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This circular is	For consultation	Respond by	27 April 2009
This circular is	Relevant to the National Framework		
Status	This circular provides an update on the transfer of ownership of New Dimension assets along with a further version of the Transfer Agreement for Fire and Rescue Authority comment.		

Transfer of Ownership of New Dimension Assets

Issued by:

Fay Sowerby
New Dimension Policy

Addressed to:

The Chair of the Fire and Rescue Authority
The Chief Executive of the County Council
The Clerk to the Fire and Rescue Authority
The Clerk to the Combined Fire and Rescue Authority
The Commissioner of the London Fire and Emergency Planning Authority
The Chief Fire Officer

Please forward to:

Summary

The consultation on the Transfer of Ownership Agreement for New Dimension assets back in late 2007 has been followed by considerable progress of the New Dimension capabilities including; the announcement of funding over the full CSR period made in July 2008; the commencement of the long-term maintenance contract covering all assets and establishment of an assurance framework and body managed through the FRS National Resilience Board. This Circular provides a Consultation Response document following the initial consultation along with a revised version of the agreement for further comment.

For further information, contact:

Fay Sowerby	Direct line	020 7944 3769
Fire and Resilience Directorate	Fax	020 7944 8319
Department for Communities and Local Government	E-mail	Fay.Sowerby@communities.gsi.gov.uk
Zone 1/D2 Ashdown House		
123 Victoria Street		
London, SW1E 6DE		

Website www.communities.gov.uk

Transfer of Ownership of New Dimension Assets

1.0 Background

- 1.1 The New Dimension project, as a collaboration between Communities and Local Government (CLG) and the Fire and Rescue Service (FRS), has enhanced the ability of the FRS to respond to major disruptive events involving Chemical, Biological, Radiological and Nuclear (CBRN) materials, collapsed or unstable structures, and to displace large volumes of water.
- 1.2 Although New Dimension vehicles and equipment are currently owned by CLG, there is no option for the Department to continue to own them for the medium term. There are a number of alternatives for the future ownership of the New Dimension assets but the one which makes the most sense for the FRS is that ownership of these new resilience assets would be transferred to those FRSs which host them.

2.0 Consultation Response to 51/2007

- 2.1 Through Fire Service Circular 51/2007 (November 2007), CLG consulted Fire and Rescue Authorities (FRAs) on a draft Transfer of Ownership Agreement for the New Dimension assets. A total of 22 FRA responses were received along with comments from CFOA, LGA, the Fire Lawyers Network and other stakeholder bodies. This Fire Service Circular provides a Consultation Response following FRA replies to FSC 51/2007, along with a revised Transfer of Ownership Agreement for further comment by FRAs and an update on the timetable for the transfer of the assets.
- 2.2 It is worth re-iterating the benefits deriving from both the transfer and the long-term strategy for the New Dimension project overall for both FRSs and FRAs:
- It will ensure that New Dimension capability can be fully integrated into FRS core business and from an FRA perspective will unite ownership with use of the capability, providing FRAs with control over the assets they host.
 - Provision of a maintained and fully operational fleet of vehicles and equipment through CLG's procurement of a £100m long-term maintenance contract with Vosper Thornycroft Critical Services (VTCS). This maintenance contract commenced in October 2008 and we understand that feedback so far has been strongly positive.
 - Access to free, comprehensive future assurance for the New Dimension capabilities. The Department appreciates that New Dimension provides national capabilities and hence will require future overarching governance once the assets have transferred to individual FRAs. On this basis, CLG has funded a long-term Assurance Body (the FRS National Resilience Board) led by CFOA, which will ensure that the capabilities are fit for purpose, do not degrade over time, continue to be interoperable between FRAs whilst also providing specialist guidance and advice, access to a national training programme and a fully managed minor asset refresh programme.

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- 2.3 Responses to the original consultation on asset transfer mainly concerned FRAs' queries about future funding, in advance of an assurance from the Department. Among other issues raised were the proposed transfer of funding into the Revenue Support Grant (RSG) and the accounting treatment.
- 2.4 In regard to future funding, FSC 36/2008 (July 2008) provided confirmation of the funding allocation for the New Dimension project for the CSR07 period. In line with the new burdens principle, CLG recognised that FRAs need continued funding to support the New Dimension capabilities. On this basis, in summer 2008 Ministers announced continuation funding of £80 million between 2008/09 and 2010/11. As part of this package, in December 2008, CLG provided funding to FRAs of £19.4m and a further grant containing the remaining funding for this financial year is expected in the next few weeks.
- 2.5 On the question of mainstreaming New Dimension grants into the Revenue Support Grant, CLG has previously indicated that it is looking to do this in line with agreed CLG/LGA policy, but when there is a clear history of actual costs to take account of. As outlined in FSC 32/2007 (July 2007), for the current CSR period we intend to continue funding through specific Section 31 Grants. Further consideration of this will be through the formula grant review in the normal way, when FRAs and LGA will have full opportunity to raise any remaining concerns.
- 2.6 With regard to the accounting treatment for the transfer of assets, FRA accounts should reflect the net book values of the assets being transferred as calculated by CLG in column four of Schedule 1 of the Agreement. The net book values of the assets are based upon modified historic cost adjusted for depreciation in accordance with CLG's accounting policy. CLG calculates depreciation on a straight-line method in accordance with Financial Reporting Standard (FRS) 15. On this basis we have therefore amended the Transfer Agreement to take account of this advice accordingly. Furthermore, given that the transfer of assets is a transfer of function, the Department has removed the reference to monetary consideration within the Transfer Agreement which would wrongly imply it was a sale of assets and hence undermine the basis for it being a transfer of function. Again, this has been amended in the Agreement.
- 2.7 A comprehensive list of all the comments and questions raised by FRAs in response to the original consultation on the Transfer of Ownership Agreement are provided in the Consultation Response document accompanying this Circular, along with the responses to each query from CLG.

3.0 Revised Transfer Agreement & Timetable for Transfer

- 3.1 Following the comments already received by FRAs on the draft Transfer of Ownership Agreement we have amended the document, though its content remains generally similar to the previous version.
- 3.2 We therefore invite FRAs to review the revised agreement again (reading in conjunction with this the Consultation Response document) and indicate whether they are content in principle to sign up to the proposal for the transfer of the assets by **27 April 2009**. This, of course, is subject to any remaining minor queries or revisions to the agreement.

- 3.3 Following any further FRA comments, we then aim to finalise the Agreement and seek formal sign-up from FRAs by the summer recess, with a view to setting a date for formal asset transfer of 1 October 2009. We understand that this will allow time for FRAs to take the issue through their Committee structures.

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