online survey which asked Chief, Deputy and Assistant Fire Officers their views on leadership. Of the 101 respondents, almost all (96%) agreed that senior leaders have the command skills needed for services to run effectively, although levels of agreement were slightly lower for leadership skills (84%) and organisational management skills (76%). Around four in ten (42%) thought that services were ‘not very’ or ‘not at all’ effective at both *identifying* and *developing* high-potential or talented individuals. In terms of the leadership training they had received throughout their career, almost four-fifths (79%) were at least ‘fairly satisfied’ although one in ten (10%) were dissatisfied. Just over two-thirds (69%) said they would value a mandatory and standardised training programme for senior leaders.

The proposals in the White Paper seek to ensure that employees who aspire to lead FRSs are fully competent in all of the skills required to do so. It is proposed that fire professionals should be supported by a professional pay and role negotiation process.

³ All references to HMICFRS findings in this IA refer findings in their State of Fire and Rescue (2019 and 2020) and “Responding to the pandemic: The fire and rescue service’s response to the COVID-19 pandemic in 2020” reports.

Professionalism

The proposals in White Paper aim to help to address issues raised around professionalism across the fire areas of research, data, workforce development, standards and ethics including exploring the option of a single, independent national arm's length body (College of Fire) which could provide national strategic oversight to the sector. It is expected that these strands will each complement and add value to each other to enhance professionalism and service delivery across FRSs. The White Paper also considers the creation of a new statutory Code of Ethics and Fire and Rescue Service Oath to establish and affirm clear ethical standards in fire and rescue services.

Governance

In their State of Fire and Rescue report (2020)⁴, HMICFRS found that the lack of operational independence for CFOs can lead to tension between them and their FRAs. The report highlighted that some CFOs have been prevented by their FRAs from implementing operational, tactical changes to improve the effectiveness and efficiency of their service. Also, HMICFRS recommended giving CFOs operational independence.

The Government will legislate to implement that recommendation, and the consultation will be used to assess the options of how operational independence might look, including whether to give each CFO corporation sole status, mirroring the model used in London Fire Brigade. This would provide CFOs with clearer demarcation of their responsibilities and greater freedom to manage their services.

In their inspection of how services were responding to the COVID-19 pandemic⁵, HMICFRS recognised the added value services provided, but that CFOs were hindered in how they could use their resource by the inflexible working practices in the sector. When these barriers were removed, HMICFRS recognised how it empowered operational leaders to make the best use their teams to keep the public safe. Legislating to give operational independence to CFOs will facilitate future local flexibility when responding to emergencies.

The demarcation of operational and strategic planning, and the updating of the National Framework, would complement governance proposals in the White Paper around greater clarity and accountability in fire administration governance structures.

The paper also consults on options to strengthen governance. There is currently a lack of executive oversight across the majority (38 out of 44) FRAs. The current model for creating PFCCs is locally enabling. It is for PCCs to determine whether they want to take on fire governance in their area based on a local assessment of the benefits. To do so, PCCs need to produce a business case covering the statutory tests of economy, efficiency, and effectiveness (3Es), and that any change would not have a detrimental impact on public safety. Also, PCCs need to consult on their proposals. If any of the upper tier local authorities oppose the PCC's proposal, the Home Secretary is required to consider local objections and obtain an independent assessment of the PCC's business case. Parliament also needs to consent to the necessary secondary legislation to implement the change. To date, four areas have made the transition to the PFCC model.

Unlike policing, the public generally (outside of four PFCC and mayoral areas) do not have a direct say in who oversees fire governance in their local areas. In other governance models, while FRA members are elected as a local councillor or something similar, they aren't elected by the public to be responsible for fire. The 44 FRAs in England currently operate under a range of models, meaning there is a lack of consistency in the oversight of services, and in the effectiveness and efficiency in which they are run. The consultation will seek views on transferring fire functions to a single, likely directly elected, individual who would hold their operationally independent CFO to account. This person could be a mayor who could delegate day-to-day oversight to a deputy mayor, a council leader who could delegate to a cabinet member, or a PFCC. This political oversight would aim to maintain and enhance public accountability of CFOs while facilitating and supporting their

⁴ <https://www.justiceinspectorates.gov.uk/hmicfrs/publications/state-of-fire-and-rescue-annual-assessment-2020/>

⁵ <https://www.justiceinspectorates.gov.uk/hmicfrs/publications/the-fire-and-rescue-services-response-to-the-covid-19-pandemic-in-2020/>

operational independence. This will aim to increase the transparency of how FRSs are structured, strengthen the relationship between the local FRS and the public and increase the transparency with which services are delivered. Following the white paper consultation, further engagement will be carried out with each local area to determine the most appropriate executive leader for them.

C. Policy objective

The Government aims to reform FRSs in three areas: **People, Professionalism and Governance** to develop a community focussed FRS. The core policy objectives are to:

- Have a more diverse and inclusive workforce of more well-trained and better supported **people**, focused on risks and activity. The aim of these proposals is for the FRS to become a career of choice, with roles and specialist pathways available to all.
- Introduce higher levels of **professionalism** across the FRS, and ensure the FRS provides excellent support and development for its fire professionals.
- Create strong and effective executive **governance** balanced with operationally independent, professional leadership.
- Develop an FRS which has clear decision making processes and leaders that are empowered to plan and respond effectively to new and future challenges. This includes events such as climate change, future pandemics, and terrorism.
- Enable FRSs to fulfil their core prevention, protection, and response functions to the highest standard to meet local needs, while better supporting and developing their people.

If successful, it is hoped that these reforms will improve FRSs and make them more effective in their core functions, ultimately benefiting the communities they serve. This could reduce the societal harm caused by fires, which could include a reduction in the number of fires attended, and/or the number of fire-related injuries and fatalities. The reforms may also ensure that FRSs better represent the communities in which they operate. This could lead to a more diverse, representative workforce.

The aim of the Fire Reform White Paper and Consultation is to seek views to inform the Government's next steps around delivering reform of FRSs. Based on the evidence gathered following consultation, any necessary legislation will be brought forward.

D. Options considered and implementation

A non-regulatory approach to reform, for example, encouraging improvements in the reform strands of people, professionalism and governance without legislating may not meet the Government's objectives for reform of the FRS, or the recommendations of the HMICFRS reports. The consultation will be used to explore a range of options, including legislative and non-legislative ones, to understand from respondents which approaches would be most effective in securing improvement. This IA is used to assess potential legislative options.

Option 0: Make no legislative changes (do-nothing).

Under this option there would be no legislative changes and no implementation of the proposals in the Fire Reform White Paper. The Government may seek to enable limited changes through some non-legislative steps, such as amendments to the National Framework. This option does not fully meet the Government's objectives of delivering reform to FRSs in people, professionalism and governance.

Overarching Option: Implement the nine Fire Reform White Paper options including a College of Fire, 21st century leadership programme, statutory oath, high potential development scheme, expansion of the direct entry scheme, operational independence with corporation

sole, transferring FRA governance to an executive leader, strategic planning, and an updated national framework.

There are nine different options in the Fire Reform White Paper which require legislative change to implement. The overarching option presented in this IA is to implement all the different options individually. **This is for presentation purposes and represents the highest possible cost of the White Paper.** There are many different combinations of options that could be pursued following the consultation, and so there is a considerable range in the likely costs of any legislation. This IA has had to make a number of assumptions regarding the delivery of each option which will be further refined following the consultation. The Home Office will conduct further analysis, depending on which options are undertaken, of the overall cost that this legislation will likely incur.

The consultation will be used to assess which options should be undertaken and may require legislation. Following the consultation, further analysis on the impact of each option will be completed. The nine options are described below:

Option 1: Action to support professionalisation of fire and rescue services – This option is to address issues regarding professionalism in fire and rescue services. The White Paper considers proposals around five areas of leadership, data, research, standards, and ethics which could benefit from further, nationally co-ordinated action. Dependent on the outcome of consultation, current and forthcoming financial settlements, and further approvals from within government, a range of actions could be considered most appropriate. Therefore, a range of possible outcomes are considered in this impact assessment which extend from **Option 1a** : Do Minimum to **Option 1b**: establish an independent College of Fire.

Option 1a : Introduce professionalisation changes without legislation (Do Minimum) – This option will seek to secure increased professionalisation of FRSs through increasing the effectiveness of existing organisations. This could, for example, include more targeted application of existing grant funding provided by government, or otherwise prioritising sector improvement activity where it will have the greatest positive impact.

This option is being consulted on as part of the White Paper, and provides a direct non-legislative alternative to the proposed legislation for the College of Fire. It still pursues the same strategic and policy objectives without the need for legislation. **Option 1a** goes further than **Option 0** as it includes more direct action, and additional non-legislative changes focussed specifically on increasing professionalisation. It could include the implementation of some sub-Options with **Option 1b** if legislation were not required for them, or if all five workstreams were not undertaken following the consultation. Alternatively, this option could be undertaken ahead of the College being developed and completed.

Option 1b: College of Fire. This option creates an independent College of Fire which would include up to five different workstreams. These five workstreams are national professional standards (overseeing, developing, and updating), ethics and culture (including the creation and of a statutory Code of Ethics and overseeing its implementation), leadership, research, and data. These five different workstreams are referenced and consulted on separately in the White Paper as it is being considered which (if any) should form part of the College's remit. For that reason, the assessment of the College's impact has been split into these five options to demonstrate the costs and benefits of each individual workstream.

Option 1 b.1 – Standards - This option is to transfer the creation of Fire Standards to the independent College of Fire from the Fire Standards Board. This would involve the independent College undertaking the creation and maintenance of Fire Standards to be implemented by all FRSs. This option could also involve the creation of guidance associated with Fire Standards to the independent College.

Option 1 b.2 – Ethics and Culture – This option is to create an ethics function in the independent College of Fire to be responsible for management of the proposed Fire and Rescue Service Oath (considered below) and a proposed Statutory Code of Ethics. The purpose of these measures and the associated College function would be to address findings by HMICFRS of a

“toxic” culture in some services⁶. All FRA employees could be required to take the Oath, and a duty to adhere to the Statutory Code could be placed on Chief Fire Officers to help promote ethical behaviour within FRSs. Placing responsibility for ethics in an independent body could help ensure ethical standards are set independently of those who are subject to them.

Option 1 b.3 – Leadership – This option could involve the independent College of Fire being responsible for the creation and maintenance of several reform options outlined below such as Leadership Programmes and Direct Entry Schemes. Undertaking this leadership work within the independent College of Fire would help reduce the burden on those who currently conduct this work alongside their pressing operational roles and would help ensure consistent and rigorous standards of leadership throughout services.

Option 1 b.4 – Research – The independent College of Fire could undertake a role to collaborate on, commission, conduct, and collate research to ensure that it is prioritised and shared effectively to deliver real improvement in the way FRSs perform their duties. The independent College could contribute to building a robust evidence base to support FRSs in all their activities.

Option 1 b.5 – Data – This option could involve a data function being established within the independent College of Fire to equip CFOs with the evidence they need to better manage their FRS and protect the public. The work undertaken in the independent College’s data function could include providing a national data analytics capability, providing data-focussed training, setting data standards, setting expectations for data governance, and managing the relationship between FRSs and important data stakeholders.

Option 2 : 21st century leadership programme – This option is to introduce a 21st century leadership programme which could cover three modules; command, leadership and management and will aim to improve skills of individuals who are currently working in leadership roles (such as Brigade Managers) or will soon be applying for these roles. It is expected that this programme could potentially become compulsory for all individuals becoming CFOs, Deputy CFOs, or Assistant CFOs.

Option 2a is to roll out the full leadership programme to area managers ahead of them becoming Brigade Managers.

Option 2b is the roll out of specific modules to Brigade and Area Managers to improve their leadership skills. Both options could be undertaken, so **Option 2** is a summation of these options. The consultation will assess whether the programme should be mandatory for all FRSs, or if it will be up to each FRS to determine whether the course is mandatory for its leadership positions. This is therefore the maximum possible cost of the option. If only some areas were to mandate the requirement, costs would fall proportionately to the number of FRSs which did not mandate the requirement.

Option 3: Introduce an Oath – This option is to legislate for a mandatory Oath that all FRA employees will need to take. The consultation will also seek views on the potential impact of the Oath, whether the Oath should be mandatory, and options for enforcing an Oath. This IA presents the maximum possible cost of an Oath. If it was not mandatory then it would likely incur less cost, as fewer people may take it. The Oath could either take the form of a written Oath at the start of employment, or for those currently in employment, it could be introduced for all individuals to read and approve. The Oath will give clear ethical values that each FRA employee is expected to uphold and could act as an affirmation of their duties. It aims to encourage individuals to act in accordance with these values. The consultation explores the proposal that the independent College of Fire (**Option 1b**) could have ownership of the Oath and update and maintain it within their Ethics workstream. Breach of the Oath is not expected to be a criminal offence. It is expected that breaches will be dealt with by each service as an employment matter, reflecting service disciplinary procedures and the circumstances of the issue.

⁶ State of Fire and Rescue – The Annual Assessment of Fire and Rescue Services in England 2019 (justiceinspectorates.gov.uk), pp. 12, 16, and 36

Option 4: High potential development scheme – This option is to introduce a high potential development scheme for individuals in the FRS to identify new and existing talent to nurture the fire leaders of tomorrow. Individuals on the scheme could be provided with additional training, and the scheme could involve rotations in multiple different FRS functions such as operations, command, HR, finance and legal. This could form part of the ‘education’ workstream of the independent College of Fire (**Option 1b**).

Option 5: Expansion of the Direct entry scheme – This option is to expand direct entry schemes for individuals outside the FRS. These schemes could bring external expertise into the service and could be offered at Station Manager (three-year scheme) and Area Manager (two-year scheme) level. The schemes could offer training and support to individuals whilst in the role in order to maximise their impact and prepare them for a career in the FRS. This could form part of the ‘education’ workstream of the independent College of Fire (**Option 1b**).

Option 6: Operational independence, with corporation sole – Option 6 is to provide CFOs operational independence, with corporation sole. The inclusion of corporation sole in this option will be further considered after the consultation, and it is possible that this option will only include the provision of operational independence. So, this represents the maximum possible scope of this option. If operational independence was provided without corporation sole, the impact of the option is expected to be lower. This option will require primary legislation.

This option will give additional functions and responsibilities to the CFO, potentially including corporation sole, which would make them the employer of all fire personnel, rather than the FRA. This mirrors the stage 2 arrangements for PCCs when Chief Constables gained corporation sole status and the employment of officers and staff was passed to them. This option will provide a consistent and standardised approach in every FRA, and ensure all CFOs have the same rights and responsibilities. Currently, each area has differing levels of operational independence, meaning the changes will likely differ in size across each FRA. London Fire Brigade currently has corporation sole, so will be exempt from this option.

Option 7: Transfer FRA governance to an executive leader. This option is to transfer governance to either: a) a PFCC b) a Mayoral Combined Authority (MCAs); or c) another (locally defined) executive leader. The consultation will seek views on transferring responsibility to an executive leader and this individual will need to be defined locally. The locally defined executive leader will occur in FRAs which operate under a committee structure. In these scenarios, a currently elected individual would be transferred FRA governance responsibilities. There is no expectation that this option will lead to the creation of any new elected positions. Whichever elected individual is transferred FRA governance (PFCC, Mayor or alternative elected individual), they will be subject to the same roles and responsibilities. Following the consultation, there will be further engagement with local areas to determine who is the most appropriate local leader. For the purpose of the IA, illustrative assumptions have been made on what potential governance transfers could look like in order to estimate total costs. These will be refined following the consultation, and may be an over-estimation as some changes (such as MCAs) may not require legislation, so may fall under **Option 0** in this IA. These will be fully considered following the consultation.

This option is expected to impact 33 of the 44 FRAs. Of the remaining 11, four FRAs are already PFCCs, two are mayoral authorities, and five are located in the South West where further boundary reviews will be necessary before considering any change. Of the 33 FRAs impacted, some illustrative assumptions have been made for the number which are expected to transfer to a) PFCCs, b) MCAs and c) another locally defined executive leader. For the purpose of this IA, it is currently assumed that approximately four of 33 FRAs would transfer to MCAs, between 13 to 29 FRAs would transfer to PFCCs, and between zero to 16 FRAs would transfer to another (locally defined) executive leader. These totals are likely to change and be refined following the consultation. It is assumed in some scenarios that in order to reach an MCA governance model, PCCs would also need to transfer to MCAs. It has been assumed that three of the four PCCs would also transfer to MCAs.

Option 8: Strategic planning – This option will legislate to ensure all FRAs produce and publish a distinct strategic plan separately to their operational plan. Under this option there would be a clear

distinction between a strategic fire and rescue plan owned by the FRA which sets priorities for FRSs on behalf of the public, and the operational Integrated Risk management Plan (IRMP) which would become the responsibility of the CFO.

Option 9 National framework – This option is to make the changes to the National Framework as annexed to the White Paper consultation document.

This IA covers options in the Fire Reform White Paper where it has been possible to monetise costs and add detail on implementation. Some questions included in the White Paper consultation document propose measures or options which require further exploration and development following the consultation. This include questions on minimum entry requirements, the role of the FRS, the pay negotiation process and boundary reviews. These potential options have not been appraised in this IA. Any monetised cost implications of these proposals, for example, on training or equipment, will be fully considered in the FINAL IA, or further consultation following additional policy development.

Preferred option and implementation plan

As this is a consultation IA, there is no preferred option at this stage. The purpose of this IA is to capture the potential impacts of each option, and the purpose of the consultation is to seek views from those who are likely to be affected by the proposals. These views will be used to further the Government's understanding and inform future policy considerations. The overarching option, to implement all options, is set out on the front pages of this IA to capture to maximum total cost of all options that might be undertaken. The combination of different options that is deemed to be preferred will be finalised following the consultation. This consultation is genuinely seeking views on the most effective options for fire reform.

This is a consultation stage IA. Subject to the outcome of the consultation, it is expected that the measures set out in this IA will require primary legislation. These are likely to be introduced in 2023, with implementation dependent on how swiftly any legislation progresses through Parliament.

E. Appraisal

The following sections present the analysis of costs and benefits of the options in the consultation compared to the do-nothing option.

General assumptions and data

The best available data has been used for this IA. Costings for the appraisal section are based on data primarily from the Home Office, the National Joint Council (NJC), the ONS Annual Survey of Hours and Earnings (ASHE) and stakeholders in the FRS. Where data is not available, the best possible assumptions have been used. Following the consultation, further analysis will be completed that assesses the impact of each option and proposal, so that all estimates will be more refined in the FINAL IA.

The appraisal period for measuring the impact of the options is 10 years in line with HM Treasury, Green Book (2020) guidance⁷. A social discount rate of 3.5 per cent is used to discount future values to present values. All costs and benefits are in 2021/22 prices (price base year, PBY) with a 2022/23 present value base year (PVBV) as this is when it is expected the policy will begin.

Transition/set-up costs are assumed to occur in year 1 for all options except for mandating PFCCs, which has five years of transition costs and no ongoing costs. Ongoing costs are expected to occur from year 2 onwards for most options, except for Option 2 and Option 5 which have ongoing costs from year 1 and no specific set-up costs. Familiarisation costs have been included in each option.

All costs in this IA are public sector costs, either falling to FRAs, central government or potentially local authorities. Costs which are expected to fall to either of these groups are referenced throughout

⁷ HM Treasury; [The Green Book \(2020\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/432222/green-book-2020.pdf) - GOV.UK (www.gov.uk)

the IA. However, further work following the consultation is required to determine who will bear the financial burden of each highlighted cost.

The main assumptions used in this IA are listed below:

1. The volume of staff (headcount) employed by FRAs is sourced from Fire Statistics Table 1108⁸. Staff are split into London and non-London where possible so that appropriate London weighting can be applied to their wages. Table 1 summarises these figures.

Table 1: Headcount of FRA staff members by rank, type and location, England, 31st March 2020.

| | Brigade Manager | Area Manager | Group Manager | Station Manager | Watch Manager | Crew Manager | Non-managerial Firefighter | Total |
|----------------------|-----------------|--------------|---------------|-----------------|---------------|--------------|----------------------------|---------------|
| Whole time | 125 | 173 | 465 | 1,242 | 3,664 | 3,290 | 13,833 | 22,792 |
| Non-London | 124 | 149 | 389 | 1,084 | 2,926 | 2,777 | 10,611 | 18,060 |
| London | 1 | 24 | 76 | 158 | 738 | 513 | 3,222 | 4,732 |
| On Call | - | - | - | 30 | 1,000 | 2,300 | 9,168 | 12,498 |
| Fire Control | - | - | 11 | 58 | 207 | 258 | 617 | 1,151 |
| Non-London | - | - | 11 | 55 | 199 | 229 | 548 | 1,042 |
| London | - | - | - | 3 | 8 | 29 | 69 | 109 |
| Support Staff | - | - | - | - | - | - | - | 8,155 |

Source: Fire Statistical Table 1108 and 1101 All on-call staff are non-London.

2. The wages for staff between Group Manager and Firefighter rank employed by FRAs differ between London and the rest of England, as a London weighting is included in basic staff pay. National hourly wages for wholetime, on call and control staff are taken from the 2020 NJC pay settlement.⁹ It is assumed that on call staff are paid their hourly rate, which is equivalent to wholetime wages. London weightings are applied where relevant, and London wholetime and control wages are assumed to be equal. All wages have been uplifted by 22 per cent from basic pay to account for non-wage costs¹⁰. Table 2 presents the hourly wages of the ranks of the FRS, except for area and brigade manager.

⁸ Data as of 31st March 2020. Fire Statistics Table 1108; Fire statistics data tables - GOV.UK (www.gov.uk)

⁹ Available at <https://www.fbu.org.uk/pay-rates/pay-settlement-2020>. This from 2020 however wages have not changed since its publication therefore the wages are considered to be in 2021 prices for the purposes of this IA. Wages used are those of "Competent" or "Competent A" individuals.

¹⁰ Eurostat; Home - Eurostat (europa.eu)

Table 2: Hourly wages (£) of FRA staff members by role, and location, England, 2021/22

| | | Group Manager | Station Manager | Watch Manager | Crew Manager | Non-managerial Firefighter |
|-------------------------------|------------|---------------|-----------------|---------------|--------------|----------------------------|
| Whole time and on call | Non-London | 27.07 | 23.51 | 20.61 | 19.62 | 17.70 |
| | London | 37.98 | 33.32 | 23.55 | 22.51 | 20.63 |
| Fire Control | Non-London | 25.72 | 22.33 | 19.57 | 18.64 | 16.81 |
| | London | N/A | 33.32 | 23.55 | 22.51 | 20.63 |

Source: NJC pay settlement and London estimates. All on-call staff are non-London and all wages are uplifted by 22 per cent to account for non-wage costs.

Additional wage assumptions are as follows:

- Support staff wages are estimated using the Annual Survey of Hours and Earnings 2020¹¹. The lowest wage for administrative work is £9.51 while the highest wage is £15.36. To establish a wage for support staff the mid-point is taken as £12.44. This is updated to 2021 prices using the GDP deflator and the 22 per cent uplift for non-wage costs is applied¹². The hourly wage for support staff is estimated to be £15.33.
 - Brigade Manager hourly wages are estimated assuming an annual gross salary of £119,074¹³ in 2019/20 prices. A Brigade Manager is estimated to work 2,190 hours per year¹⁴. To calculate hourly wage, this annual salary is divided by the number of hours worked per year, and then converted into 2021/22 prices using HM Treasury's GDP Deflator¹⁵ and the 22 per cent uplift is applied to account for non-wage costs. Brigade Manager's hourly wages are assumed to be £69.87¹⁶.
 - Area Manager national wages come from the NJC settlement and are assumed to be £31.78 hourly and £69,600 annually (22 per cent uplift applied). In London, Area Manager salaries are assumed to be between £79,653 and £99,701. Using the same assumptions as other roles on hours worked and the 22 per cent uplift, and by taking the midpoint between these salaries, the Area Manager London hourly wage is assumed to be £49.96¹⁷.
3. The number of staff joining FRAs annually is taken from Fire Statistics Table 1120¹⁸. This data is broken down by FRA and role but is not disaggregated by rank. To estimate the number of new joiners by rank, the breakdown of current staff by rank and role (wholetime, on call, control) is used. It is assumed that this proportion is consistent with new joiners. As an example, as 68 per cent of current London wholetime staff are non-managerial firefighters, it is assumed that 68 per cent of new wholetime joiners will be non-managerial firefighters (198 = 291 x 68%). Table 3 presents these figures.

¹¹ ONS; [Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/earnings)

¹² Eurostat; [Home - Eurostat \(europa.eu\)](https://ec.europa.eu/eurostat/)

¹³ [NJC for BM - Pay Survey Report 2019 - Final CIRCULAR.pdf \(local.gov.uk\)](https://www.local.gov.uk) Page 3 – DCFO salary taken as central estimate for brigade managers. These figures are for the whole of the UK, not just England like the policy.

¹⁴ Assumption from: <https://www.fbu.org.uk/pay-rates/pay-settlement-2020>.

¹⁵ HM Treasury; [GDP deflators at market prices, and money GDP - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

¹⁶ London and Non-London wage assumed to be equivalent for simplicity, as only one London Brigade Manager in Table 1.

¹⁷ Midpoint annual is £89,700. Total updated is £109,400.

¹⁸ [Fire statistics data tables - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Table 3: Estimated number of new joiners to the FRS per year by rank, England, 2019/20

| | Brigade Manager | Area Manager | Group Manager | Station Manager | Watch Manager | Crew Manager | Non-managerial Firefighter | Total |
|----------------------|-----------------|--------------|---------------|-----------------|---------------|--------------|----------------------------|--------------|
| Whole time | 6 | 9 | 25 | 66 | 197 | 177 | 751 | 1,232 |
| Non-London | 6 | 8 | 20 | 56 | 152 | 145 | 553 | 941 |
| London | - | 1 | 5 | 10 | 45 | 32 | 198 | 291 |
| On Call | - | - | - | 4 | 129 | 297 | 1,183 | 1,613 |
| Fire Control | - | - | 1 | 6 | 21 | 26 | 64 | 119 |
| Non-London | - | - | 1 | 6 | 20 | 23 | 56 | 106 |
| London | - | - | - | - | 1 | 3 | 8 | 13 |
| Support Staff | - | - | - | - | - | - | - | 1,084 |

Source: Fire Statistics Table 1120. Totals may not sum due to rounding

- There are currently 44 FRAs in England. Four of these FRAs currently operate as PFCCs (Essex, Northamptonshire, North Yorkshire, and Staffordshire) and two operate under a mayoral model (London and Manchester). The remaining 38 are therefore in scope of the majority of the governance options in the White Paper, except for the five FRAs in the South-West, where further boundary reviews are proposed.

Appraisal

COSTS

The nine options set out in the White Paper to deliver these options are set out below:

Option 1: Action to support professionalisation of fire and rescue services

This option is to address issues regarding professionalism in FRSs. The White Paper considers proposals on five areas of leadership, data, research, standards, and ethics which could benefit from further, nationally co-ordinated action. Dependent on the outcome of consultation, current and forthcoming financial settlements, and further approvals from within government, a range of actions could be considered most appropriate. Therefore, a range of possible options are considered in this IA which extend from **Option 1a** : Do Minimum to **Option 1b.1-1b.5**): establish an independent College of Fire.

Option 1a : Introduce professionalisation changes without legislation (Do Minimum). This option will seek to secure increased professionalisation of FRSs through increasing the effectiveness of existing organisations. This could, for example, include more targeted application of existing grant funding provided by government, or otherwise prioritising sector improvement activity where it will have the greatest positive impact.

This option includes more action than **Option 0**, the counterfactual in this appraisal, however, involves making increasingly effective use of existing funding and is therefore not expected to lead to any cost.

Option 1b: College of Fire. This option is to implement the proposal in the Fire Reform White Paper to introduce an independent College of Fire, which could oversee up to five different workstreams (research, data, leadership, standards, and ethics). These workstreams are referenced and consulted on separately as it is being considered which (if any) should form part of the College's

remit. For that reason, the assessment of the College's impact has been split into five options (**1b.1-1b.5**) to demonstrate the costs and benefits of each individual workstream.

Set-up costs

It is not expected that there will be any additional set-up costs associated with this option. All costs of the independent body will annually recur from year three onwards, having increased over the first and second year of the appraisal period and so are included in the ongoing and total costs. This assumption will be refined following the consultation when further information on delivery is known.

Ongoing and total costs

The ongoing costs to establish and run a College of Fire or similar independent body will include staff, IT, general running costs, travel, grants, and training. The exact costs of these for **Option 1b** are currently highly uncertain and so the best possible proxy, the College of Policing, has been used. Their annual report¹⁹ outlines the financial costs required to run an independent sector leadership body for a blue-light service. These costs have been collected and those which would be expected to be incurred by an independent College of Fire have been included in this option. The College of Policing costs have been converted into 2021/22 prices using HM Treasury's GDP Deflator²⁰ and adjusted to take into account the difference in size between policing and fire and rescue services. Approximately 31 per cent of the number FTE employed by the police are employed by FRAs²¹, and so the College of Policing costs have been multiplied by 31 per cent to estimate the equivalent College of Fire costs. A 25 per cent bound has been applied to these costs in the low and high estimates, which is equivalent to assuming the college of fire costs will be between 23 per cent (low estimate) and 39 per cent (high estimate) of the College of Policing costs.

Staff costs, and those directly related to staff numbers such as training and travel/vehicle costs²² have been reduced by an additional 70 per cent, to prevent over-estimation and to account for differences in expectations between the College of Fire and College of Policing. 2018/19 rental costs from the College of Policing have been used as these are much higher than the 2019/20 estimates, to avoid under-estimating total costs. This leads to a total annual gross cost of approximately **£5.3 to £8.8 million**, with a central estimate of **£7.0 million** (see Table 4). It is not expected that all these costs would be incurred from year one of the appraisal period. It is assumed they would increase over time, so costs in year 1 would be 25 per cent of this value, and costs in year two would be 50 per cent of the value. These assumptions are tested in the sensitivity analysis in **Section G: Risks**. The variation in cost is driven by uncertainty regarding the resource required for the proposed College. Dependent on the results of consultation and the outcome of future financial settlements, the independent College could be scaled proportionately. For example, certain functions of the proposed College could be prioritised for creation or all five functions could be created, although at an initially smaller scale. This is considered as part of **Options 1b.1-1b.5**.

There are some differences in approach between the proposed independent College of Fire and the College of Policing. In particular, the creation of a data function (**Option 1 b.5**) in the independent College, which goes beyond the work undertaken by the College of Policing, is being considered. The costs for this function are highly uncertain and will be refined following the consultation. To ensure that these costs are captured in the IA, the total college of fire costs have been increased by 25 per cent. The data strand is estimated to cost approximately **£1.3 to £2.2 million per year**, and a central estimate of **£1.8 million per year** once fully established. This could also rise over the first two years of the appraisal period in the same way as the other aspects of the college. The

¹⁹ Costs on page 101 and 102, available at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/942944/CoP-Annual-Report-and-Accounts-2019-20-web.pdf

²⁰ HM Treasury; [GDP deflators at market prices, and money GDP - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/928167/gdp-deflators-at-market-prices-and-money-gdp)

²¹ Calculated by doing 40,408 / 129,110. Figures correct as of 31 March 2020. Fire and rescue workforce available at page 2 of https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/928167/fire-rescue-workforce-pensions-1920-hosb3020.pdf. Police workforce available page 1 of https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/955182/police-workforce-mar20-hosb2020.pdf

²² Staff, Information technology, IT managed services, travel/vehicle costs, and staff and customer training costs reduced.

implementation of the data function may be delayed to allow for the college to be established, as such the cost will be further assessed following the consultation

Some of the work it is proposed the independent College of Fire could undertake is already conducted by existing sector bodies, and so fits in **Option 0: Do nothing**. In the 2021/22 financial year, the National Fire Chiefs Council (NFCC) and the Fire Standards Board (FSB) were granted up to £6.5 million to fund their activities. It is not proposed that activities would be duplicated in both the independent College and NFCC/FSB. Therefore, depending on the remit of the independent College, some funding may be diverted from the NFCC/FSB. This would reduce the additional cost incurred by the creation of an independent College. Only the additional cost, over current funding (**Option 0**), is included in this IA. If the independent College of Fire was created to include all five workstreams, it is expected that the amount which may be transferred would be between **£3 to £4 million**, with a central estimate of **£3.5 million**. The funding for the NFCC/FSB has been included in this IA so that the most accurate possible additional cost burden is presented. However, this NFCC/FSB funding is not guaranteed and is subject to the outcomes of the forthcoming and future financial settlements. These costs will be further assessed following the consultation.

Table 4 shows the College of Policing costs used, and how these were converted to costs for an independent fire body (from year three onwards). Table 5 then shows the total costs of **Option 1a** and **1b**.

Table 4: Annual cost of Option 1b: College of Fire from year three onwards (Central scenario, from year three onwards, £million)

| Cost type | College of Policing (2019/20) | Low College of Fire (Year 1 onwards) | Central College of Fire (Year 1 onwards) | High College of Fire (Year 1 onwards) |
|---|--------------------------------------|---|---|--|
| Staff (50%) | 20.4 | 3.8 | 4.0 | 6.3 |
| Audit fees | 0.1 | 0.0 | 0.0 | 0.0 |
| General running costs | 2.3 | 0.2 | 0.8 | 0.4 |
| Information technology costs | 3.6 | 0.3 | 0.4 | 0.6 |
| IT managed services | 0.9 | 0.1 | 0.1 | 0.1 |
| Professional fees | 0.3 | 0.0 | 0.1 | 0.0 |
| Telecommunications | 0.1 | 0.0 | 0.0 | 0.0 |
| Travel/vehicles costs | 2.5 | 0.2 | 0.2 | 0.4 |
| Rentals costs (18/19) | 0.7 | 0.1 | 0.2 | 0.1 |
| Grants given | 2.7 | 0.3 | 0.9 | 0.4 |
| Staff and customer training | 2.9 | 0.3 | 0.3 | 0.4 |
| Total annual cost of Option 1b, 1-4 | 36.4 | 5.3 | 7.0 | 8.8 |
| Annual cost of data option (Option 1b 5) | | 1.3 | 1.8 | 2.2 |
| Total cost (Option 1b) | | 6.6 | 8.8 | 11.0 |
| Current funding (Option 0 and 1a) | | 4.0 | 3.5 | 3.0 |
| Total additional annual cost (from year three) | | 2.6 | 5.3 | 8.0 |

Source: Home Office, own estimates, 2021 and College of Policing 19/20 annual accounts. High funding estimate applied to low cost to provide most accurate range possible

Table 5: Total additional cost of Option 1a and 1b (low, central, and high scenario, £million).

| Option | Year 1 (£m) | Year 2 (£m) | Year 3-10 (£m) | Total cost (PV over 10 years, £m) | Annual average cost (£m) |
|------------------|-------------|-------------|----------------|-----------------------------------|--------------------------|
| Option 1a | | | | | |
| All scenarios | 0 | 0 | 0 | 0 | 0 |
| Option 1b | | | | | |
| Low | 0.6 | 1.3 | 2.6 | 19.1 | 2.3 |
| Central | 1.3 | 2.6 | 5.3 | 39.0 | 4.6 |
| High | 2.0 | 4.0 | 8.0 | 58.9 | 7.0 |

Source: Home Office, own estimates, 2021.

Total ongoing costs are estimated to be approximately **£19.1 to £58.9 million (PV)**, with a central estimate of **£39.0 million (PV)** over 10 years. The total annual costs of this option are calculated to be **£2.3 million to £7.0 million**, with a central estimate of **£4.6 million**.

The creation and maintenance of a College of Fire would require funding which could initially be made available by central government, although this would be subject to the outcomes of the forthcoming and future financial settlements.

The cost range is driven by the high level of uncertainty on the resource required to deliver a College of Fire. This option shows the potential cost of delivering the same college, however, there exists uncertainty on how many staff would be required to run it, and the volume of other cost areas. For example, general running costs may be considerably lower if the college was virtual, as opposed to operating within an office

There is a level of scalability within the college though. The total costs of the independent College are split into multiple different options. These cover the five workstreams that could form part of the College of Fire's remit. **The total costs presented above are the maximum total cost of Option 1b**, as they include all 'sub-options' being undertaken, the consultation will be used to assess which functions the independent College could have. It is currently unknown what proportion of the total cost will be spent on each of the sub-options, and how many will be undertaken. Therefore, it has been assumed that all five sub-options (**1b.1-1b.5**) are equal components of the total cost. Each of the sub-options, and their total cost, is presented below:

Option 1b.1 – Standards. This option will give the independent College power to set national standards.

Option 1b.2 – Ethics and Culture. This option will give the independent College power to develop and own a statutory Code of Ethics and develop the culture strand of reform.

Option 1b.3 – Development. This option will give the independent College the remit to progress the development strand of reform.

Option 1b.4 – Research. This option will give the independent College the remit to develop research across the fire and rescue sector.

Option 1b.5 – Data. This option will give the independent College the remit to develop data strategies and projects across the fire and rescue sector.

Each option is assessed to be approximately 20 per cent of the total cost of the college. Therefore, **Option 1b.1-1b.5** are all expected to have total ongoing costs of approximately **£3.8 million (PV) to £11.8 million (PV)**, with a central estimate of **£7.8 million (PV)** over the 10 year appraisal period. The total annual costs of these options are calculated to be **£0.5 million to £1.4 million**, with a central estimate of **£0.9 million**²³.

²³ The cost for Option 1b.5) does not equal the "£1.3 million to £2.2 million annually, a central estimate of £1.8 million" annual estimate presented earlier in this paragraph as it has been reduced to account for the NFCC/FSB spend accruing equally to all options. It also is built up over the first three years of the period.

Option 2: 21st century leadership programme

Option 2 is to implement the proposals in the Fire Reform White Paper to introduce a mandatory 21st Century Leadership programme in the FRS. The costs are split into those accruing as a result of a full programme which would be offered to a number of Area Managers each year to prepare them for senior leadership, and the costs of additional modules which are expected to be offered to all Area and Brigade Managers. These are referred to as **Option 2a** and **Option 2b**. The specific nature and cost of the programme is still considerably uncertain and so the costs presented are current best estimates. These estimates will be revised and further developed following responses to the consultation.

Set-up costs

There are no set-up costs associated with this option. All costs of running and attending the programme are included in the ongoing and total cost section.

Ongoing and total costs

2a. Full leadership programme

The ongoing costs of the full leadership programme are the time costs of current Area Managers attending the programme, their roles being backfilled by Group Managers, and wider administration costs of procuring and attending courses.

It is assumed that the leadership programme will consist of a 13-week course which includes three modules; command, leadership and management which will each run for four weeks. An additional week is expected to be required for individuals to go through the gateway process in advance of the programme, prepare for each module, and attend any introduction or briefing days. It is assumed that 10 to 12 Area Managers will attend the course each year (central estimate, 11) which is based on a 25 per cent churn of senior fire officers each year. It is assumed that the average national Area Manager salary applies, which is £69,600 (see assumption 2²⁴). It is expected that this programme will become a pre-requisite for senior fire officers and therefore Area Managers will attend the course before applying to become a CFO, or Deputy and Assistant CFOs. To estimate the annual time cost of Area Managers attending the course, the equation below has been used. This cost has been included in this IA as Area Managers would still be paid their salary whilst on the course, but not be working in their role, leading to an economic cost.

$$\text{Length of course (weeks)} \times \text{Individuals undertaking course wage (No.)} \times \text{wage (£/yr)} / 52$$

This gives a total ongoing cost of time of **£1.5 million to £1.8 million (PV)** over 10 years of the appraisal period, with a central estimate of **£1.6 million (PV)**. As each individual will be attending the course for approximately 13 weeks of a year, it is assumed that all individuals will undertake the programme instead of their usual role. Therefore, their roles may need to be filled for this period of time by someone else in the FRS. It is currently uncertain whether this will be required for every Area Manager attending the course, as the course could be spread over a year, but this cost has been included to prevent under-estimating the total cost of the course²⁵. To estimate this cost the 13-week difference in salary between an Area and Group Manager has been used. This is estimated to be approximately £2,600²⁶, and is multiplied by the number of programme attendees per year (10 to 12, central estimate 11) to give the total annual cost of backfilling. This cost is estimated to be **£0.2 million to £0.3 million (PV)** over 10 years, with a central estimate of **£0.2 million (PV)**.

It is assumed that some costs will also be incurred to run the courses. This cost is expected to include training materials, administration and potentially the purchasing of the course from external

²⁴ NJC 2020 Pay figures updated by 22% for additional wage costs (Eurostat). National salaries used.

²⁵ Backfilling only included for Area manager roles to prevent underestimating the costs. It is possible some level of backfilling could be required for the group managers who undertake area manager roles; however this is currently not expected and so has not been monetised in this IA. Further work will be completed ahead of the FINAL IA to assess the level of backfilling required.

²⁶ See assumption 2. Group Manager salary is £59,285 and an Area Manager salary is assumed to be £69,600 therefore the annual difference is £10,315 and the 13 week difference is £2,579.

providers. These costs are considerably uncertain, but using similar courses as a proxy, it is assumed that these will cost approximately the same as the wage and backfilling costs, increasing the costs by approximately 100 per cent a year. These costs are estimated to be **£1.7 million to £2.1 million (PV)** over 10 years, with a central estimate of **£1.9 million (PV)**.

The total cost of **Option 2a** full leadership programme is calculated by adding these costs together to be **£3.4 million to £4.1 million (PV)** with a central estimate of **£3.8 million (PV)** over 10 years. The annual average cost is calculated as of **£0.4 million to £0.5 million**, with a central estimate of **£0.4 million per year**.

2b. Additional modules undertaken

It is also expected that additional modules of the 21st century leadership course will be offered to all Area and Brigade Managers to improve leadership, management and command skills across fire and rescue services. It is estimated that all 298 Area and Brigade Managers in England (173 and 125 respectively, see assumption 1) will be in-scope of these proposals and be required to potentially attend some modules of the course. It is assumed that the number and type of modules undertaken will be dependent on the skillset of managers, with some attending management modules and others attending command or leadership modules. It is assumed that each module will last four weeks, and on average individuals will attend one module. A range of 0.5 to 1.5 average modules has been applied to account for some individuals needing to attend more or less than one module, and to account for some modules potentially lasting less than four weeks depending on skillset and requirements of individuals undertaking them.

The time cost of an Area Manager or Brigade Manager attending a module has been calculated using the equation below (see assumption 2 for wages²⁷):

$$\text{Length of course (weeks)} \times \text{wage (£/yr)} / 52$$

It is estimated that the time cost of an Area Manager undertaking a module is approximately £5,800²⁸, and the time cost of a brigade manager undertaking a module is approximately £11,800. As in the full leadership programme costing, it is assumed that some costs will also be incurred to run the courses. These costs are considerably uncertain but are assumed to cost approximately the same as the wage costs, increasing the costs by 100 per cent per module. It is not expected these modules will require any backfilling costs due to their short length. The total cost of a module is therefore expected to be £11,600 for Area Managers and £23,500 for a Brigade Manager.

To estimate the total cost of the additional modules taken, the following equation for area and brigade managers is used:

$$\text{Cost of a module (£)} \times \text{Number of modules} \times \text{Number of staff}$$

It is assumed that these total costs are spread over the 10 year appraisal, with approximately 30 staff undertaking a module each year. The total costs of **Option 2b**, these additional modules, is estimated to be **£2.1 million (PV) to £6.4 million (PV)** with a central estimate of **£4.3 million (PV)** over 10 years. This annual average cost is calculated as of **£0.2 million to £0.7 million**, with a central estimate of **£0.5 million per year**. These costs are highly uncertain and so are tested in Section G: Risks. Further work will be done to refine these estimates ahead of the FINAL IA.

Combining the total costs of both the full leadership programme and additional modules programmes (**Option 2a and 2b**) means that the total estimated cost of **Option 2** is between **£5.6 million (PV) to £10.5 million (PV)**, with a central estimate of **£8.0 million (PV)** over 10 years. The annual average cost is calculated as **£0.6 million to £1.2 million**, with a central estimate **£0.9 million per year**. The costs are likely to fall on FRAs and/or central government. Both options, the assumptions used, and where the costs fall, will be further refined following the consultation.

These costs assume that all FRSs mandate the leadership programme. The consultation will assess whether FRSs should be able to locally determine whether participation in the 21st century leadership programme is required to progress to leadership positions. These costs therefore represent the

²⁷ £69,600 for Area Managers nationally, £109,400 for Area Managers in London. £153,020 for Brigade Managers

²⁸ Weighted average of London and non-London Area Managers applied.

maximum possible cost of the option if all FRSs mandate the requirement. If only some areas were to mandate the requirement, costs would fall proportionately to the number of FRSs which did not mandate the requirement. Further analysis can be undertaken following the consultation outcome.

Option 3: Introduction of an Oath

Option 3 is to implement the proposals in the Fire Reform White Paper to introduce a statutory Oath for all FRA employees.

Set-up costs

The set-up costs for this option are the costs for all current FRA employees to take the Oath. For each staff rank, the corresponding staff volume and hourly wage is used (see assumptions 1 and 2). The estimated time for staff to take the Oath is between one and five minutes, with a central estimate of three minutes. The set-up cost is then estimated as follows:

$$\text{staff volume} \times \text{time (hrs)} \times \text{wage (£/hr)}$$

The set-up cost for **Option 3** is estimated to be within a range of **£14,000 to £69,000**, with a central estimate of **£42,000** in the first year of the appraisal period only.

Ongoing and total costs

The ongoing cost of **Option 3** arises from new FRA employees needing to take the Oath. The volume of new joiners at each rank per year is detailed in assumption 3. The time to take the Oath remains unchanged. Therefore, the ongoing cost is estimated as follows:

$$\text{Volume of new joiners} \times \text{time (hrs)} \times \text{wage (£/hr)}$$

The total ongoing cost for **Option 3** is estimated to be within a range of **£9,000 to £46,000 (PV)**, with a central estimate of **£28,000, (PV)** in the last nine years of the appraisal period.

Total cost

The total cost of **Option 3** is the summation of the set-up costs and total costs. The total cost is estimated to be within a range of **£23,000 to £116,000**, with a central estimate of **£69,000** across the 10 year appraisal period. The cost for **Option 3** is considerably smaller than many of the other options and is likely to fall to FRAs

Option 4: High potential development scheme

Option 4 is to implement the proposals in the Fire Reform White Paper to introduce high potential development schemes

Set-up costs

The set-up costs for this option are the costs to employ additional staff to develop, design, and recruit individuals into the scheme. It is expected that a project manager (0.5 FTE), a programme support officer (1 FTE) and a HR business partner (0.5 FTE) will be required. The salaries for these individuals have been taken from relevant proxies in the ASHE 2020 data²⁹. The project manager has been proxied as a 'Business, and financial project management professional' with a median hourly salary of £24.63. The programme support and HR business partner have been proxied as 'Business, research, and administrative professionals' with median hourly salaries of £22.02. These salaries are approximately £66,500 and £59,500 annually in 2021/22 prices³⁰. Using the FTE assumptions for each role, it is calculated that the set-up costs from these salaries are approximately **£0.1 million** in year 1 of the policy³¹. There will likely be additional non-wage costs of establishing the scheme, such as the organising of events, meetings, recruitment drives and any wider costs.

²⁹ ONS; [Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

³⁰ See Assumption 2: Assumed that 2,190 hours worked per year, wages converted into 2021/22 prices using HM Treasury's GDP Deflator and a 22 per cent uplift is applied to account for non-wage costs

³¹ Rounded to the nearest £0.1 million - Approximately £122,000

These additional costs are considerably uncertain as the course has not been developed yet. Using evidence from similar schemes, it is estimated that this cost will be approximately 67 per cent of the size of the salary costs. This equals approximately **£0.1 million** per year³². Combining the additional costs with the salary costs and applying a 25 per cent range either side of the estimates to account for considerable uncertainty, gives a total set-up cost of approximately **£0.2 million to £0.3 million** in year 1, with a central estimate of **£0.2 million**.

Ongoing and total costs

The ongoing costs of the option come from employing staff to develop the scheme and recruit individuals onto it each year, as well as from the time costs for individuals to do the scheme and undertake appropriate training.

It is estimated by using similar schemes that the annual costs of running and employing staff to deliver the high potential development scheme from year 2 onwards will be approximately 35 per cent the set-up year 1 costs of the scheme. This means that this cost will be approximately **£0.1 million** per year,³³ equivalent to between **£0.4 million (PV) to £0.7 million (PV)**, with a central estimate of **£0.5 million (PV)** over nine years of the appraisal period.

It is estimated that a number of individuals currently in FRSs will join these high potential development schemes. There is a time cost associated with these individuals partaking in the schemes as they will be required to undertake additional training and courses.

It is currently uncertain how many individuals would join the high potential development schemes as this figure will depend on desire from individuals in FRSs, and the number of posts available in areas such as HR and finance for individuals on the schemes. It is assumed that approximately 100 to 200 individuals, with a central estimate 150, will join these schemes each year. It is assumed these individuals will be split equally across Watch Manager, Crew Manager and Firefighter roles and so the non-London whole time salary assumptions in assumption 2 have been used³⁴. It is assumed the scheme will run for two years and involve rotations in approximately three different specialisms which will require three to five weeks of extra training each. This means that each individual will spend approximately 4.5 to 7.5 weeks training on this scheme per year, central estimate 6 weeks³⁵. The following equation is used for Watch Manager, Crew Managers and Firefighters to estimate the total cost of the policy for one cohort of individuals per year.

$$(Number\ of\ individuals\ on\ scheme / 3) \times length\ of\ training\ (weeks) \times (wage\ (£/yr) / 52)$$

It is assumed that the scheme will last for two years and individuals will join each year. Therefore when modelling the costs of training is assumed there is one cohort of individuals undertaking training in year 1, and then two cohorts of individuals thereafter (as in year 3 the first cohort are replaced with a new cohort). This gives total annual costs of **£0.4 million to £1.2 million** in year 1, with a central estimate of **£0.7 million**, and total annual costs of **£0.7 million to £2.4 million**, with a central estimate of **£1.5 million** per year thereafter. The total ongoing costs are estimated to be between **£5.9 million (PV) to £19.8 million (PV)**, with a central estimate of **£11.9 million (PV)** over the 10 year appraisal period.

It is assumed that some costs will also be incurred to run the courses in these schemes, above the costs outlined in the set-up costs. This cost is expected to include training materials, administration and potentially the purchasing of courses from external providers. These costs are considerably uncertain, but using similar courses as a proxy, it is assumed that these will cost approximately the same as the wage costs, increasing the costs by approximately 100 per cent a year.

³² Rounded to the nearest £0.1 million - Approximately £82,000

³³ In the low, central, and high estimate. Rounded to the nearest £0.1 million, Actual figures approximately £54,000 - £89,000, central estimate £71,000

³⁴ Competent A salary assumptions from <https://www.fbu.org.uk/pay-rates/pay-settlement-2020>. Annual wage assumptions are: Watch Manager £45,116 (uprated from £36,980), Crew manager £42,967 (uprated from 35,219), Non-managerial firefighter £38,756 (uprated from £31,767).

³⁵ Calculated by multiplying 3, 4 and 5 weeks of training by 3 different specialisms and dividing by 2 (as the scheme is spread over two years).

Combining these costs gives the total ongoing cost estimate of **Option 4** to be between **£12.3 million (PV)** to **£40.2 million (PV)**, with a central estimate of **£24.3 million (PV)**. The total cost of **Option 4** is estimated to be **£12.4 million (PV)** to **£40.4 million (PV)**, with a central estimate of **£24.5 million (PV)** over 10 years. The average annual cost is calculated as **£1.5 million** to **£4.7 million**, with a central estimate of **£2.9 million**. These costs are highly uncertain and are expected to fall on FRAs and/or central government. Cost estimates, and where costs fall, and will be further refined following the consultation.

Option 5: Expansion of the Direct entry scheme

Option 5 is to implement the proposals in the Fire Reform White Paper to expand direct entry schemes. These schemes aim to bring external expertise into the fire and rescue service. They will incur salary costs for individuals who join the schemes, and wider administration, recruitment, marketing, and programme costs to deliver and maintain the schemes.

Set-up costs

There are no set-up costs associated with this option. All costs of the scheme are included in the ongoing and total cost section.

Ongoing and total costs

The ongoing costs of direct entry schemes mainly consist of salary costs to employ additional staff on the schemes. It is assumed that the schemes will operate at Station Manager and Area Manager level, and that 10 to 15 individuals (central estimate 12) will be join the schemes in each of these roles each year. It is assumed that the Station Manager scheme will last three years and so there will be one cohort of individuals on the scheme in year 1 (10 to 15, central estimate 12), two in year 2 (20 to 30, central estimate 24), and three in year 3 and thereafter (30 to 45, central estimate 36). It is assumed that the Area Manager scheme will last for two years and so there will be one cohort of individuals on the scheme in year 1 (10 to 15, central estimate 12) and two in year 2 and thereafter (20 to 30, central estimate 24). The salary of individuals joining the scheme will be development roles, and so assumed to be £49,976 for Station Managers and £67,575 for Area Managers³⁶.

The total salary cost of the scheme is calculated by multiplying salaries by total individuals. Table 5 presents a breakdown of cost.

³⁶National basic salaries applied and sourced from <https://www.fbu.org.uk/pay-rates/pay-settlement-2020>. Station manager basic development salary of £40,964 and Area manager basic development salary of £55,389 used. Salary costs uplifted for 22 per cent non-wage costs in IA text.

Table 5: Salary cost of Option 5: Direct Entry Schemes. (PV over 10 years, £million)

| Scheme | Year 1 (£m) | Year 2 (£m) | Year 3-10 (£m) | Total cost (PV over 10 years, £m) |
|------------------------|-------------|-------------|----------------|-----------------------------------|
| Station Manager | | | | |
| Low | 0.5 | 1.0 | 1.5 | 11.4 |
| Central | 0.6 | 1.2 | 1.8 | 13.7 |
| High | 0.7 | 1.5 | 2.2 | 17.1 |
| Area Manager | | | | |
| Low | 0.7 | 1.4 | 1.4 | 11.0 |
| Central | 0.8 | 1.6 | 1.6 | 13.1 |
| High | 1.0 | 2.0 | 2.0 | 16.4 |
| Total | | | | |
| Low | 1.2 | 2.4 | 2.9 | 22.4 |
| Central | 1.4 | 2.8 | 3.4 | 26.9 |
| High | 1.8 | 3.5 | 4.3 | 33.6 |

Source: Home Office, own estimates.

The total salary costs of **Option 5** are estimated to be **£22.4 million (PV) to £33.6 million (PV)**, with a central estimate of **£26.9 million (PV)** over 10 years. It is assumed that some costs will also be incurred to run and deliver the scheme. It is expected that this cost will include administration, recruitment, training, marketing, and wider programme costs such as engaging external partners. These costs are considerably uncertain, but using similar courses as a proxy, it is assumed that these will cost approximately the 33 per cent of the wage costs. This additional cost is estimated to be **£7.5 million (PV) to £11.2 million (PV)** with a central estimate of **£9.0 million (PV)** over 10 years.

Combining these two costs gives the total cost of **Option 5** to be between **£29.8 million (PV) to £44.8 million (PV)** with a central estimate of **£35.8 million (PV)** over 10 years. The average annual cost is calculated as **£3.5 million to £5.3 million**, with a central estimate of **£4.2 million**.

These costs are uncertain and based on current best estimates so this IA can present an estimate for the scale of potential costs. All costs are assumed to be additional to prevent them being underestimated in this IA. It is likely over time as the direct entry scheme is embedded that direct entry roles may replace alternative entry routes and therefore the costs will not be additional to **Option 0: Do nothing**. These costs should therefore be considered to be a maximum estimate and will be further assessed following the consultation. An updated cost assessment, with additional detail regarding where these costs may fall will be presented in the FINAL IA.

Option 6: Operational independence with corporation sole

Option 6 is to implement the proposals in the Fire Reform White Paper to provide operational independence to all CFOs, along with corporation sole responsibility. This option will legislate to give CFOs additional functions, rights, and responsibilities, and provide a consistent and standardised approach to operational independence across all areas. The estimates in this IA are expected to represent the maximum impact of this option, as it is possible operational independence would be put in place without corporation sole. This scenario has not been assessed in this IA, but it is expected to have lower costs than those presented in this IA because less training and familiarisation would be required as corporation sole comes with considerable additional responsibilities and requirements. The London Fire Commissioner has corporation sole status, so the London Fire Brigade is not in-scope of this option.

Set-up costs

The set-up cost of this option includes the salary cost of CFOs familiarising themselves with their additional rights and responsibilities as a result of operational independence and corporation sole, and then additional costs of training related to these responsibilities. It is assumed that the average CFO salary is approximately £3,491 a week, based on the NJC Brigade Managers' Survey 2019³⁷. It is assumed that in year 1, 43 CFOs will need to undergo some level of training and familiarisation³⁸. For CFOs not in county council areas (17 areas) it is assumed that this will take between 0.5 days (0.1 weeks) to 5 days (1 week), central estimate 2.5 days (0.5 weeks). For CFOs in county council areas, where it is expected that staff currently carrying out corporate functions will remain, less training and familiarisation will be required for CFOs. In these areas (26) it is assumed that additional training and familiarisation will take between 0.5 days (0.1 weeks) to 1.5 days (0.3 weeks), central estimate 1 day (0.2 weeks). In line with assumptions in **Options 2a, 2b and 4**, it is assumed that some costs will also be incurred to design, run, and administer training and/or courses on operational independence with corporation sole. These costs are considerably uncertain, but using similar courses as a proxy, it is assumed that these will cost approximately the same as the wage costs, increasing the costs by approximately 100 per cent a year. Set-up costs are therefore calculated using the following equation (completed for each of the two cohorts of CFOs):

$$\text{Number of CFOs} \times \text{length of training and familiarisation (weeks)} \times \text{wage (£/week)} \times 2$$

The set-up cost for **Option 6** is estimated to be within a range of **£30,000 to £0.2 million**, with a central estimate of **£0.1 million** in the first year of the appraisal period only. Costs would be lower if this option did not include the provision of corporation sole, as the level of required training and familiarisation would be lower.

Ongoing and total costs

There are estimated to be ongoing costs of **Option 6** from new CFOs undertaking the training required to have operational independence with corporation sole. It is assumed that this cost may be covered in **Option 2**, the 21st century leadership programme, and so if new CFOs from year 2 onwards have attended this, there may be negligible additional costs of this option, beyond refreshing what they learnt on the leadership programme. This overlap in cost will be further assessed in the FINAL IA, depending on the outcome of the consultation regarding **Option 2**. As **Option 6** is an independent option, and to prevent under-estimating the cost of the option, this ongoing cost has been included in this IA, however it means that the total cost of all nine options (the overarching option) may slightly over-estimate the total cost of this Option if **Option 2** and **Option 6** are summed together.

The ongoing costs of **Option 6** have been estimated to be between 20 to 30 per cent (central estimate 25%) of the set-up costs annually. This is based off estimations for the number of new CFOs per year, or individuals that will go into senior leadership positions and therefore require knowledge of operational independence. The total ongoing costs of **Option 6** are therefore **£46,000 (PV) to £0.4 million (PV)**, with a central estimate of **£0.2 million (PV)** from year 2 to 10 of the appraisal period.

The total cost of **Option 6** is estimated as **£76,000 (PV) to £0.6 million (PV)**, with a central estimate of **£0.3 million (PV)** over the 10 years. The annual average cost is calculated as **£8,000 to £64,000 million**, with a central estimate of **£31,000**³⁹. These costs are currently highly uncertain and will be further refined following the consultation. As mentioned earlier in this IA, this is the maximum expected cost of the option as it includes the provision of corporation sole. If this was not pursued following the consultation, the cost of this option is expected to be lower.

³⁷ Based on an average annual gross salary of £141,656, which has been converted to 21/22 prices using the HMT GDP deflator and uprated by 22% to account for non-wage costs in line with Assumption 2. This is then divided by 52.143 to calculate weekly wages, in accordance with NJC pay settlement assumptions. Wage caveated as average includes salaries of non-England UK CFOs. Source : NJC for BM - Pay Survey Report 2019 - Final CIRCULAR.pdf (local.gov.uk) Page 3. Further internal HO analysis of English FRA/County Council Annual Statements of Accounts from 2019/2020 identified similar average gross salaries.

³⁸ All areas except for London.

³⁹ Rounded to the nearest £1,000

Option 7: Transfer FRA governance to an executive leader

Option 7 is to implement the proposals in the Fire Reform White Paper to transfer fire and rescue governance functions either to a) a PFCC b) a MCA; or c) another (locally defined) executive leader. Further consultation with local areas is required before any of these transfers are undertaken, so assumptions on which areas would transfer within this IA are purely illustrative in order for cost estimates to be calculated.

Set-up costs

The set-up costs associated with this option are the transition costs related to the implementation of the transfer of authority. It is likely these will include legal, HR, and other specialist delivery costs associated with the transfer.

These costs are difficult to estimate and are likely to vary between FRAs depending on their current governance structure. It is expected that the costs of transferring FRA functions from county councils to PFCCs would potentially be more than the cost of transferring from a combined/standalone authority to a PFCC due to the embedded nature of some FRA functions with council structures. This could lead to additional complexity and difficulty in disentangling functions.

To estimate the set-up costs of transferring to PFCCs, business cases completed by then PCCs who have previously undergone the transition have been used. The costs included in these business cases include legal, HR, delivery, audit, and project costs. They were converted to 2021/22 prices, and consultation and ongoing costs beyond the two-year estimate for transition were removed. These figures were used to estimate the cost of a single area transferring to a PFCC. The low estimate for the transfer was approximately £220,000, the high estimate was approximately £252,000 and the central estimate (calculated by averaging the four implementation costs) was £235,000⁴⁰. These costs will be further refined following the consultation, and potentially adjusted to further account for areas which may experience smaller or larger transition costs. It is seen as beyond the scope of this IA to disentangle the exact transition costs for each FRA, hence an average transition cost has been used. It is noted that larger transition costs may occur in areas where it is difficult or complex to disentangle functions, and so the total cost estimates included in this IA may not be split equally across all FRAs. The possibility of greater transition costs in certain areas is tested in the sensitivity analysis in **Section G: Risks**, where the unit cost of transferring is adjusted. These potential costs will be further assessed following the consultation.

It is assumed that the unit set-up costs associated with transferring FRAs to MCAs is the same as those incurred when transferring to PFCCs. These costs are difficult to estimate, and so the unit cost for the transfer to PFCCs has been used as a proxy. It is likely that these costs may also differ between FRAs, and these costs will be refined following the consultation. It is also expected that this option will involve the transfer of some PCCs to MCAs to ensure fire and policing governance are combined. The unit cost for the PCC transfers are assumed to be equivalent to the FRA transfers. The significant uncertainty in these figures is also assessed in **Section G: Risks** where the unit cost of transferring is adjusted.

The transferring of governance to another (locally defined) executive leader is not expected to incur cost at this stage as the current expectation is that when this transfer occurs it will happen within the current structure, meaning a limited amount of, if any, implementation costs will be incurred. This IA has assumed that these costs would be negligible, and they have not been monetised. These transfers will occur in FRAs which operate under a committee structure. In these scenarios, a currently elected individual would be transferred FRA governance responsibilities. No new elected positions are expected to be created, and no new elections are expected to be undertaken, so no costs associated with these have been included within this IA. Further analysis will be completed following the consultation where further information will be available on what these executive leaders will look like, and if changes to this governance structure will incur any costs. This is highly uncertain,

⁴⁰ Business cases used include North Yorkshire [Working-Better-Together-NYLBC-for-Consultation-2.pdf](#) (northyorkshire-pfcc.gov.uk) and Essex [Essex-Local-Business-Case-Submission-to-HO.pdf](#) (pfcc.police.uk)

and the potential impact of more areas incurring costs is brought out within the sensitivity analysis in **Section G: Risks**.

It is currently highly uncertain which FRAs will transfer to which governance models, and further consultation with local areas is required, so illustrative assumptions have been made to estimate what costs could be. It is assumed that 33 FRAs are in scope of these changes, as some FRA areas are already PFCCs, and the White Paper proposes that FRAs in the South-West will be subject to further review before transfers occur. For the purpose of the IA, it is assumed that areas which have the ability to transfer functions to a coterminous Mayor would do (approximately 4 FRAs), and combined or metropolitan areas where boundaries are coterminous with PCCs would transfer to PFCCs (approximately 13 FRAs), although final decisions on who the executive leader will be will need to be had with each local area following the consultation. It is expected that the transfer of FRAs to MCAs will also require the transfer of some PCCs to MCAs to ensure that fire and policing governance are combined. It is assumed that this would happen in three areas. It is assumed that the remaining 16 FRAs will transfer to either PFCCs or another locally defined executive leader. In the low cost scenario, all 16 FRAs transfer to the locally defined executive leader, and in the high cost scenario, all 16 FRAs transfer to PFCCs. In the central scenario, areas which are coterminous become PFCCs (assumed to be 9 FRAs), and areas which are not have another (locally defined) executive leader (assumed to be 7 FRAs). These assumptions are highly uncertain and will be further refined following the consultation. The high cost option also covers the possibility that not all areas would transfer to PFCCs but may still incur some cost from an alternative executive leader. The lower cost option covers the possibility that some FRAs may not transfer their governance. The sensitivity analysis in Section G: Risks further brings out the impact of these uncertainties.

These assumptions can be summarised as follows

- Low cost scenario: 4 FRAs transfer to MCAs, 13 FRAs transfer to PFCCs, 16 FRAs transfer to another (locally defined) executive leader, and 3 PCCs transfer to MCAs
- Central cost scenario: 4 FRAs transfer to MCAs, 22 FRAs transfer to PFCCs, 7 FRAs transfer to another (locally defined) executive leader, and 3 PCCs transfer to MCAs
- High cost scenario: 4 FRAs transfer to MCAs, 29 FRAs transfer to PFCCs, 0 FRAs transfer to another (locally defined) executive leader, and 3 PCCs transfer to MCAs

The total set-up cost of **Option 7** is calculated by multiplying the unit cost of a transfer by the number of FRAs who would transfer their governance. The total number of transfers is estimated to be between 20 to 36, with a central estimate of 29. The total set-up cost of **Option 7** is in a range of **£4.4 million** to **£9.1 million**, with a central estimate of **£6.8 million**. Secondary legislation would be required for each area to be able to implement the change locally, and some additional primary legislation may be required to allow transfers to PFCCs or other executive leaders. An implementation plan has not yet been completed and it is possible that implementing the necessary changes in each area would take several years. It is assumed purely for illustrative purposes in this IA that this transition will take five years, with the costs split evenly across each year⁴¹, so the set-up cost of **Option 7** is within a range of **£4.1 million (PV)** to **£8.5 million (PV)** with a central estimate of **£6.4 million (PV)**. It is expected that the costs of **Option 7** will fall to central government, local authorities, and/or FRAs. This will be further assessed following the consultation.

Ongoing and total costs

There are no expected additional ongoing costs of this option. All the additional costs above **Option 0** are expected to be incurred when transitioning to a new governance model, with ongoing costs expected to be below or equivalent to the current costs of running an FRA and so captured in **Option 0**. The total costs of this option are therefore equal to set-up costs.

⁴¹ A longer implementation period, or a higher proportion of costs falling later in the implementation period, would not impact the overall undiscounted costs of the policy, but would reduce the PV. Similarly, costs falling earlier or within a shorter implementation period would increase overall PV.

Option 8: Strategic Planning

Option 8 is to implement the proposals in the Fire Reform White Paper to legislate to ensure all FRAs complete bespoke, published strategic fire and rescue plans, separately to their operational integrated risk management plans.

Set-up costs

The set-up costs of this option include the resource and potential consultant costs to develop, write and complete a bespoke strategic fire and rescue plan. It is assumed that 38 areas (including the South West) currently do not complete strategic plans (4 PFCC and 2 mayoral areas do complete plans – see assumption 4) as they are not legally required to do so. To account for some areas already doing some strategic planning (in **Option 0**), which may be internal or referenced in their integrated risk management plans, a range of costs has been used. It is expected all 38 areas will incur at least some cost from completing and publishing new bespoke plans.

In the low scenario, it is assumed that 1 FTE of policy officers time will be required for seven months to develop priorities (3 months), run a consultation (3 months) and finalise/write-up (1 month) the strategic plan. In the central scenario it is assumed that 1.5 FTE of policy officer time will be required for the same period, alongside 0.3 FTE of a senior manager's time, and approximately £2,000 of consultation costs. In the high scenario, it is assumed that a tender for a market research firm to manage the development of the plan, consultation, and write the plan would be issued. This is assumed to cost approximately £25,000 and would be supported by 0.5 FTE of policy officer time for six months, 1 FTE of policy officer time for one month to finalise and write the plan (as per the low scenario), and 0.3 FTE of a senior manager's time to support over the seven months. The same consultation costs would apply. It is assumed that a policy officer's salary is approximately £36,600 and a senior manager's salary is approximately £54,200⁴². The following equation is used to calculate the set-up costs to complete the plans. Some figures will be zero depending on the scenario:

$$\text{Number of areas} \times ((\text{resource (FTE)} \times \text{wage (£/year)} \times \text{resource time (months / 12)}) + \text{consultation costs} + \text{market research costs})$$

The set-up cost for **Option 8** is estimated to be within a range of **£0.8 million** to **£1.9 million**, with a central estimate of **£1.7 million** in the first year of the appraisal period only. This is based on unit costs of £21,400 to £48,700, central estimate £43,500.

Ongoing and total costs

The ongoing costs of this option are the cost of repeating and updating the strategic plans. It is uncertain how frequently these plans will be updated. It is assumed that plans will be updated either annually (high cost scenario), every four years (low cost scenario) or every two years (central cost scenario). This is based off the varying frequency with which current PFCCs update their strategic plans. Some opt to do it annually, and others every four years to align with the tenure of PFCCs. It is assumed that the cost of completing the strategic plan will be the same each time it is produced, as the same process will be required, and so the ongoing costs will equal the set-up costs in the years a strategic plan is completed. In the low cost scenario, costs are incurred in years 1, 5 and 9. In the central scenario costs are incurred in years 1, 3, 5, 7 and 9, and in the high scenario, costs are incurred in every year.

The ongoing costs of **Option 8** are estimated to be between **£1.3 million (PV)** to **£14.1 million (PV)**, with a central estimate of **£5.6 million (PV)** from year 2 to 10 of the appraisal period.

The total costs of **Option 8** are estimated to be between **£2.1 million (PV)** to **£15.9 million (PV)**, with a central estimate of **£7.2 million (PV)** over the 10-year appraisal period. The annual average cost is calculated as **£0.2 million to £1.9 million**, with a central estimate of **£0.8 million**. These costs will be further refined following the consultation and all the costs of this option are public costs falling to FRAs.

⁴² Assumptions from PFCC contacts. Wages updated to account for 22 per cent non-wage costs.

Option 9: National Framework.

Option 9 is to update the National Framework with the proposed changes published alongside the Fire Reform White Paper.

Set-up costs

The costs associated with the National Framework changes all fall to the senior leadership teams in each of the 44 FRSs who will need to familiarise themselves with the revised framework, ensure their strategic plans reflect the changes, and cascade any changes to their staff.

To calculate this cost, it is assumed that the senior leadership team in each FRS consists of three individuals: A CFO, a Deputy CFO, and an Assistant CFO for simplicity in this IA. The hourly wage assumptions for these individuals are £83.12, £69.87, and £62.54 using the same sources set out in assumption 2⁴³. It is assumed that the National Framework changes cover approximately 23 pages, and these pages contain 400 to 600 words (500 central estimate) resulting in an overall word estimate of 9,200 to 13,800 (central estimate 11,500). Using the ReadingSoft calculator⁴⁴ (which accounts for reading time, comprehension, and re-read time), it is estimated that total familiarisation time is approximately 12 to 82 minutes, central estimate 35 minutes. It is assumed it takes the senior leadership team the equivalent time again to ensure strategic plans reflect the changes, and to cascade relevant changes to their staff. The total cost is calculated (for each individual in the senior leadership team) as:

$$(Familiarisation\ time\ (hrs) + additional\ time\ to\ adjust\ strategic\ plans\ and\ cascade\ (hrs)) \times wage\ (\pounds/hr)$$

The total set-up cost to the senior leadership team of FRAs as a result of the National Framework changes is between **£3,800 to £25,900** in year 1 of the appraisal period, with a central estimate of **£11,000**.

Ongoing and total costs

There are no expected ongoing costs of this option, therefore the total costs of this option are equivalent to the set-up costs.

BENEFITS

It has not been possible to monetise any benefits from these options due to a lack of information. It is hoped that the consultation, and further work and stakeholder engagement following the consultation, will provide further information on the specific benefits of these options. Numerous non-monetised benefits of these options have been identified, which are outlined below. Some options have been grouped together when benefits are expected to be similar.

Option 1: Action to support professionalisation of fire and rescue services (including options 1a: introduce professionalisation changes without legislation, and 1b i-v): College of Fire.

- It is expected that the creation of an independent College of Fire could provide an impartial, dedicated, and permanent organisation to lead the fire and rescue profession and support fire and rescue services to implement reform. By creating an organisation with this vision, it is hoped that one benefit will be an improvement in the quality of service which fire and rescue services offer to their communities.
- It is expected that the College's potential role as an independent standards settings body (for both professional and ethical standards) with its own dedicated expertise could enable a clearer distinction to be drawn between those creating Fire Standards and those who implement and are inspected against them and support prompt delivery. The creation of a

⁴³ Based on annual gross salaries of £141,656, £119,074 and £106,574 respectively. Wage caveated as average includes salaries of non-England UK Brigade managers. Source : [NJC for BM - Pay Survey Report 2019 - Final CIRCULAR.pdf \(local.gov.uk\)](#) Page 3. Further internal HO analysis of English FRA/County Council Annual Statements of Accounts from 2019/2020 identified similar average gross salaries.

⁴⁴ Readingsoft; [Speed Reading Test Online \(readingsoft.com\)](#)

robust and impartial professional and ethical standard could provide the benefits of a clear benchmark for services to achieve to help them better serve the public. It could also provide HMICFRS, whose inspections are underpinned by Fire Standards, with clear standards to hold FRSs accountable to.

- FRSs may benefit from an independent national body to support the conduct and collation of research and the effective use of data to ensure they are used to deliver real world improvement to the way that fire and rescue services perform their duties and protect the public.
- The proposed work of the independent College of Fire in its leadership workstream (**Option 1 b 3**) could ensure that Leadership and Direct Entry schemes are created and maintained by a dedicated organisation rather than those who also have pressing operational roles. This work being undertaken by an independent College could also help ensure robust and impartial standards are set for leaders and could help raise standards of leadership in fire and rescue services.
- It is expected that the College's development, data, research, ethics, and standards strands would be mutually supporting and benefit each other. As a result, the quality of work undertaken in each workstream should increase, helping to provide additional support to fire and rescue services as they continue to reform and professionalise.
- Similarly, the introduction of changes to support professionalisation without legislation could help secure benefits in the five areas of leadership, data, research, standard and ethics. However, this option 1a involves achieving those outcomes through existing organisations rather than the proposed impartial, dedicated, and permanent College of Fire proposed in the White Paper.

Option 2: 21st century leadership programme

- An expected benefit of the 21st century leadership programme is an improvement in consistency and transparency in Brigade Manager roles.
- It is hoped that officers completing the programme will benefit from finding it easier to move between leadership roles in FRSs as minimum standards would be more consistent.
- A leadership course may provide an uplift in professional standards around strategic operational response, building on the Executive Leadership Programme to provide a pass/fail qualification for future service leaders.

Option 3: Introduction of an Oath

- It is anticipated that the requirement for all FRA employees to consciously affirm a set of ethical principles through an Oath to reflect a shared responsibility will increase the likelihood of those principles being adhered to.
- An Oath may help improve the culture and ethical standards, such as supporting equality, diversity and inclusion and acting with integrity and respect, in FRSs.
- Overall, there is consistent and broadly positive evidence on the benefits which codes of ethics, similar to an Oath, can have on behaviour. Although there is no evidence of the impact on FRSs, literature suggests that these can encourage people to behave with integrity, and that people actively stating that they will abide by a code (for example, through an oath) is important for their success⁴⁵.

Option 4 and 5: High potential development and direct entry schemes

⁴⁵ College of Policing rapid evidence assessment:
https://whatworks.college.police.uk/Research/Documents/REA_codes_of_ethics.pdf

- It is hoped that these schemes would stretch participating staff so that their skills and experience are tested and extended, and that their potential in fire and rescue services can therefore be realised. Those who participate in the scheme may feel better equipped in command, leadership, and operational management skills, and in their ability to progress as leaders in their careers.
- A high-potential development scheme may improve the identification and maturing of staff with potential for strategic leadership roles.
- Direct entry schemes will employ individuals from outside the FRS, bringing external expertise into the service and improving leadership and professionalism.
- An additional potential benefit of these schemes would be making fire and rescue services better represent the communities in which they operate. This could lead to a more diverse and representative workforce. These workforce figures are collected by the Home Office so could be measured.

Option 6: Operational independence with corporation sole

- Corporation sole status for CFOs could provide consistent schemes of delegation between themselves and their governing authority. This structure is expected to provide more clarity and freedom for CFOs to be decisive in respect to all operational matters, resourcing, and responsibility for staff. It is also expected that more transparent lines of responsibility will lead to CFOs being more accountable to their service's operations. It is hoped that this will lead to more efficient and effective FRSs.

Option 7: Transfer FRA governance to an executive leader

- The lack of executive oversight in most FRAs, as well as their variation and inconsistency between governance models, has hampered accountability and transparency for the public. A review into the role of PCCs indicated that simplifying and strengthening the governance regime for fire services across England was critical to unlocking the wider reforms that are needed.
- Having a single elected leader aims to strengthen accountability and improve consistency, collaboration, and transparency across the fire sector. They will also stand on a mandate, thereby setting expectations for the public as to what they can expect from their FRS' and how local decision making can be incorporated. This also means that if the public is dissatisfied with the performance of their FRS, there is a directly elected individual who can be held to account to address their priorities.
- For those services who governance is transferred to either a combined authority mayor or PFCC, it should provide a joined up strategic direction for both police and fire, including alignment in collaborative priorities and the opportunity to combine strategic plans.
- An additional benefit may be increased levels of service delivery as executive leaders will be elected by, and are accountable to, the general public.
- It is possible that this option will lead to monetisable efficiency benefits, as these have been highlighted in business cases previously completed in areas which transferred to PFCCs. For example, Essex outlined that transferring to the PFCC governance model could lead to an NPSV of approximately £15 to 23 million⁴⁶ and numerous other PFCCs have outlined examples of efficiency savings achieved since the governance changes. These benefits have not been monitored or evaluated by the Home Office, so it is uncertain if they were achieved. It is also uncertain if these governance proposals would lead to the same level of benefits and so monetised benefits have not been included in the NPSV calculations in this IA. They do present an indication of the level of benefits that could be achieved from these proposals though. Further work will be undertaken ahead of the FINAL IA if this option is included to

⁴⁶ Source: <https://www.essex.pfcc.police.uk/wp-content/uploads/2017/01/Essex-Local-Business-Case-Submission-to-HO.pdf>

establish if these benefits are likely to be achieved by areas undergoing these governance changes.

Option 8 and 9: Strategic Planning and National Framework

- **Option 8** will introduce a clear distinction between strategic fire and rescue plans owned by the FRA, setting out public priorities, and an operational plan overseen by the CFO. It is expected that separation in planning, along with complementary changes to the National Framework, would more clearly align plans with relevant owners and set a distinction between strategic priorities on behalf of the public and operational risks and resourcing. It is hoped that these changes would lead to improved strategic planning and execution of services.

NPSV, BNPV, EANDCB

The NPSV of each option is presented in Table 6. There are no expected costs to businesses and so the BNPV and EANDCB have not been included. The total cost of all nine options (the overarching option) is referenced as total cost. This is maximum possible cost if all options were implemented. The consultation will be used to establish which options, and in which form, should be undertaken.

Table 6, Summary Table of Monetised Benefits and Costs of all Options (NPSV), 2021/22 prices, £ million.

| £ million (10 yr PV) | Low | | | Central | | | High | | |
|------------------------------|----------------|--------------|--------------|-------------|---------------|---------------|--------------|---------------|---------------|
| | Transiti on | Ongoing | Total | Transition | Ongoing | Total | Transition | Ongoing | Total |
| Total Benefits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Cost | | | | | | | | | |
| Option 1b (1 – 5) | 0.0 | 19.1 | 19.1 | 0.0 | 39.0 | 39.0 | 0.0 | 58.9 | 58.9 |
| Option b1 | 0.0 | 3.8 | 3.8 | 0.0 | 7.8 | 7.8 | 0.0 | 11.8 | 11.8 |
| Option b2 | 0.0 | 3.8 | 3.8 | 0.0 | 7.8 | 7.8 | 0.0 | 11.8 | 11.8 |
| Option b3 | 0.0 | 3.8 | 3.8 | 0.0 | 7.8 | 7.8 | 0.0 | 11.8 | 11.8 |
| Option b4 | 0.0 | 3.8 | 3.8 | 0.0 | 7.8 | 7.8 | 0.0 | 11.8 | 11.8 |
| Option b5 | 0.0 | 3.8 | 3.8 | 0.0 | 7.8 | 7.8 | 0.0 | 11.8 | 11.8 |
| Option 2 | 0.0 | 5.6 | 5.6 | 0.0 | 8.0 | 8.0 | 0.0 | 10.5 | 10.5 |
| Option 2a | 0.0 | 3.4 | 3.4 | 0.0 | 3.8 | 3.8 | 0.0 | 4.1 | 4.1 |
| Option 2b | 0.0 | 2.1 | 2.1 | 0.0 | 4.3 | 4.3 | 0.0 | 6.4 | 6.4 |
| Option 3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 |
| Option 4 | 0.2 | 12.3 | 12.4 | 0.2 | 24.3 | 24.5 | 0.3 | 40.2 | 40.5 |
| Option 5 | 0.0 | 29.8 | 29.8 | 0.0 | 35.8 | 35.8 | 0.0 | 44.8 | 44.8 |
| Option 6 | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 | 0.3 | 0.2 | 0.4 | 0.6 |
| Option 7 | 4.1 | 0.0 | 4.1 | 6.4 | 0.0 | 6.4 | 8.5 | 0.0 | 8.5 |
| Option 8 | 0.8 | 1.3 | 2.1 | 1.7 | 5.6 | 7.2 | 1.9 | 14.1 | 15.9 |
| Option 9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total cost | 5.1 | 68.2 | 73.3 | 8.4 | 112.9 | 121.3 | 10.9 | 168.9 | 179.8 |
| Total NPSV | -5.1 | -68.2 | -73.3 | -8.4 | -112.9 | -121.3 | -10.9 | -168.9 | -179.8 |

Notes: Figures may not sum due to rounding. All figures rounding to the nearest £0.1m. Total cost presented is largest possible cost and is calculated by summing all Options. High cost is equivalent to the low NPSV, and the low cost represents the high NPSV.

Total Costs, Benefits, NPSV, BNPV and EANDCB

Overarching option: Implement all nine options

The cost of all nine options being legislated for is described in this section. This represents the maximum cost of the White Paper reform legislation if all nine options were undertaken and is used for presentational purposes. The options presented in this IA will be further assessed following the consultation. The **total transition costs** of all options are estimated to be in a range of **£5.1 million (PV) to £10.9 million (PV)**, with a central estimate of **£8.4 million (PV)**. These costs apply in year 1 only for all options except **Option 7**, where transition costs occur over five years. The latter are presented in PV terms.

Over 10 years, the **total ongoing costs** of all options are estimated to be in a range of **£68.2 million (PV) to £168.9 million (PV)**, with a central estimate of **£112.9 million (PV)**.

The **total cost of all options** is estimated in a range of **£73.3 million (PV) to £179.8 million (PV)** over 10 years, with a central estimate of **£121.3 million (PV)** over the same time period.

No benefits have been monetised for this policy, so the **Net Present Social Value (NPSV)** is estimated to be in the range of **-£73.3 million (PV) to -£179.8 million (PV)** over 10 years, with a central estimate of **-£121.3 million (PV)** over the same time period.

There are no costs to business so the **Business Net Present Value (BNPV)** and the **net cost to business per year** expressed as the **(EANDCB⁴⁷)** are equal to **zero**.

Value for money (VfM)

For a policy to be considered value for money (VfM), it must meet its strategic and policy objectives. All the options in this IA meet the strategic and policy objectives of improving public safety and ensuring that FRs are able to deliver for their communities through reform of the FRS across three pillars: Professionalism, People and Governance.

Each option varies in terms of the specific benefits it could incur, and what it aims to accomplish to meet the overarching objectives of the White Paper. To be considered VfM, options with higher costs will require higher benefits, in terms of their impact on FRs and public safety. This may mean that options with higher costs are less likely to be value for money, as they would need to have a larger impact than options with lower costs, however options with higher costs may incur these costs because they are expected to have a larger impact and benefit, than options with lower costs. Therefore, it is uncertain, when assessing costs alone, which options in this IA will provide the best value for money. It is also possible that some options will provide better value for money when completed in conjunction with, or independently from, each other.

All costs in this IA accrue to the public sector, and benefits are expected to accrue to both the public sector (FRAs) and individuals, through improved public safety. Benefits are not monetised, so it is not possible to accurately determine which options offer the highest benefit-cost ratio and therefore better VfM. The consultation will be used to better understand which options present value for money, and further work will be completed following the consultation to attempt to monetise benefits where possible. Non-monetised benefits are assessed in the appraisal section of this IA

Place-based analysis

The majority of the options are expected to apply to all FRs and so detailed place-based analysis has not been undertaken. Some place-based considerations have been recognised whilst completing this IA. These will be further assessed following the consultation.

- Any options in this IA which include a London weighting in wage costs may lead to London incurring a greater cost compared to other areas. However, this is considered proportionate, as the increased costs will be proportionate to the salary differences.
- The governance options (**Option 6, 7 and 8**) are not expected to lead to additional costs to all FRAs as some areas are already PFCCs or MCAs, are already doing strategic plans, or are otherwise out of scope of the options. This means that the additional costs of these options will not fall equally to all areas. Further work will be completed following the consultation to assess how costs differ across FRAs, and whether any specific FRAs (such as those with a county governance model) may experience especially large or disproportionate costs.

⁴⁷ Defined as the Equivalent Annual Net Direct Cost to Business.

- The proposed independent body, a college of fire (**Option 1b**) is currently not expected to have a full-time location but any regional implications of estate costs will be fully assessed once they are known in the FINAL IA.

Impact on small and micro-businesses

These options are not expected to impact businesses.

F. Proportionality.

The level of analysis in this IA is considered proportionate to the Fire Reform White Paper consultation. Appropriate resource and time were applied to the analysis. The consultation will seek input from stakeholders and the public, and potentially obtain more data. It is hoped that this will allow refinement and a strengthened assessment of the potential impacts of these options in the FINAL IA, ahead of any legislation.

G. Risks.

Option 1b: College of Fire

The cost of **Option 1b**, the College of Fire, is highly uncertain due to limited information about how the costs of the best available proxy, an independent sector leadership body for a blue-light service, the College of Policing should be adjusted to estimate the cost of the College of Fire. In the appraisal section of this IA, the costs have been multiplied by 31 per cent to account for the different numbers of FTE employed by the police are employed by FRAs⁴⁸, however this estimate is highly uncertain. Sensitivity analysis was conducted, and the results are presented in Table 7, to demonstrate the total cost of **Option 1b** and total NPSV if this assumption was to change.

Table 7: Sensitivity analysis on the proportion of College of Policing costs expected to accrue to the College of Fire, Option 1b (PV, NPSV over 10 years, £million)

| Per cent adjustment to College of Policing figures (%) | Annual cost from year three onwards (£m) | Net Cost of option (PV, £m) | Total NPSV of all options (£m) |
|--|--|-----------------------------|--------------------------------|
| 10 | -0.7 | -5.1 | -77.2 |
| 20 | 2.1 | 15.6 | -97.9 |
| 25 | 3.5 | 26.0 | -108.3 |
| 31% (central) | 5.3 | 39.0 | -121.3 |
| 35 | 6.3 | 46.7 | -129.0 |
| 40 | 7.7 | 57.0 | -139.3 |
| 50 | 10.5 | 77.8 | -160.0 |

Source: Home Office, own estimates, 2021. Costs assumed to build up over the first two years of the policy (25 per cent of cost in year one, and 50 per cent in year two). Additional adjustments to the costs of staff, and other costs directly related to staff numbers such as training and travel/vehicle costs have also been applied. Central assumptions as outlined in the appraisal section, Option 1b, used for all estimates. PV includes the cost of a data strand (Option 1b v, 25% increase on the College of Policing costs) and accounts for current funding.

The percentage assumption used in **Option 1b** has a large impact on the total cost of **Option 1b**. As this option makes up a significant proportion of the total NPSV of all options (32%), any changes can have a significant impact on overall NPSV. A 60 per cent increase in the assumption (from 31% to 50%) leads to a 99 per cent increase in the cost of the option, from **£39.0 million (PV)** to **£77.8**

⁴⁸ Calculated by doing 40,408 / 129,110. Figures correct as of 31 March 2020. Fire and rescue workforce available at page 2 of https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/928167/fire-rescue-workforce-pensions-1920-hosb3020.pdf. Police workforce available page 1 of https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/955182/police-workforce-mar20-hosb2020.pdf

million (PV) and a 32 per cent reduction in the total NPSV, from **-£121.3 million (PV)** to **-£160.0 million (PV)**. This means that this assumption presents a significant uncertainty and risk in this analysis. Alternatively, if the percentage assumption used was to fall to 12 per cent or lower, the net cost of the option would be negative. This occurs because the volume of funding that could be diverted from the NFCC/FSB, would exceed the cost of the college, meaning no additional funding above the baseline would be required. This negative net cost could be deemed as cashable benefits from the creation of the college, or it could remain part of NFCC/FSB funding. The total costs of the College of Fire remain uncertain and will be refined following the consultation when an improved estimate should be presented.

Option 2: 21st Century Leadership programme

The cost of **Option 2**, the 21st Century Leadership programme, is impacted by the assumption in **Option 2b** regarding the number of modules that will be undertaken by Area and Brigade Managers as part of the 21st Century Leadership programme. It is assumed in **Option 2** that each module will last four weeks, and on average individuals will attend one module. A range of 0.5 to 1.5 average modules is applied to account for some individuals needing to attend more or less than one module, and to account for some modules potentially lasting less than four weeks depending on skillset and requirements of individuals undertaking them. Sensitivity analysis has been undertaken to test the impact on the costs of **Option 2** of more modules being undertaken by each individual. This is also considered a proxy for modules being more expensive or taking longer.

Table 8: Sensitivity analysis on the number of modules each current Area and Brigade Manager has to undertake (PV, NPSV over 10 years, £million)

| Number of modules | Cost of Option 2b (PV, £m) | Cost of Option 2 (PV, £m) | Total NPSV of all options (£m) |
|----------------------|----------------------------|---------------------------|--------------------------------|
| 1 (central estimate) | 4.3 | 8.0 | -121.3 |
| 2 | 8.5 | 12.3 | -125.6 |
| 2.5 | 10.6 | 14.4 | -127.7 |
| 3 | 12.8 | 16.5 | -129.8 |

Source: Home Office, own estimates, 2021.
 Central estimates applied to all assumptions aside from number of modules

The cost of this option is impacted by the number of modules. If the number of modules rose from one to two, or two and a half or three, the total cost (PV) of **Option 2** would rise by 53, 79, and 106 per cent respectively. This is a large increase in the cost of the option and so an important uncertainty. However, **Option 2** only constitutes seven per cent of the total NPSV of all options in the analysis. This means that even if all individuals had to do three modules, the total NPSV would fall from **-£121.3 million (PV) to -£129.8 million (PV)**, a change of seven per cent. Changes in the number of modules undertaken, or the cost of each module have a minimal impact on the NPSV.

Option 7: Transfer FRA governance to an executive leader

The cost of **Option 7**, the transfer of fire and rescue governance functions to either a) a PFCC b) a MCA; or c) another (locally defined) executive leader is highly uncertain due to uncertainties on the number of FRAs impacted, who responsibility will be transferred to and the cost of each transfer. Each FRA is also different in terms of current governance structure, and so any transfer will involve slightly different activities, and potentially slightly different costs. Although all four business cases assessed in **Option 7** in the costs section of this IA had similar implementation costs, it is possible that these could be higher or lower for FRAs. Sensitivity analysis has been conducted, see results in Tables 9 and 10, to demonstrate the impact of different unit costs of transferring, and number of FRAs that transfer, on the total cost of **Option 7** and the NPSV of all options. It is hoped that the consultation, and further work and stakeholder engagement following the consultation, will provide

additional information on the potential costs of each governance transfer, and where fire governance will likely be transferred to in each local area. This will allow for a refined estimate in the FINAL IA.

Table 9: Sensitivity analysis on the cost of each transfer of governance, and the number of transfers required. Option 7 (PV of Option, over 10 years, £million)

| Cost of transfer (£000s) | Number of transfers required | | | | | | |
|--------------------------|------------------------------|-----|------|------|------------|------|------|
| | 17 | 20 | 23 | 26 | 29 | 32 | 36 |
| 100 | 1.6 | 1.9 | 2.1 | 2.4 | 2.7 | 3.0 | 3.4 |
| 200 | 3.2 | 3.7 | 4.3 | 4.9 | 5.4 | 6.0 | 6.7 |
| 235 (central) | 3.7 | 4.4 | 5.0 | 5.7 | 6.4 | 7.0 | 7.9 |
| 300 | 4.8 | 5.6 | 6.4 | 7.3 | 8.1 | 9.0 | 10.1 |
| 400 | 6.4 | 7.5 | 8.6 | 9.7 | 10.8 | 12.0 | 13.5 |
| 500 | 7.9 | 9.3 | 10.7 | 12.2 | 13.6 | 15.0 | 16.8 |

Source: Home Office, own estimates, 2021. All other central assumptions used. 36 used as maximum number of transfers as this is all 33 FRAs and 3 PCCs transferring. Central estimate in bold.

Table 10: Sensitivity analysis on the cost of each transfer of governance, and the number of transfers required. Option 7 (NPSV of all options over 10 years, £million)

| Cost of transfer (£000s) | Number of transfers required | | | | | | |
|--------------------------|------------------------------|-------|-------|-------|--------------|-------|-------|
| | 17 | 20 | 23 | 26 | 29 | 32 | 36 |
| 100 | 116.5 | 116.8 | 117.1 | 117.4 | 117.7 | 117.9 | 118.3 |
| 200 | 118.1 | 118.7 | 119.2 | 119.8 | 120.4 | 120.9 | 121.7 |
| 235 (central) | 118.7 | 119.3 | 120.0 | 120.6 | 121.3 | 122.0 | 122.8 |
| 300 | 119.7 | 120.5 | 121.4 | 122.2 | 123.1 | 123.9 | 125.0 |
| 400 | 121.3 | 122.4 | 123.5 | 124.7 | 125.8 | 126.9 | 128.4 |
| 500 | 122.9 | 124.3 | 125.7 | 127.1 | 128.5 | 129.9 | 131.8 |

Source: Home Office, own estimates, 2021. All other central assumptions used. 36 used as maximum number of transfers as this is all 33 FRAs and 3 PCCs transferring. Central estimate in bold.

The cost of **Option 7** is impacted by the unit implementation cost for each governance transfer, and the number of transfers completed. Tables 9 and 10 show a number of scenarios and what the impact these would have on the total cost of the option, and overall NPSV of all options. If the unit cost rose to £0.5 million from the central estimate of £0.23 million, the cost of the option with 29 transfers would rise by 113 per cent to **£13.6 million (PV)** from **£6.4 million (PV)**. This is a large increase in the cost of the option and so an important uncertainty. Similar large increases or reductions in costs are incurred if the number of transfers were to rise or fall. As **Option 7** only represents five per cent of the total NPSV of all proposals in the analysis, this increase would only lead the NPSV to fall from **-£121.3 million (PV)** to **-£128.5 million (PV)**, a change of six per cent. Changes in the number of transfers and cost of each transfer, have a small impact on the NPSV in this IA.

There are some additional risks and uncertainties in this analysis that should be noted. Many of the costs for training and development schemes (**Option 2, 4, 5 and 6**) are based on proxies from calculated time costs and best available estimates from similar courses. These are the best available estimates with the current information available, and large ranges have been included to account for the considerable uncertainty. The exact form these courses will take, what they will involve and how much they will cost is not yet known but will be further assessed following the consultation.

In addition, an area with very little information associated with it is the potential monetised benefits as a result of this policy. It is expected that reform will improve the effectiveness with which FRSs deliver core prevention, protection, response, and resilience functions. This could potentially lead to monetised benefits in terms of reductions in fires or fire related fatalities and injuries. This improved effectiveness, alongside improvements in leadership from additional training and professionalism and governance changes, could also lead to efficiency and productivity improvements in FRSs. It could also inform value for money (VfM) metrics.

H. Direct costs and benefits to business calculation

There are no expected costs to business.

I. Wider impacts

There are no expected wider impacts. An assessment of additional impacts on certain individuals is presented in the Equality Impact Assessment.

J. Trade Impact.

There are no expected trade impacts.

K. Monitoring and evaluation, enforcement principles.

Any subsequent legislation from the Fire Reform White Paper is expected to be introduced in 2023 subject to the Home Office being given drafting authority for a bill. Implementation will depend on how swiftly any such bill progresses through Parliament. The Home Office and FRSs collect data on FRS workforce, activity, and incident data. This will be closely monitored. It is likely that this policy will be evaluated in 2027.

L. Annexes.

Impact Assessment Checklist

| Mandatory specific impact test - Statutory Equalities Duties | Complete |
|---|-------------------|
| <p>Statutory Equalities Duties</p> <p>Policy officials are actively working on an overarching Equality Impact Assessment for these options. This is an on-going process. Policy officials hope that these options will lead to indirect positive impacts. The proposals laid out in the White Paper aim to ensure that FRSs can effectively and efficiently meet the needs of the communities they serve and adapt to societal changes. As well as this, the options aim to encourage and support a professional, capable, competent, and diverse workforce.</p> <p>Though, policy officials note that there could be potential indirect discrimination for those with certain characteristics (age, disability, pregnancy and maternity, race, and sex) due to disparities in the sector, accessibility, experience, or qualifications required and time expected in role.</p> <p>The Equality Impact Assessment will continue to be evaluated throughout the consultation process. As individual policies and options progress, policy officials will develop separate assessments.</p> <p>The SRO has agreed these findings.</p> | <p>Yes</p> |

Economic Impact Tests

| | |
|---|------------------------|
| <p>New Burdens Doctrine</p> <p>The new burdens doctrine is part of a suite of measures to ensure Council Tax payers do not face excessive increases. It requires all Whitehall departments to justify why new duties, powers, targets, and other bureaucratic burdens should be placed on local authorities, as well as how much these policies and initiatives will cost and where the money will come from to pay for them.</p> <p>All of the costs in this IA will fall on the public sector, and some will potentially fall on local authorities. Policy officials in the Home Office are actively working with MHCLG colleagues to consider whether any of these costs are new burdens.</p> | <p>To be completed</p> |
|---|------------------------|