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**Fire Service College: Update on sale process**

**Purpose of report**

For discussion and direction.

**Summary**

The Parliamentary Under-Secretary of State, Bob Neill MP indicated in his speech at the LGA's Fire Conference on 21 March 2012 that, subject to wider agreement, the Government was planning to sell the College as a going concern to a private sector company who would continue to operate the College as a training centre.

**Recommendation**

Members will wish to note the timetable of the sale, nominate a LGA representative to the assessment panel in an advisory role, and note advice about contact with potential bidders.

**Action**

As directed by Members.

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**Background**

1. Following the LGA's working group and report to the Minister, the Government conducted a pre-market engagement exercise to inform its view of market appetite and viable options for a new ownership, operational and governance model for the Fire Service College which secures its future, supports national resilience and provides best value for the public purse.
2. Having reviewed the responses, the Government has decided to sell the College as a going concern to the private sector who would continue to operate the College as a training centre. By freeing the College from the constraints of Government ownership, a private sector owner can generate new business and provide the much needed capital investment which the College needs to secure its long term future. The Minister tabled a Written Statement in Parliament, formalising this position on 22 March 2012.
3. The Government will be placing a number of conditions on the proposed sale:
  - 3.1 that it will continue to offer fire and rescue service and wider emergency services training;
  - 3.2 that it will continue to make available the USAR rig and other national resilience assets;
  - 3.3 that the fire and rescue service and wider emergency services will be involved in the overall setting of training and governance; and
  - 3.4 that Government permission will be required to sell the site on for other uses.

**Information Memorandum**

4. The Government formally launched the sale process on 10 April with a press notice, and on 23 April the Information Memorandum was made available to potential bidders together with a letter setting out details of the sale process. The Information Memorandum is a commercially confidential document containing 10 chapters over 140 pages. This is available on request to organisations which have professional experience of investments or are high net worth companies. It is not widely available and all bidders are asked to sign a confidentiality agreement before receiving it. Unsuccessful bidders will be asked to return their copies. As a trusted partner, the LGA was permitted to

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read the document in the Department and this paper provides a summary. This does not in any way compromise the process.

5. This is a key document in the sale process providing a detailed overview of the College's business and buyers will use it to assess their interest in the purchase and make indicative bids. The document sets out key investment considerations for bidders and therefore contains maps, annexes, financial information and information about UK and international markets. It also contains a statement by the Chief Fire Officers' Association (CFOA) which indicates the level of commitment from the sector for the College's training facilities.
6. The business overview section of the report sets out the history and development of the College; the current position, product offering and training and support facilities. The market strategy chapter discusses the College's potential training and other opportunities (such as conference facilities) in the UK, across the world, other UK Government agencies and the private sector.
7. There are comprehensive details about the infrastructure of the site, likely future planning requirement and the potential for site improvement, with photographs of each building and maps showing illustrative site redevelopment.
8. As the document was published before the final end of year figures were available, financial information is presented for the three years ended 31 March 2011 together with forecast information for 2011/12. No business plan information is included as this is still being finalised by the College; it will be provided in the second phase of the process. Details of the current management team, remuneration, pensions are also contained. Members will wish to note that the College is being sold free of the £4.5million debt.
9. As one might expect in this type of document, there is much emphasis on the strengths and opportunities for the College, such as the strong UK brand, the comprehensive and unique facilities, the strong instructor base, the extensive alumni network and the high regard for this training internationally.

**Next steps**

10. Officers have been informed that there has already been a keen interest in this document, with the Information Memorandum having currently been issued to nine organisations. A number of these organisations responded to the pre-market engagement and are believed to have a strong interest in acquiring the College. This confirms the LGA view that there is real market appetite to purchase the College.

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11. Companies have five weeks to register an interest and submit indicative bids, up to the 25 May 2012 deadline. There is then an evaluation process where the bids are assessed against the criteria of:
  - 11.1 value for money;
  - 11.2 certainty of completion;
  - 11.3 vision and ability to support ongoing College business; and
  - 11.4 credibility as a provider of fire service and emergency service training.
12. The plan is to have a small evaluation panel comprising individuals from DCLG, a commercial representative from Cabinet Office, and Martin Bryant who is a current non-executive Director of the College. CFO Des Prichard will act as an adviser on behalf of CFOA. We are pleased that DCLG has agreed to our request for an LGA representative too. The LGA adviser would focus on:
  - 12.1 bidders' plans for customer engagement with the Fire and Rescue Service;
  - 12.2 bidders' business plans and, in particular, their plans for ongoing availability of training that meets FRA needs; and
  - 12.3 bidders' credentials as providers of FRS training.
13. The LGA adviser would act as a single representative ie without consultation with others and would be required to keep the bid evaluation discussions confidential. He/she would also need to be independent of and unconnected to any of the potential bidders, some of which have business relationships with certain FRAs.
14. The shortlisted bidders will have access to a virtual data room, a presentation by the senior management at the College and environmental and market due diligence reports. A DCLG Panel will then decide upon the final bidder in July/August 2012 and will enter detailed negotiations over the summer with a view to completion of the sale in the autumn.
15. CLG has explained that it will not accept offers for selected parts of the College. In order to give this effect, the College's status will change from a trading fund and Executive of the Department to a limited company (where 100% of the shares will be sold) just prior to the sale.

**Advice to Members during this period**

16. We can expect a number of bidders to want to engage with individual FRAs and the LGA over the bidding period. This is helpful and since Members do not have access to confidential information, there is no conflict in meeting organisations. However, it is worth urging caution over the nature of the

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interaction with specific companies, such as accepting hospitality invitations as this could be misinterpreted.

**Financial Implications**

17. As discussed in the body of the report.