

5 September 2008

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## **New Dimension Long Term Capability Management**

### **Decisions**

1. Members are invited to note this update ahead of issue of two further CLG Circulars relating to;
  - a. Long term maintenance
  - b. Financial arrangements

### **Actions Required**

2. For information only.

**Action by:**

Contact Officer: Jeremy Hilton

5 September 2008

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## New Dimension Long Term Capability Management

### Summary

1. The last full briefing to the Committee was on 1st March 2008. At that meeting, members were brought up to date on the current position with CLG's proposals to transfer ownership of some £200m of New Dimensions assets into FRA ownership.
2. At its meeting on 14th July 2008, members received a verbal update on the development of the long-term strategy and were informed on the progress of the LTCM project in terms of the four elements by which it has been managed.
3. Of these elements, two have now been completed (funding and maintenance) and the other two (assurance and transfer) are considered to be reaching their final stages.

### Background

#### Introduction

4. Following regional roadshows in late 2006, Fire Service Circular (FSC) 26/2007 informed Fire and Rescue Services (FRSs) about the Long Term Capability Management (LTCM) project which seeks to put in place the necessary structures to ensure the long term sustainability of the New Dimension capabilities. It explained that the aim of the LTCM project is to ensure that these capabilities are fully integrated into FRS core business, that they remain interoperable at all times and that national resilience is always maintained.
5. This report provides an update on the development of the long-term strategy and informs members of the progress on the four elements of the LTCM project:
  - The process to **transfer ownership** of the assets (vehicles, equipment) from CLG to the individual FRSs that host them;
  - The long term **Maintenance Contract** for all the vehicles and equipment.
  - The **Assurance** Function, anticipated to be led for the FRS through the Chief Fire Officers Association (CFOA), which manages the individual capabilities, resolves practical problems, deals with changing requirements, liaises between individual FRSs and provides assurance so that capabilities remain fit for purpose;
  - Settling continuing **funding** for the New Dimension capability.

#### Transfer of Ownership

6. As previously stated by CLG, it has always been intended that Fire and Rescue Authorities (FRAs) should take full and direct responsibility for the management of the

New Dimension assets that they host. This intention was affirmed early in the New Dimension programme, by the Department, CFOA and the LGA. .

7. Following consultation with key stakeholder representatives, LGA, CFOA and the Fire Lawyers Network (FLN), CLG issued FSC 51/2007 on 12 November 2007, enclosing a copy of a draft Transfer of Ownership Agreement, and seeking FRA comments. The key message from stakeholders at that time was the need for further information on the longer term funding for the capabilities. This is planned to be provided by a circular in the near future.
8. Following this initial consultation and the Department's consideration of the responses received a revised version of the draft transfer agreement will be drawn-up for re-issue during the autumn, for a second round of consultation with FRAs and other stakeholders including LGA. At this second stage it is hoped that all elements to ensure successful transfer of assets will be put in place. FRAs will then be asked whether they are content to sign up to the agreement in principle and will undoubtedly seek a position from the LGA.

### **Maintenance**

9. As outlined in FSC 26/2007, maintenance of the New Dimension capability will be managed on behalf of all FRAs by an appointed contractor, to help ensure interoperability and national resilience requirements are maintained. Firebuy Ltd has been engaged to procure and manage this national service contract and the successful contractor is due to be announced this month? The contract will run for 16 years, with an option for up to four 1-year extensions. The contract will provide best value for money for maintaining the New Dimension assets.
10. The procurement documentation was developed in consultation with stakeholder representatives including CFOA, who were involved in the development of key papers such as the Terms and Conditions of the contract, the Output Based Specification (OBS), Key Performance Indicators (KPIs) and the Payment Mechanism. A number of individual FRS representatives have been involved in the procurement process also, and the evaluation of the technical and service delivery solutions offered by the companies bidding for the contract were largely assessed by FRS experts.
11. As set out in the National Framework (2008-2011), FRAs taking ownership of the New Dimensions assets will be required to enter in to the maintenance contract through Terms of Access with Firebuy Ltd and the successful contractor. This is one of the conditions contained within the draft Transfer of Ownership Agreement. Further details about the contract will be available during the summer.
12. FRS 29/2008 – “New Dimension Long Term Maintenance Contract Award” announced the successful bidder as **Vosper Thorneycroft Critical Services** (VTCS).

### **Operational Assurance**

13. Following FSC 26/2007 a significant amount of work has been undertaken, particularly over the last six months to further develop the operational assurance role, which ensures that New Dimension equipment, training and capability competence is maintained and monitored to ensure national interoperability, consistency and the most effective and safe operation.
14. LGA has worked closely with CFOA and CLG over the future operational assurance and governance arrangements (often referred to as the 'Blue Box' model) for New Dimension capability and discussed how this will be managed in the long-term. The structure broadly follows that used for the New Dimension programme. The Assurance function is currently managed through a Transition Board (due to become a National Resilience Board post transfer), chaired by Terry Standing, CFO Gloucestershire and CFOA lead on the New Dimension Long Term Capability Management, with Jon Hall, ACFO Hereford and Worcester as Vice Chair. The membership of the Board includes Cllr. Jeremy Hilton as Lead Member providing LGA oversight and providing a direct link to this Committee. The Transition Board is planned to oversee the New Dimension capabilities as they transfer from programme to FRS responsibility, to act as the collective customer for that training which needs to be arranged centrally, to run the National Team of regionally based New Dimension experts, to broker arrangements for siting of kit which has not yet been assigned, and to be the primary means to take forward transition of New Dimension from a CLG programme into FRS ownership and direction. Once the maintenance contract is in place, the Transition Board will represent the collective FRS interest in negotiations with the contract manager, Firebuy.
15. As transition completes, the Transition Board is proposed to evolve into the full-fledged National Resilience Assurance Body. As essentially an FRS-led body under LGA oversight, it will be for the body itself, CFOA and the FRAs collectively to decide what the appropriate arrangements will be in the future to maintain the levels of assurance required by central government and whether and how they may change from these initial arrangements.
16. Under the Assurance Body sit the various specialist teams which support it and promote best practice and provide technical advice.

**Finance 36/2008 – Update on the New Dimension LTCM Project and Three-Year Funding Allocation**

17. CLG recognises that FRAs need continued funding to support the New Dimension capabilities, their use of the national maintenance contract to keep the capability fit for purpose in a level 4 incident, and to support the Assurance function.
18. FRSC 36/2008 – “Update on the New Dimension LTCM Project and Three-Year Funding Allocation” announced the planned funding allocations for each FRS for 2009/10.

19. In addition to this direct funding CLG also provides funding to the Transition Board for the following areas:
20. **Centrally procured training:** Advice from the Transition Board, CFOA and within the Project has been that a proportion of the training funds should continue be held centrally under the control of the National Resilience Board to provide for a number of training courses which need to be allocated nationally to ensure resilience across England. These courses are managed by the Transition Board which also allows greater buying power for specialised courses (i.e. DIM and USAR) and courses with small numbers of potential attendees to be viable. The Transition Body has negotiated directly with the Fire Service College to arrange these courses for the CSR period.
21. **Support for the Assurance Body and the National Team:** CLG are proposing to directly support the vital work of the Assurance body (Transition Board), including the national team through grant funding. The Department, with advice from CFOA leads and on the basis of spending by the New Dimension programme, have made an assessment of the requirements of the Assurance body, the National Team, and the central training noted above, and the total amount is currently proposed as **£3.83m/£3.92/£4.01m for the three CSR years**. However, it will be for the assurance body to determine the split of available funds between these areas. This funding will be directly managed by the Transition Board.
22. **Support for short term refresh:** An amount of grant funding for short term refresh will be made available to the assurance body from the point when they take on full responsibility. The amount for each full year will be £1.5m.
23. **Major asset refresh** may be anticipated approximately every 5–6 years through the life of the programme, but this will be a matter for Ministers to consider at the time, and no funding decision is being taken now. It is envisaged that major asset refresh will be considered against other proposals for Government funding in the context of a spending review, and would anticipate that the Assurance Body will provide an FRS view, which would be linked closely to and mutually supportive with the LGA's normal representation to the spending review. However, the Assurance Body is actively seeking to ensure the current capabilities remain 'fit for purpose'
24. **Funding the national maintenance contract:** CLG recognises that the national maintenance contract will be a new burden on FRAs and intend to fully fund FRAs to meet the fixed charges under the contract to maintain the ND capability to respond to level 4 incidents.
25. As detailed in FSC 32/2007, at the request of FRAs, CLG has agreed to continue funding New Dimension through specific grants in the short–medium term. In line with Government and LGA policy, there is no intention to keep specific grants in the longer term where it is possible to add them to Revenue Support Grant (block grant). It is therefore expected that the case for transfer of these grants where possible into RSG in the next formula grant review will be further considered, at which point there

will be a clear history of actual costs which the transfer could take into account. The proposal will be consulted upon through the relevant LGA–Local Government Finance expert committee in the normal fashion.

**Recommendations**

26. That LGA Fire Services Management Committee note this update

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