

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No

MEETING: 15 JUNE 2009

SUBJECT: TRANSFER OF OWNERSHIP OF NEW DIMENSION ASSETS

**JOINT REPORT OF THE CHIEF FIRE OFFICER, CLERK TO THE AUTHORITY,
THE FINANCE OFFICER AND PERSONNEL ADVISOR**

1 INTRODUCTION

1.1 The purpose of this report is to update Members on the current status of the proposal, put forward by the Department of Communities and Local Government, to transfer the New Dimension Assets to individual Fire and Rescue Authorities as set out in Fire Service Circular 16/2009.

2 BACKGROUND

2.1 As Members will be aware the events of September 2001 resulted in an examination of the capability, in terms of equipment, training and national support arrangements, of the UK Fire and Rescue Service to effectively deal with such catastrophic incidents. This undertaking was subsequently broadened to cover other large-scale incidents such as wide-area flooding.

2.2 The outcome of this work was an acknowledgement that there was a need to enhance the capability of the Fire and Rescue Service (FRS) in order to deal with such incidents and, in order to provide this enhanced capability, the New Dimension project was established.

2.3 This has proved to be a prolonged and complex project, which has been jointly undertaken by the CLG and the Fire and Rescue Services and the results of this work have undoubtedly improved the ability of the country to respond to major incidents.

2.4 Members will be aware that, as an integral part of this project, Tyne and Wear Fire and Rescue Service hosts a range of New Dimension assets including Urban Search and Rescue, Mass Decontamination and Chemical Detection capabilities, all of which are funded through specific grant via the Section 31 grant mechanism.

2.5 However, whilst selected Fire and Rescue Services accommodate, train upon and deploy these resources, actual ownership of them still resides with the CLG and this is a position which they wish to change by transferring the resources to Fire and Rescue Authorities.

2.6 To this end, in collaboration with CFOA and the LGA, they have been examining ways of transferring ownership of the New Dimension vehicles and equipment to FRS's together with how financial support can be maintained in the future. This has been done in conjunction with the FRS's and Fire Service

Circular 16/2009 sets out the latest position with regard to this work and requests that Fire and Rescue Authorities provide an indication of their willingness, to agree to the transfer of the assets with a proposed target transfer date of 1st October 2009.

- 2.7 Within the circular CLG have stated that they believe that there are a number of key benefits to be derived from the transfer of assets, such as:-
- Ensure that the New Dimension capability can be fully integrated into FRS core business.
 - Provision of a fully operational fleet that will be maintained through a long-term maintenance contract paid for by CLG.
 - Access to a long-term Assurance Body led by CFOA which will ensure that the capabilities do not degrade over time.
- 2.8 In addition CLG have re-iterated that they are committed to the future funding of the programme and have set out specifically the level of funding that will be made available up to the end of CSR07 i.e. 2010/2011.
- 2.9 They have also agreed that this funding will continue to be channelled through the Section 31 grant mechanism for the remainder of the CSR07 period following which the future funding flow will be re-considered but with the intention of placing the funds within the Revenue Support Grant (RSG), in line with CLG/ LGA policy.

3 PROPOSED AUTHORITY RESPONSE

- 3.1 CLG requested a response to the proposed transfer by the end of April 2009 with regard to the Authority's position on the transfer of assets.
- 3.2 Due to the short timescale the Chief Fire Officer wrote to CLG, re-iterating there was no objection to the principle of asset transfer providing that there would be no financial detriment to Tyne and Wear fire and Rescue Service and that the matter would be considered by the Authority at the 15th June 2009 meeting following which a further response would be forthcoming.
- 3.3 To that end the Chief Fire Officer invites the Authority to consider the issue with reference to the following points:-
- A £100million long-term maintenance contract has been established with Vosper Thorneycroft Critical Services (VTCS) for the maintenance of the New Dimension assets. This will run for a period of sixteen years and management of the contract will be undertaken by Firebuy. Currently, payments to VTCS for maintenance work undertaken as part of the contract are made directly by CLG. However, upon transfer of the New Dimension assets to the Fire and Rescue Service the costs would fall to the individual authorities who would, in turn, receive funding to meet these costs.

- A long-term Assurance Body, entitled the National Resilience Board, has been established at CLG expense and its role will be to ensure that the New Dimension capabilities remain fit for purpose as well as providing a minor asset refresh programme funded in the sum of £1.5 million per annum.
 - CLG has provided guaranteed funding in the sum of £80 million to support the New Dimension capabilities for the CSR07 period and has further stated that they remain committed to the new burdens principle into the future. However, there is still no firm guarantee of the level of funding beyond the CSR07 period.
 - The commitment to move the new burdens funding from Section 31 grant to mainstream Revenue Support Grant remains a Government aspiration, albeit this will not occur during the CSR07 period and they will consult on any changes prior to implementation.
- 3.4 Having considered the content of the Fire Service Circular the Chief Fire Officer is of the opinion that CLG have made a significant effort to provide a comprehensive framework within which the transfer of assets can be undertaken and subsequently managed and, in principle, such a transfer can be supported, this position being in line with that of other Fire and Rescue Authorities. However, the omission of any specific guarantee of future funding beyond the end of the 2010/2011 year remains a concern.
- 3.5 In addition, the continuing commitment to channel funding through the RSG at some point after the end of the CSR07 period also remains as a concern. The current arrangement (of receiving funding through a specific grant) is entirely transparent, and Members can see that any additional new burdens are being fully funded by CLG. If the funding is directed through RSG, as proposed, there is a risk that the funding formula (which currently contains a mechanism to ensure a minimum level of grant is received by each authority, the funding for which is paid for by authorities which are due to receive grant above that minimum level - known as the floors mechanism), will not provide the full award of grant to this Authority in order to meet the additional cost arising. This is a particular risk, given that the maintenance contract runs for a period of sixteen years.
- 3.6 There is a further uncertainty regarding asset refresh. CLG accepts that a major asset refresh can be anticipated every five or six years through the life of the programme, but no funding decisions have been taken on this, with the likelihood that Ministers would need to consider any refresh against other proposals and therefore priorities for government funding.
- 3.7 Consequently, having consulted with the Finance Officer and Deputy Clerk to the Authority, the Chief Fire Officer proposes that the Members support the transfer of assets in principle, subject to more specific guarantees on future New Dimension funding levels being forthcoming for the period beyond 2010/2011, and in the absence of those guarantees to continuing to receive funding in the form of a specific grant.

4 RISK MANAGEMENT

- 4.1 A risk assessment has been undertaken to ensure that the risk to the Authority has been minimised as far as practicable. The assessment has considered an appropriate balance between risk and control; the realisation of efficiencies; the most appropriate use of limited resources; and a comprehensive evaluation of the benefits. The risk to the authority has been assessed as medium utilising the standard risk matrix based on control measures being in place. The complete risk assessment is available on request from the Chief Fire Officer.

5 FINANCIAL IMPLICATIONS

- 5.1 Currently, there are no specific financial implications with regard to the content of this report, with the additional costs arising on the Authority being offset through the payment of specific grant by CLG. Beyond this, however, some uncertainty remains over ongoing funding together with the concern that transferring the specific grant to RSG could have a detrimental impact on the actual amount of grant the authority receives.

6 EQUALITY AND FAIRNESS IMPLICATIONS

- 6.1 There are no equality and fairness implications in respect of this report.

7 HEALTH AND SAFETY IMPLICATIONS

- 7.1 There are no health and safety implications in respect of this report.

8 RECOMMENDATIONS

- 8.1 The Authority is recommended to consider the content of this report and:
- a) Support the principle of the transfer of New Dimension assets subject to acceptable guarantees on future funding arrangements being forthcoming.
 - b) Receive further reports as appropriate.

BACKGROUND PAPERS

The under mentioned Background Papers refer to the subject matter of the above report:

- Fire Service Circular 16/2009
- Fire Service Circular 52/2008
- Fire Service Circular 51/2007