

CABINET MEMBER FOR SAFER & STRONGER COMMUNITIES 14 FEBRUARY 2011

South East Fire Control Centre Ltd

Report by Chief Fire Officer

Introduction

1. On 20 December, Fire Minister, Bob Neill announced the cancellation of the National FiReControl Project following agreement between the Department for Communities and Local Government (DCLG) and the main IT contractor, Cassidian (formerly EADS), that the requirements of the project could not be delivered to an acceptable timeframe. The contract was terminated with immediate effect and the project closed down.
2. CLG published a consultation paper on the future of fire and rescue control services on 14 January. The consultation paper invites views on the priorities for control services in the future and the allocation of any funding that may be available from central government and which will be influenced by decisions on the use of control centre buildings and moving to shared control services. The consultation paper can be accessed from the CLG website here: <http://www.communities.gov.uk/publications/fire/fireandrescuecontrolservices>
3. South East Chief Fire Officers have discussed the implications of the cancellation of the project and the removal of the former mandatory requirement to transfer their functions into the regional control centre. The professional view of the Chief Fire Officers was that there is little ongoing interest in pursuing a regional solution. As a result it was recognised that there was no remaining need or role for the Local Authority Controlled Company (South East Fire and Rescue Control Centre Limited (SEFRCC)).
4. The January SEFRCC Directors meeting received reports from the Chief Executive relating to the current situation and details of winding up options. Directors noted that DCLG have given clear information of the termination of the current 'New Burdens' funding for regional companies which fund company costs.
5. The Company Secretary highlighted the importance of ensuring the Company did not continue in business if there was no prospect of having sufficient funds to meet liabilities. He also alerted directors to their responsibilities and potential liabilities.
6. There was a consensus of directors that there was no option but to cease the Company's business and that, in the expectation of a formal resolution to close being made at the next Board meeting on 18 February, measures should be put in place straight away to enable an orderly and solvent closure

to be achieved. It was noted that that winding-up of the company required the consent of all constituent Fire and Rescue Authorities.

7. This report is designed to allow a formal decision to be taken as to the winding up of the company. The nominated representative, representing Oxfordshire County Council as the Corporate Member will be directed to endorse the winding up of the company by way of dissolution at the next SEFRCC Board meeting.

SEFRCC Ltd

8. SEFRCC was created due to a central government requirement to form a Local Authority Controlled Company to set up and run the regional control centres. This requirement featured in the Fire and Rescue Service National Framework document. The winding up of the company is a direct result of the termination of the project and no adverse views are envisaged from central government relating to this proposal.
9. At the January SEFRCC meeting, following receipt of the Chief Executive's report, the Directors resolved:
 - a) to note the report;
 - b) to note the summary of directors' responsibilities in law were there to be the prospect of the Company having insufficient funds to meet liabilities, as set out in the report; and to note in particular that wrongful trading applies if a company has gone into insolvent liquidation and, at some time before the start of the winding-up, the directors knew or ought to have known that there was no reasonable prospect of avoiding insolvency;
 - c) to note the Chief Executive's report setting out the Company's projected income and expenditure and to request an update at the Board's next meeting to include potential redundancy costs;
 - d) to place on record the Board's intention to avoid a situation in which the Company continues in business in the knowledge that there is no realistic possibility of sufficient income to cover expenditure;
 - e) to ask a commercial law firm to prepare a briefing note on directors' responsibilities and liabilities should there be the prospect of the Company ceasing to trade, and on the process for winding-up or dissolution;
 - f) to advise FRAs as owners of the Company that the Board at its next meeting is minded to resolve to close the Company as soon as practicable through either the dissolution or dormancy routes; and
 - g) to inform West Sussex County Council as the employer of the Chief Executive and other staff of the above resolution.

10. Paragraph g) clearly indicated the Board's intention and paragraph f) indicated that the options available are dissolution or dormancy. As there is no foreseeable future need or desire for a regional company, it is recommended that this authority seeks dissolution. Continuation of Oxfordshire Membership of SEFRCC could lead to liabilities with no commensurate benefits. As other Fire and Rescue Authorities have formally stated that they do not intend to continue their Corporate Membership of SEFRCC, there is, in effect, no other option to present in this paper.

Financial and Staff Implications

11. SEFRCC is currently solvent. Winding up will not require liquidators and if undertaken in the time frames envisaged at the last SEFRCC Board meeting, there will be no outstanding liabilities. As the Board chose to not to transfer the lease of the building to the company, there are no ongoing liabilities concerning this aspect. Costs of redundancy for company employees have been fully allowed for. Any funds remaining at the point of dissolution will be returned to DCLG as they were provided for the running of the company. A further paper detailing the exact financial arrangements will be presented at the next Board meeting.
12. The cancellation of this project will have staffing and financial implications on the Oxfordshire County Council as alternative arrangements for the continuation of a Control Room function will be required. At this time an options appraisal is being undertaken which will lead to recommendations and a subsequent business case. It is therefore too early to give any firm details relating to staffing or finance. Current short term arrangements are adequate and are sufficiently funded.
13. No other liabilities are envisaged at this time but it is essential that appropriate legal advice is undertaken throughout the dissolution process to ensure no transference of liabilities to the County Council or the nominated representative.

RECOMMENDATION

14. **The Cabinet Member for Safer and Stronger Communities is RECOMMENDED to:**
- a) **direct the nominated representative, representing Oxfordshire County Council as the Corporate Member, to endorse the winding up of the company by way of dissolution at the next SEFRCC Board meeting; and**
 - b) **direct the Monitoring Officer and Head of Law and Governance to provide advice and support as necessary to avoid any ongoing Company liabilities transferring to the County Council or the Nominated Director.**

David Etheridge
Chief Fire Officer

Background papers:
Contact Officer:
01865-855206)

Nil
Colin Thomas, Deputy Chief Fire Officer (Tel:

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