



FIRECONTROL PROJECT

Full Business Case Volume 1.0 Question and Answers

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BUSINESS CASE PUBLICATION

Q. Why are you publishing the business case at this stage?

A. The publication of this business case meets a commitment we had previously made to publish a version of the FBC that takes into account the outcome of the successful infrastructure services procurement.

The document is being issued now even though it has known anomalies to provide a common understanding and platform for the next phase of work. It includes a provisional indicative regional cost breakdown.

Q. Why are you publishing the business case when the work to refine the cost estimates is ongoing?

A. No business case is set in stone – all evolve as new and better information becomes available, cost estimates turn into contractual commitments, and assumptions are updated and become reality. We recognise that there remain a number of areas of uncertainty in the current version and we will be working to revisit these over the next few months. Key developments that remain outstanding include:

- A comprehensive review of the staffing model - staffing is the most significant operating cost element and so will have a significant impact on cost and savings forecasts;
- Better estimates of the costs of running the existing control rooms;
- The outcome of the national Facilities Management procurement;
- The outcome of the London accommodation procurement;
- Updated project management costs; and
- The outcome of consultation on regional cost allocation.

Q. When will the next version of the business case be published?

A. Future versions of the Full Business Case will be produced to support OGC Gateway reviews. They will reflect the outcome of detailed planning conducted with EADS. In addition we will work with stakeholders to further investigate of current operating costs, understand current unknowns and validate assumptions. We hope to issue a further version of the business case early in 2008.

COSTS/SAVINGS

Q. What is meant by “net saving” and “net cost” as referred to in the business case?

A. The business case assesses two positions for the provision of control services in England:

1. The current position (continuing with the 46 control rooms and fall back facilities in England existing at project outset).
2. The regional controls position (amalgamating fire control in England to create regional control arrangements that match the Government Offices for the Regions)

It is important to note that the current “position” provides a notional base against which value for money can be tested.

The “net saving/cost” is the difference between the cost of the regional controls position and the cost of the current position and after applying a consideration for the time value of money (3.5% per year).

Q. At Outline Business Case stage you estimated a net saving of approximately £40m and the Full Business Case shows a net cost of £30m. Does this mean FRAs will have to fund any cost increases?

A. No. The net cost increase is mostly due to refined estimates of up-front project costs (which are funded by CLG) plus appropriate levels of contingency. The increase is therefore in the investment that the department is making in public safety.

Q. What is meant by the 28% national savings quoted in the business case?

A. Once steady-state operating conditions are achieved, the cash cost of providing control services will be lower than continuing with local controls. This is expressed as a percentage (28%) as well as a cash figure (£23m) in the Economic case.

Q. Why have the 30% national savings previously quoted been reduced to 28%?

A. The 30% national savings previously quoted were a rounded estimate from an earlier version of the business case. The 28% savings are a revised estimate taking into account the refinements to the business case following award of the infrastructure services contract.

Q. Do the implementation costs affect the £23 million annual savings take?

A. No. FRAs will make all the savings and CLG will pay the net additional implementation costs. £23 million is the estimated annual saving in running costs that will be made by FRAs. In terms of the FiReControl business case, these savings will be offset against implementation costs.

Q. Will any savings be taken from FRAs by reducing the Revenue Support Grant?

A. No. Ministers have agreed that any savings generated by FiReControl will be retained by the FRS and will be available for other fire-related activities.

Q. Why does the business case not provide details of savings for each FRA?

A. This is a business case for FiReControl as a whole; it is up to each region to decide how RCC costs will be apportioned within its region. Until the mechanisms are agreed within each region, it is not possible to provide information at an FRA level of detail.

Q. Will there be a redistribution to ensure savings are achieved in all regions?

A. Yes. Savings from the introduction of the system are likely to fall unevenly (depending on the size and efficiency of current operations). The FiReControl Finance Working Group are seeking to develop a simple, transparent and relatively stable mechanism for apportioning the shared costs to ensure all regions receive recognition for the role they will play in a linked network and also accrue a level of savings.

ACCOMMODATION

Q. will CLG pay for any additional lease cost incurred by FRAs in relation to the size of the RCC buildings?

A. The size of the buildings is designed to meet both current and anticipated future

requirements and to support high levels of resilience. The business case does not separate the costs of the lease on the basis of utilisation. CLG calculations show that the overall costs of the new system are less than the costs of the present arrangements. We will not be looking at the costs of individual elements such as accommodation, regardless of whether or not FRAs fully utilise the space within RCC buildings, to determine whether they are more or less than at present.

Q. What length of Lease agreement is assumed in the business case?

A. The lease periods vary between 20 and 25 years. The impact of the full lease period under the Private Developer Scheme is discussed in depth in Appendix J (Economic impact of commercial deal sought).

CONVERGENCE

Q. Does the business case take into account the cost of convergence implementation?

A. Yes – the business case includes provision for the cost of convergence implementation.

DELIVERY SCHEDULE

Q. The project delivery timescales are different to those presented in the previous version of the business case? Why is this?

A. The project delivery timescales are different to those presented in the previous version. The timescales that have now been communicated are later than originally expected due partly to there being some delay in letting the FiReControl contract and also due to the detailed implementation timescales.

GOVERNANCE

Q. How can you proceed with the project when you don't have a final business case?

A. No business case is set in stone – all evolve as new and better information becomes available, cost estimates turn into contractual commitments, and assumptions are checked. It is wrong to assume that a finalised business case is needed before work may proceed.

Specific drafts of the business case are produced to support key decision points in the project. Furthermore, these decision points are supported by external reviews performed by the Office for Government Commerce (OGC), referred to as Gateway Reviews. The documents that support these decision points are defined in the OGC best practice tool kit. In summary:

- The Strategic Outline Business Case (SOBC) supported the decision to proceed with detailed feasibility studies
- The Outline Business Case (OBC) supported the decision to proceed with external procurement and this was published in January 2005.
- The Full Business Case (FBC) supports the decision to sign contracts with suppliers.

INFRASTRUCTURE SERVICES

Q. Who will meet the costs of the EADS infrastructure services contract?

A. CLG will meet the up front implementation costs of £104m. The ongoing running and maintenance costs of £18m per annum will be met by the RCC companies.

HR ISSUES

Q. Are the costs of redundancy, re-training, redeployment and relocation that might arise as a result of the introduction of FiReControl reflected in the business case and who will meet these costs?

A. Yes, these cost elements are reflected in the business case having been derived from prudent assumptions.

Guidance on who will meet these costs can be found on the CLG web site under FRS Circular 63/2005 Fire Projects Implementation Funding for 06-07 and 07-08. <http://www.communities.gov.uk/index.asp?id=1124644>

Q. How robust are the staff numbers used in the business case?

A. The staff numbers used in the business case are based on a staffing model developed by the national team to recommend to the regions an optimal FTE headcount, and provide best estimates of the staff required to run the RCC. This model was developed on the basis of data provided from FRSs and takes into account the technology solution and new ways of working. The staffing model is currently being refreshed with revised FRS data and includes a review of the assumptions with regional project team members, secondees and national team members. Details of the outcome of the refresh will be communicated when they are available in due course. Regardless of this, however, it will ultimately be for each RCC company to decide their final RCC staff numbers.

Q. Why haven't staffing figures been provided to the regions?

A. A presentation to each region was made last year and regional teams were given indicative staffing numbers. It was explained that these numbers would need to be revisited once the IS contract was signed and we are in the process of doing this. It should be noted that the final decision on staffing numbers will however be made by the RCC companies.

Q. Do the timescales in the business case leave enough time for training new and transferring staff?

A. Yes. Control rooms will become operational on a FRA by FRA basis, so training will be staggered to accommodate this. Sufficient time for training has been built into the transition plans.

Q. What provision is made in the business case for control room staff training?

A. Training for control room staff is covered by the terms of the infrastructure services contract. The business case assumptions make provision for sufficient training to be provided before people move to their new roles in the RCCs.

Q. What provision is made in the business case for training retained firefighters?

A. Training requirements for all personnel are covered by the terms of the IS contract.

GROUP SERVICES

Q. How are the costs of discharging the group associated with FiReControl reflected in the business case?

A. The costs of group services will be met by CLG during the transition phase and by FRAs in steady state. These costs have been factored into the business case as part of the management costs falling to FRAs.

WORKING SCOPE

Q. Does the business case take into account the work that currently goes on in control rooms but will not be carried out in the new RCCs?

A. Yes. The business case takes into account the resource requirement for work that is currently done in control rooms but will not be done in RCCs.