

**CABINET MEMBER FOR SAFER & STRONGER COMMUNITIES  
1 FEBRUARY 2010**

**TRANSFER OF “NEW DIMENSION” ASSETS AND FUNCTIONS  
FROM CENTRAL GOVERNMENT TO THE OXFORDSHIRE FIRE AND  
RESCUE AUTHORITY**

**Report by Chief Fire Officer and Director for Community  
Safety & Shared Services**

**Introduction**

1. The New Dimension project is a collaboration between Communities and Local Government (CLG) and the Fire & Rescue Service (FRS) and has enhanced the ability of the FRS to respond to major disruptive events involving Chemical, Biological, Radiological and Nuclear materials, collapsed or unstable structures, and to displace large volumes of water.
2. Although New Dimension vehicles and equipment are currently owned by CLG, they have stated that there is no option for the Department to continue to own them for the medium term, and have proposed that ownership of the New Dimension Assets are transferred to those FRAs which host them.
3. Oxfordshire Fire and Rescue Service hosts one Incident Response Unit (IRU) based at Slade Fire Station, two Prime Movers, one High Volume Pump Pod and one Hose Layer/Retriever Pod all based at Banbury Fire Station and one Detection Identification and Monitoring Vehicle based at Bicester Fire Station. All vehicles have a high value inventory of associated equipment.
4. The hosting of these vehicles is a part of the wider critical national infrastructure. They are therefore required to be available on a regional and even National basis to respond to major incidents and likewise this county would be supported by other similar units should this be necessary. As these are all emergency response vehicles the associated staffing has to be immediately available and have the potential to be deployed often for sustained periods.
5. In considering this report it should be noted that the local provision and availability of these assets for non regional and National incidents is considered by the Service as desirable. All vehicles have been used, admittedly on a small number of occasions, for local incidents that would not normally trigger the mobilisation under the regional mutual aid arrangements. Continued availability of these facilities is considered beneficial.

6. Annex 1 is a short briefing note summarising New Dimension from its inception in late 2001 to the current position including the partnership approach between CLG, FRs and the Chief Fire Officers' Association (CFOA) adopted by the project. This partnership approach has led to the successful roll-out and operational delivery of the New Dimension specialist capabilities.
7. Supporting aspects of the National programme such as the maintenance of vehicles and the associated equipment has been awarded to Vosper Thorneycroft Critical Services (VTCS) on a 16 year contract. Fire Authorities are required, as a condition of the transfer of assets, to subscribe to this contract although individual FRAs, whilst having obligations, have no specific powers under the contract e.g. termination.
8. The Transfer of Ownership and the maintenance of those assets were first suggested by CLG in late 2007 and there have been a number of consultations since this time. CLG have now produced finalised documentation and processes to enact the transfer which is intended, subject to individual Fire and Rescue Authorities agreement, to occur on the 31<sup>st</sup> March 2010.

### **Issues and Risk Management**

9. Throughout the previous consultations a number of issues have been considered at length. In some areas CLG have provided sufficient information and assurance and therefore these issues are not raised in this report. However, there are a number of issues that continue to be unresolved and require an informed approach to the level of risks created and their potential mitigation. One item of correspondence that gives background to these issues is a response from CLG to a letter from the President of the Chief Fire Officers' Association. This is appended at Annex 2 and certain items set out or elaborated on below.

#### *Timing and value of transfer*

10. The intended transfer is specified as 00.01 hours on 31<sup>st</sup> March 2010. This will result in the financial transfer on the 2009/10 financial year. Locally Oxfordshire was anticipating this and arrangements have been made to give effect to this, subject to the final valuations being available by 9<sup>th</sup> April to allow close down of the accounts and transfer of the assets to the balance sheet.
11. However, there is concern within some parts of the Fire Finance Network (FFN) regarding the timing with a suggestion that 1<sup>st</sup> April may be more appropriate. This would in effect delay the transfer to 2010/11. Oxfordshire has no stated preference on this matter. In addition and of greater pertinence is the intention of the FFN to seek clarification of the need for individual FRAs to undertake a valuation exercise rather than rely on the CLGs stated valuations.

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12. Neither of the issues above is considered to specifically create risk for Oxfordshire. Transfer in 2009/10 is considered acceptable. Any residual risk on valuations is mitigated by our involvement in the FFN and any advice forthcoming prior to the transfer will be considered in due course.  
*Cost apportionment under the maintenance contract*
13. FRS Circular 72/2009 “Recharging Policy for New Dimension Maintenance Contract Costs” sets out the respective responsibilities. It clarifies that the overarching national maintenance contract is centrally funded. It also clarifies that the main cost risks an individual FRA would be exposed to are for consumable items and unfair wear and tear. CLG state that both of these aspects are under the control of the FRA and are therefore should justifiably fall upon that FRA.
14. For illustrative purposes CLG have provided information on the general quantum of charges that any FRA could reasonably be expected to face on an annual basis. These figures, supplied via the above circular, are based on the period October 08 to September 09 and those costs are being borne by CLG in advance of the transfer. Oxfordshire would have faced a charge of approximately £1200. This charge related to the in transit damage to an item on the DIM vehicle that was insecurely stowed. Although this was a pre transfer item and therefore funded by CLG, it does provide an insight into the kind of expense that will in future fall to the Fire Authority as unfair wear and tear.
15. The above example gives an indication of the level of costs for the repair or replacement of a single item of equipment. Of concern is that fact that individual FRAs have little control over the costs within the VTCS contract and can only influence Firebuy, who are the holders of the contract on behalf of all FRAs.
16. Of greater concern is the fact that CLG only intends to fund the third party insurance costs of the vehicles when being used by a FRA for non New Dimension activities. As “driver error” accidents are considered to be under the control of the FRA the individual FRA is considered liable. Schedule 1 of the transfer agreement identifies that each of the vehicles had an acquisition value in the order of £250k (in 2005). Driver error accidents are considered to be a liability of the FRA and as the transfer agreement requires the FRA to continue to provide the asset it is clearly an area where the FRA should have sufficient insurance cover in place (or a suitable self insurance mechanism).
17. Mitigation for this risk includes:-
  - CLG has undertaken to fund via the New Burdens principle the fixed costs of the maintenance contract.
  - OFRS has developed and implemented enhanced training, inventory and reporting procedures for all use and maintenance of the assets, reducing the potential for unfair wear and tear costs
  - The transfer agreement provides for a suitable disputes procedure in which Firebuy is the final arbiter

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- The Chief Fire Officers' Association has undertaken to perform the role of the National Assurance Function via its National Resilience Board. This ensures that the fire sector has a strong voice in the performance of the contract
- Comprehensive vehicle insurance will be provided as part of the general OFRS fleet policy

### *Termination rights and holding the contractor to account*

18. It should be noted that CLG state that they will not consider partial transfer of assets and therefore in determining willingness to enact the transfer individual FRAs must be confident that all currently hosted assets are financially sustainable under the maintenance contract.
19. Individual FRAs have no rights of termination during the 16 remaining years of the contract. CLG indicate that any FRA experiencing genuine financial issues or who is making structural changes within its service which causes difficulty for the FRS in supporting the continued provision of the assets, should approach the National Resilience Board to explore the prospect of the relevant assets being transferred to another FRS. However, there is no assurance that such a transfer would be permitted.
20. Mitigation of the lack of termination rights is therefore limited and is considered to remain a risk but one that is acceptable.
21. CLG have indicated at length their belief that the contract has sufficient controls to ensure that the contractor is held to account. Mitigation on this aspect includes:
  - The Chief Fire Officers' Association has undertaken to perform the role of the National Assurance Function via its National Resilience Board. This ensures that the fire sector has a strong voice in the performance of the contract
  - The arrangements indicated in FRS Circular 72/2009 include the intention for the foreseeable future for all maintenance costs under £250 to be centrally funded by CLG.
  - The initial years arrangements with the contractor have been reviewed and are considered robust and effective
  - OFRS direct experience of the contractor at a tactical level is considered positive

### *Increased costs to FRAs created by scope creep / asset refresh and potential general improvements to equipment / procedures*

22. CLG indicate they anticipate major refreshes of equipment every 5-6 years dependent upon national risk assessment. While CLG confirm their general commitment to the New Burdens Principle, they make it clear that they cannot commit future Parliaments financially.

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23. FRS Circular 78/2009 details Section 31 grants for training and associated financial issues evidences the continued provision for 2010/11 but future years will be subject to the next Comprehensive Spending Review.
24. Mitigation for this risk is considered to be minimal apart from the involvement of Fire and Rescue Service Senior Officers via the Chief Fire Officers' Association in the "In Service" contract management arrangements.

### *Transfer of "Function" and effect on FRSs regarding flood response*

25. A concern has been raised that as the transfer is not only limited to a transfer of assets and includes the transfer of "New Dimension Functions" that a statutory duty for flood response was being created without suitable recognition and potential funding. CLG have given assurance that the transfer of Function is merely a classification given by HM Treasury for accounting purposes, allowing the transfer of the capital values of the assets.

### *Large scale refusal of FRAs to accept the transfer*

26. From earlier consultations it is apparent that many FRAs support the provision of the New Dimension assets. It is thought that most will agree to transfer. This minimises the likelihood of an individual FRA bearing additional costs caused by the relocation of assets from those FRAs who do not accept the transfers.

### *Inadequacy of New Burdens Funding / potential movement to Revenue Support Grant (RSG) or Area Based Grants (ABG)*

27. FRS Circular 78/2009 gives details of Section 31 grants for 2010/11. There is no ongoing commitment after that point. CLG indicate that through Local Government Association and Association of Local Government submissions to spending reviews, local government has a clear route to raise its concerns about funding levels at a time when the government draws up its spending plans.
28. CLG acknowledge that they believe that the majority of central funding is best provided by block grant (such as the RSG) rather than many small grants with increased administrative effort, uncertainty of timing and hypothecating effects that this involves. They indicate that it is possible that section 31 grants could be transferred into RSG or ABG but only with full involvement of the individual FRAs.
29. Mitigation of the risk to individual FRAs of the inadequacy or potential movement into RSG / ABG is not yet identifiable. As a floor authority this risk is considered more pertinent to Oxfordshire than some others.

## Financial and Staff Implications

30. The previous Cabinet Member paper identified that the costs of supporting the three New Dimension assets was approximately equivalent to 4 FTE, although for some aspects these were considered to be absorbed into existing posts and therefore reduced the financial effects. Since that time more clarity on the effect of the DIM vehicle has been forthcoming and an agreement put in place with Buckinghamshire and Milton Keynes Fire Service to provide trained officers to support the unit. As a result it is now considered that the net effect of the additional costs faced by the Service for the hosting of the assets is approximately £70k pa.
31. FRS Circular 78/2009 gives details of Section 31 grants for 2010/11. Whilst only providing funding for the forthcoming year without further commitment, the circular confirms the provision of £71k, including £29K for the hosting of the DIM unit which was not previously forthcoming (at the time of the previous Cabinet Member Paper).
32. Other costs that the FRA will face include the provision of comprehensive insurance cover and a small contingency allowance for costs identified as “unfair wear and tear”. In addition it is envisaged there will be additional costs for Workshops staff to ensure that the Duty Mechanic is available for all programmed maintenance visits by the contractor to ensure the avoidance of potential penalty costs should planned maintenance be adversely affected by operational crews not being present to formally hand over assets.
33. As part of the Star Chamber process for 2010/11 these costs were estimated and an exceptional pressure of £25k pa identified. Subject to support for this pressure, it is considered that sufficient funding will be in place to meet these additional costs.
34. Subject to the continuation of the section 31 grants (or their equivalents) at their current levels and the successful bid for the exceptional pressure funding from Oxfordshire County Council (OCC) it is considered that the financial consequences can be met in full.
35. The transfer of assets, with the exception of the DIM unit, does not create additional workload over that which has already been accommodated and absorbed within the Service by hosting of the units. However the transfer does require us to continue this level of staffing support for the duration of the programme (a minimum of 16 years). All of the staff that support the deployment of the assets have other primary roles for the Fire and Rescue Service ensuring cost effectiveness.
36. However, previous research has identified that the DIM unit requires a 0.5 FTE post to supervise the management of the DIM vehicle and its deployments and to manage the training programme of the specialist officers that deploy with the unit. This post is currently being undertaken by an existing Fire Safety Officer as half of the role. Following consideration it is

accepted that this additional workload can be absorbed into the current workforce, avoiding the need increase the establishment.

**RECOMMENDATION**

37. **The Cabinet Member for Safer & Stronger Communities is RECOMMENDED to approve the transfer of New Dimension Assets and Functions as specified in Contract Number FRD/ND/TOA/FS/34 subject to no further adverse issues arising, in which case the Chief Fire Officer will use delegated authority to refuse the transfer until the risks are identified as acceptable.**

JOHN PARRY

Chief Fire Officer and Director for Community Safety & Sheared Services

Background papers: Fire Service Circulars :-

59/2009 - Transfer of Ownership of New Dimension Assets

<http://www.communities.gov.uk/documents/fire/pdf/fsc592009.pdf>

72/2009 - Recharging Policy for New Dimension Maintenance Contract Costs -

<http://www.communities.gov.uk/documents/fire/pdf/fsc722009.pdf>

78/2009 New Dimension and decontamination of body bags grant funding -

<http://www.communities.gov.uk/documents/fire/pdf/1420994.pdf>

78/2009 Annex B - schedule of Authorities -

<http://www.communities.gov.uk/documents/fire/pdf/1421011.pdf>

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