

New Dimension Asset Transfer

Report of the Chief Fire Officer

For further information about this report please contact Paul Raymond,
Chief Fire Officer, on 01743 260225.

1 Purpose of Report

This report summarises the Authority's current position over the transfer of New Dimension assets from the Department for Communities and Local Government (CLG) to local Fire and Rescue Services, including assets to this Authority, following the issue of Fire Service Circular 59/2009 (attached at Appendix A).

2 Recommendations

That the Authority:

- a) Informs CLG that it is not willing to enter into the Transfer of Assets Agreement, but is willing to continue to host the assets on the basis that CLG will continue to be responsible to meet the maintenance costs, and training for the relevant vehicles. *In this case, CLG may agree to this arrangement or may decide to reassign the assets to another Fire Authority / other Fire Authorities, willing to enter into the agreement, whereby the Authority would lose local availability of the assets;*
- or
- b) Informs CLG that it is not willing to enter into the Transfer of Assets Agreement, and requests CLG to reassign the assets to another Fire Authority / other Fire Authorities;
- or
- c) Informs CLG that it is, in principle, willing to enter into the Transfer of Assets Agreement (for some or all of the assets). Under this option, whilst the Authority will receive grant funding towards the maintenance costs, in the medium and longer term (i.e. possibly for the remaining 13 years or so of the maintenance arrangements) there is a risk that grant funding may cease or that it will not meet all costs and liabilities throughout the term of the arrangement, in which case the Authority will need to meet such costs itself;
- or
- d) Awaits the reply to the Chief Fire Officers Association (CFOA) from CLG and, if a decision is required, delegates authority to the Strategy and Resources Committee to make that decision on behalf of the Fire Authority.

3 Background

CLG has procured a large number and range of vehicles and equipment as part of a national capability to respond to major disruptive events involving Chemical, Biological, Radiological and Nuclear (CBRN) materials, collapsed or unstable structures, and to move large volumes of water. CLG has allocated the vehicles and equipment to fire and rescue authorities throughout the Country on the basis that they will staff those vehicles and keep them ready for use in the event of an event, whether within their own area, or outside of that area. CLG has also provided specific grant funding for staffing of the vehicles in some authorities (not our own).

Pursuant to the above arrangements, Shropshire and Wrekin Fire Authority has been allocated the following vehicles and equipment for use ("the assets"):

High Volume Pumping Vehicle located at Prees
Incident Response Unit (IRU) and associated equipment located at Shrewsbury

Robe Re-Robe Unit also located at Prees

The Authority has also been allocated specific grant funding of £37,000 for the year 2009/10 to meet the costs of training for the IRU.

CLG has confirmed that the Authority is entitled to use the vehicles and equipment referred to above for its normal fire and rescue functions, (subject to the Authority's meeting any repair or replacement costs caused by its negligence).

The above assets remain in the legal ownership of CLG, who, in order to ensure that they are fully maintained in appropriate working order, have set up a contract between (1) Firebuy and (2) Vosper Thorneycroft Critical Services ("the Contractor"). The Contractor is now maintaining the assets, the costs of which are currently being paid by CLG.

CLG now wishes each Fire Authority, which has assets allocated to it, to agree to the legal title being transferred to it, under terms that will also require the Fire Authority to enter into an access agreement in respect of the National Maintenance Agreement. This will result in the Contractor continuing to have responsibility to maintain and replace the assets, but will also then require the Fire Authority to pay the Contractor the maintenance costs (rather than CLG).

The routine maintenance costs to the Authority are unknown at this stage. However, under the terms of the National Maintenance Contract, if an asset is destroyed or damaged beyond repair, the Contractor will replace the asset and the Authority would be responsible for the costs. If the asset is repairable, the Authority will be responsible for the cost of repair. If the asset proves to be particularly unreliable or expensive to maintain we would normally seek to modify or replace the asset to minimise the cost. This is not possible under this framework due to the requirement to standardise equipment across all Services.

It will be necessary to budget for the, currently unknown, routine running costs and their reimbursement, subject to the caveats set out in this report. Neither income nor expenditure is currently in our budget, as costs are paid directly to the Contractor by the Government

We will be required to pay for “unfair” wear and tear, including any damage caused in training or at exercises, in order to prepare for national events. There is a growth bid in the current budget proposals of £10,000 a year, if we accept the assets.

We will have to take the assets onto our balance sheet. This should not lead to any direct cost, as there is no requirement to set aside minimum revenue provision (MRP). This is because the assets would not have been funded from loan by the Authority. However it is our practice to provide for the replacement of assets over their life and a decision will need to be made whether we ought to make such a provision in the light of the following (taken from Fire and Rescue Service Circular 59/2009 9attached at Appendix A to this report):

“we (CLG) recognise that some vehicles and equipment over time will reach the end of its life and there are two ways that we intend to deal with this. ...the CFOA-led Assurance Body has been provided with an annual sum of money, around £1.5m, to deal with routine upgrades and changes to the new dimensions fleet. Secondly we envisage that every five to six years there will be a need for a major refresh.” “While a decision on this will always be a decision for the government of the day we would expect such major refreshes to be tied to a spending review so as to be able to identify resources to take forward the work. Where vehicles have been used extensively by the FRS on local incidents and their life-spans are unduly shortened, we would wish to discuss with the FRA concerned, and the Assurance Body how the replacement costs should be fairly apportioned.”

In other words we may face equipment and vehicle replacement costs, depending how much we utilise the assets for our own service needs or if we are unable to argue effectively that we have not so used them. The Authority could mitigate the risk of such liability by insuring the vehicles and equipment against loss and we have already increased cover for these assets from Third Party (the level of insurance CLG provides) to fully comprehensive.

Whilst it is true that (as indicated in the Fire Service Circular 36/2008) the Fire Lawyers’ Network has provided comments on the proposed agreement, not all comments have been taken on board.

In this respect, the main outstanding issue is:

The draft agreement provides that, on transfer of the legal title in the Assets to the Authority, the Authority is required to enter into an access agreement in relation to the National Maintenance Contract. However, the draft agreement provides no corresponding obligation on CLG to meet the costs incurred by the Authority in the maintenance and replacement of the Assets, which could be substantial.

CLG has instead indicated (in Circular FSC 36/2008) that it will fund maintenance costs in line with 'New Burdens' principles, subject to Treasury and Ministerial approval. In Circular 59/2009 (attached at Appendix A) CLG also confirms that, whilst funding will currently be through specific grants, CLG intends to mainstream grants into the Revenue Support Grant (RSG).

If funding is provided through the above grant mechanism, rather than a direct contractual obligation to meet all of the maintenance costs, then there is a risk that some or all of the maintenance costs under the National Maintenance Contract will have to be met by the Authority.

This is because:

- (a) 'New Burdens' policy may change;
- (b) Any new Government may not wish to commit to continued grant funding;
- (c) The actual level of grant funding is subject to Treasury and Ministerial approval, and full funding may not be approved, particularly in the current economic climate;
- (d) If grant funding is moved from specific grant funding to mainstream funding through the Revenue Support Grant (RSG), then if grant funding is frozen or reduced, the Authority will need to make efficiencies elsewhere in its budget to continue funding the maintenance of these assets.

Chief Fire Officers, through CFOA, requested CLG to amend the draft agreement attached to the Circular to provide either:

- (a) An express obligation on CLG to meet all of the costs that the Authority will be liable for under the National Maintenance Agreement; or
- (b) A right for the Authority to terminate its obligations for payments under the National Maintenance Agreement, if CLG ceases to provide funding for the maintenance costs.

No such changes have, as yet, been made to the contract.

4 Fire Service Circular 59/2009

Most recently CLG have again asked for Authorities to agree the contract and for the transfer of assets to commence without significant changes to the contract. Once again CFOA have written to CLG, seeking clarification of a number of issues that are relevant before Authorities are able to make informed decisions (a copy of the CFOA letter is attached at Appendix B)

The issues can be summarised as follows:

1. Fire Authorities (FRAs) will have no control over the level of costs apportioned to them and, if there is a dispute on the level of charges, will have no right to claim directly against the Contractor.
What mechanisms will be in place to protect them against these risks?

2. They have no rights to terminate the National Contract or its application to the specific FRA.
What mechanism will be in place to hold the contractor properly to account?
3. National risks will inevitably change over time and these assets will continue, first and foremost, to provide national resilience. CFOA maintains that the financial costs of mitigating national risks should not fall to local Services.
What assurance can be given that ongoing improvements or additions do not drive up the cost for those obliged to pay?
4. The Transfer Agreement is, as stated, a Transfer of Function, not a Transfer of Assets. This confers specific duties on those FRAs that are currently hosting New Dimensions assets designated for use in the event of widespread flooding, which are currently not covered by any Statutory Instrument. This is not the case for the Urban Search and Rescue (USAR) and CBRN assets, which are covered by the Emergencies Order 2007 (SI 2007 No 735).
Why is no similar Statutory Instrument to be put in place in relation to flood response and rescue and, if not, how does CLG propose to limit the liability for FRAs in this respect?
5. It is unclear how CLG intends to manage the New Dimensions assets, if the majority of FRAs decline the option to sign the Transfer Agreement.
What are CLG's contingency proposals in this regard?

The letter also points out clearly a number of financial issues in relation to the Asset Transfer.

As FSC 59/2009 asks Fire Authorities to sign the agreement before 31 December 2009, the Authority has the following main options:

- a) Inform CLG that it is not willing to enter into the Transfer of Assets Agreement, but is willing to continue to host the assets on the basis that CLG will continue to be responsible to meet the maintenance costs, and training for the relevant vehicles. In this case, CLG may agree to this arrangement or may decide to reassign the assets to another FRA or FRA's, willing to enter into the agreement, in which case the Authority would lose local availability of the assets.
- b) Inform CLG that it is not willing to enter into the Transfer of Assets Agreement, and requests CLG to reassign those Assets to one or more other FRA's, or
- c) Inform CLG that it is, in principle, willing to enter into the Transfer of Assets Agreement as drafted. Under this option, the Authority will receive grant funding towards the maintenance costs, in the medium and longer term (i.e. after 3 years and for the remaining further 13 years or so of the maintenance arrangements).

There is, however, a risk that grant funding may cease, or that it will not meet all costs and liabilities throughout the term of the arrangement, in which case the Authority will need to meet such costs itself.

- d) Await the reply to CFOA from CLG and, if a decision is required, empower the Strategy and Resources Committee to make that decision on behalf of the Fire Authority.

5 Legal Comment

Local and National legal opinion is that the contract places a number of risks on FRAs and it would be a significant risk if FRAs sign the current contract.

A thorough understanding of the final contract with CLG is essential to ensure that our legal obligations are commensurate with the additional risks associated with the acceptance of the transfer of assets.

6 Financial Implications

The Authority would, on transfer of the assets become liable for the maintenance. Should funding not be forthcoming from CLG or another Government Department in future then local tax payers may be liable for paying for national assets.

The costs for repair or replacement of the assets are unknown at present.

7 Appendices

Appendix A

CLG Fire Service Circular 59/2009

Transfer of Ownership of New Dimension Assets

Appendix B

Letter from Chief Fire Officers Association to CLG dated 19 November 2009

8 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have determined that there are no discriminatory practices or differential impacts upon specific groups arising from this paper. An Initial Equality Impact Assessment has not, therefore, been completed.

9 Background Reports

Fire Service Circular 16/2009

Fire Service Circular 36/2008

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk); the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act	*	National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

Circular number	59/2009	Date issued	22 September 2009
This circular is	For information	Respond by	31 December 2009
This circular is	Relevant to the National Framework		
Status	This circular provides a response to the recent consultation of the transfer of New Dimension assets and asks that Fire and Rescue Authorities (FRAs) sign up to the final Transfer of Ownership Agreement.		

Transfer of Ownership of New Dimension Assets

Issued by:

Fay Smith

New Dimension Policy Advisor

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
London Fire Commissioner
The Chief Fire Officer**

Please forward to:

**Legal Directors
Finance Directors**

Summary

CLG has previously conducted two consultations with FRAs on the proposals surrounding the transfer of CLG's New Dimension assets to FRAs. This Circular provides a response to the most recent consultation earlier in 2009, and asks FRAs to sign up to the final version of the Transfer of Ownership Agreement by end December 2009.

For further information, contact:

Fay Smith	Direct line	020 7944 3769
Fire and Resilience Directorate	Fax	020 7944 8319
Department for Communities and Local Government	E-mail	Fay.smith@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 will shortly be coming to a close and we now need to deliver on our long-term commitment to transfer ownership of the New Dimension assets to the FRAs which host them, so that they have full and direct responsibility for their management as well as their use.
- 1.2 Through Fire Service Circular 51/2007 (November 2007), CLG consulted FRAs and representative bodies on a draft Transfer of Ownership Agreement for the New Dimension assets. In response to that consultation, stakeholders sought further information on the long term plans for the New Dimension capabilities. Since then, the Department has delivered on three of the four areas of the long-term strategy:
- the announcement of funding over the full CSR period made in July 2008
 - the commencement of the long-term maintenance contract with VTCS covering all the assets in October 2008; and
 - establishment of the CFOA-led Assurance Body managed through the FRS National Resilience Board, under the terms of a Memorandum of Understanding (MoU) signed in March 2009, which provides future governance for New Dimension capabilities
- 1.3 Through Fire Service Circular 16/2009 (March 2009), CLG undertook a second consultation with FRSs on the transfer of New Dimension assets. This responded to questions raised by FRSs on the transfer, and provided a revised draft of the Transfer of Ownership Agreement for FRS comment. We also asked whether FRSs were content to sign up in principle to the transfer – prior to CLG seeking formal agreement from FRAs. Over the last few months we have also engaged with the Fire Lawyers Network, the LGA Fire Services Management Committee and the Fire Finance Network to seek their comments.

2.0 Consultation Response to 16/2009

- 2.1 In total, 39 FRSs responded to the second consultation, and although many had further questions, the majority confirmed support in principle for the transfer. Over the last few months the Department has been considering the responses carefully, and has replied individually to each FRA on their specific concerns.
- 2.2 Although there was a significant range of different queries raised by the FRAs, four concerns were common to many or most responses:
- i. future funding and the mechanism for this
 - ii. maintenance contract costs
 - iii. maintenance contract documentation; and
 - iv. asset refresh proposals
- 2.3 The Department set out the specific amounts of new burdens funding for New Dimension for the full CSR period in Circular 36/2008 last summer. Unfortunately, we are not able to do this for future spending review periods, as some FRSs requested, as it is not possible for Government to commit future parliaments. In relation to the mechanism of payment, currently the funding is provided through annual s 31 grants, and as set out in the Circular, we will

continue to pay s31 grants for the remainder of this CSR period. However, future funding may be on a different, more flexible basis in line with the Government's and the LGA's general policy.

- 2.4** Several authorities responding to the consultation expressed concern over any move to Revenue Support Grant (RSG, block grant), relating to distribution, the situation of 'floor authorities', and transparency. Whilst these concerns are understood, similar issues have been overcome for the many special grants which have transitioned to general grant in the past. Any transfer into RSG would be looked at together with the FRAs themselves, through the normal Formula Review process, and with examples of what a transfer would mean to each individual FRA. An alternative option may be to transfer the grants into Area Based Grant, a single s31 grant paid to the FRAs for a number of different purposes. In due course, when options for the future funding mechanism are being considered, we will have regard to authorities' concerns and will give particular consideration to whether we are still in a transition phase, and whether we have yet built up a consistent pattern of spend to support a move to an alternative funding mechanism.
- 2.5** On the costs resulting from the New Dimension maintenance contract, CLG has, through Circular 52/2008 (October 2008), committed to paying the fixed costs of the contract (around £100m) relating to routine maintenance and servicing, to ensure that the equipment and vehicles are ready to respond to a national incident over the next 16 years. Whilst New Dimension assets remain in the ownership of CLG we will pay the fixed monthly costs directly to the maintenance contractor, VTCS. However once the New Dimension assets are transferred to the FRAs, the authorities themselves will be responsible for arranging the monthly payment directly, and CLG will fund FRAs for this cost. Nevertheless, FRSs will be aware that maintenance costs due to wear and tear arising from the use of New Dimension assets for FRA purposes (so called 'unfair wear and tear'), currently being borne by CLG, will be payable by the FRAs in future regardless of ownership. The types of wear and tear that FRSs will be responsible for are outlined in Circular 52/2008. A further circular will shortly be issued in regard to recharging FRAs for these costs and the process surrounding this.
- 2.6** In signing up to the Transfer of Ownership Agreement, fire authorities will also be obliged to sign up to the maintenance contract (the Prime Contract). The contract itself is between VTCS and Firebuy (the contract manager) and the services provided by this contract are accessed through the Terms of Access. CLG, as the current owner of the New Dimension assets, have initially signed the Terms of Access to ensure that the vehicles and equipment are being maintained. However, upon transfer of the assets, each FRA will need to individually enter into the Terms of Access themselves.
- 2.7** A copy of the Terms of Access has been enclosed with the reply to each FRS and also to those who did not respond to the Circular 16/2009 consultation. There are restrictions on the circulation of the Prime Contract for commercial reasons, and we have informed FRAs that their legal advisors wishing to see a copy of the Prime Contract can do this via Angela Hooton, Firebuy Contract Manager (email: angela.hooton@firebuy.gov.uk) who can supply a PDF copy – a number of FRA legal advisers have already done so. In obtaining a

copy you may be asked to enter into a confidentiality agreement and copies will only be sent via secure fire authority email accounts.

2.8 On asset refresh, we recognise that some vehicles and equipment, over time, will reach the end of its life and there are two ways that we intend to deal with this. As you may be aware, the CFOA-led Assurance Body has been provided with an annual sum of money, around £1.5m, to deal with routine upgrades and changes to the New Dimension fleet. Secondly, we envisage that every 5-6 years there will be a need for a major refresh, which will look across the board at the capabilities, and see if they may need to change in the light of new technology, the changing risk environment, or the need to replace worn out vehicles. While a decision on this will always be a decision for the Government of the day, we would expect such major refreshes to be tied to a spending review so as to be able to identify resources to take forward the work. Where vehicles have been used extensively by the FRS on local incidents and their lifespans are unduly shortened, we would wish to discuss with the FRA concerned, and the Assurance Body, how the replacement costs should be fairly apportioned.

2.9 A comprehensive list of all the comments and questions raised by FRSs in response to the second consultation on the transfer of ownership proposals are provided in the 2nd Consultation Response document accompanying this Circular, along with the responses to each query from CLG.

2.10 The Department is also aware that there are two FRAs which are currently operating Private Finance Initiative (PFI) contracts, whereby the PFI contractor has overall management of and responsibility for the FRS fire appliance fleet. We are continuing discussions with both these FRAs surrounding the proposed transfer of ownership of assets to them and the operation of the New Dimension maintenance contract within their areas. The transfer arrangements may therefore need to be specific to those FRAs, but in keeping with the key principles that the New Dimension capabilities remain interoperable and fit for purpose over their lifetime.

3.0 Next Steps

3.1 Following the comments received from FRSs over the past two consultations on the draft Transfer of Ownership Agreement we have amended the document accordingly, though its content remains generally similar to the previous versions. A copy of the final Transfer Agreement is enclosed with this Circular. We therefore invite FRAs to consider this Agreement at their relevant Committee meetings to confirm whether they are content to sign up, and respond to the Department by **31 December 2009**. It is intended that actual enactment of the transfer (the date the assets will belong to the FRAs) will be undertaken early in 2010.

3.2 CLG is currently confirming the individual values (including the current net book value) of each of the New Dimension assets. CLG appreciates that FRAs need this information to inform authority accounts prior to the enactment of transfer occurring and that this information is to be included within the first Schedule of the Transfer Agreement. Once this exercise is complete, CLG will forward an individual copy of the Transfer Agreement to each FRA including the financial details surrounding the equipment currently hosted by that authority. This will be the version of the Transfer Agreement which we ask

FRA to sign.

- 3.3 In taking this matter through FRA Committees, we appreciate that many members and representatives may have limited knowledge of the New Dimension project. A short briefing note is therefore attached, summarising New Dimension from its inception in late 2001 to where we are today, and the partnership approach between CLG, FRs and CFOA adopted by the project, which has led to the successful roll-out and operational delivery of the New Dimension specialist capabilities.
- 3.4 A copy of the three documents accompanying this circular (the 2nd Consultation Response, the final Transfer of Ownership Agreement and the Briefing Note on New Dimension for FRA Committees), are attached to the email issuing this Circular, or can be found at:

www.communities.gov.uk/fire/resilienceresponse/newdimensionequipping/lcmm/

- 3.5 Finally, FRAs will wish to be aware that although New Dimension vehicles and equipment are currently owned by CLG, this is not a function which CLG can continue to perform in the medium term. We hope that your authority will feel able to sign up to the Agreement. This has always been the aim of the New Dimension Project and it makes most sense in terms of long-term management of the assets. However, if it becomes clear that your authority is not prepared to sign-up, please let us know as soon as possible so that we can start to consider alternative arrangements for the assets you host.

Fay Smith

New Dimension Team



19th November 2009

Shona Dunn
Director Fire and Resilience
Communities and Local Government
3/B5, Eland House
Bressenden Place
London
SW1E 5DU

Chief Fire Officers Association
9-11 Pebble Close
Amington
Tamworth
Staffordshire
B77 4RD

Telephone +44 (0) 1827 302300
Fax +44 (0) 1827 302399
www.cfoa.org.uk

Dear Shona

New Dimensions Asset Transfer

Following the issue of FSC 59/2009 seeking agreement from England's Fire & Rescue Authorities to the transfer of ownership of New Dimensions Assets by 31 December 2009, Chief Officers are preparing to advise their Authorities, in consultation with legal advisers, on whether to sign the Transfer Agreement and associated contracts. The Chief Fire Officers' Association and the Fire Lawyers Network share a number of ongoing concerns. We would seek clarification on these so that we might reflect this in our advice and guidance to our members to assist the process of their decision making.

Firstly CFOA acknowledges the positive and constructive partnership now in place with your department and the LGA to deliver a sector led assurance framework for the New Dimensions capability. The establishment of the CFOA National Resilience company signifies an innovative approach to delivering a shared responsibility for all stakeholders. It will assure the operational capability of these critical assets now that they are in service and operating in steady state and the fact that this assurance is led by the Fire & Rescue profession itself helps to build stakeholder confidence. I am sure this is a model will that will reap benefits and can be replicated in the future.

Notwithstanding this assurance framework, there remain distinct contingent risks facing Fire & Rescue Services should they now seek to take on the ownership of the New Dimensions Assets which have not been adequately covered in CLG's responses to the consultation thus far. It is these risks that CFOA would seek to highlight and request clarification and, hopefully, reassurance. CFOA members remain concerned about the extent of financial and contractual liabilities that Authorities would be exposed to.

The following summarise the issues:

1. FRAs will have no control over the level of costs apportioned to them and, if there is a dispute on the level of charges, will have no right to claim directly against the Contractor. *What mechanisms will be in place to protect the FRAs against these risks?*
2. FRAs have no rights to terminate the National Contract or its application to the specific FRA. *What mechanism will be in place to hold the contractor properly to account?*

3. National risks will inevitably change over time and these assets will continue, first and foremost, to provide national resilience. CFOA maintains that the financial costs of mitigating national risks should not fall to local Services. *What assurance can be given that ongoing improvements or additions do not drive up the cost for those obligated to pay?*
4. The Transfer Agreement is as stated a Transfer of Function not a Transfer of Assets. This confers specific duties on those FRAs that are currently hosting New Dimensions assets that are designated for use in the event of widespread flooding which are currently not covered by any Statutory Instrument. This is not the case for the USAR and CBRN assets which are covered by the Emergencies Order 2007 (SI 2007 No 735). *Why is no similar Statutory Instrument to be put in place in relation to flood response and rescue and if not how do you propose to limit the liability for FRAs in this respect?*
5. It is unclear how CLG intends to manage the New Dimensions assets if the majority of FRAs decline the option to sign the Transfer Agreement. *What are your contingency proposals in this regard?*
6. There are grants currently in place for those FRAs hosting USAR assets to cover staffing. There is no certainty on whether these grants will continue. *If there are no guarantees, does CLG accept that this capability will be lost?*

Given the current pressures on public sector finances which are likely to continue for a number of years, CFOA remains concerned that

- a. The new burdens funding to FRAs will be inadequate to cover the full and true costs of maintaining, staffing, refreshing and equipping the New Dimensions assets.
- b. There will be a lack of transparency on the full costs and the funding to cover them if the funding is subsumed within the RSG or into any area based grant mechanism. There are also specific and significant impacts on those FRAs that are currently operating 'at the floor'.
- c. There is no clarity or certainty of future funding for the national assurance function. FRAs would not be in a position to fund this resource in the future. If CLG could give the same assurance as is now in place for the funding set aside for the 16 year maintenance contract then this would allay a number of concerns. CFOA, through the National Resilience Board, has continually stressed that if the funding available does not maintain parity with actual costs then it would be deemed that the risk assessment had dropped and therefore the state of readiness and capability would be similarly downgraded.

As you will appreciate, many Chief Officers are preparing medium term financial plans in readiness for significant grant cuts. It is clear that local response and risk mitigation will take priority. At a time when national civil resilience is a critical component of policy development it appears contradictory that financial and contractual certainty and guarantees cannot be made in relation to these front line defence assets.

Whilst the benefits to communities across the country of a National Resilience programme are many fold, and the investment in the programme by Government to date is acknowledged, there needs to be complete transparency in relation to the currently hidden and somewhat substantial ongoing costs and liabilities.

FRAs are now undertaking their own due diligence through their own legal advisers. Clearly we are aware that many of these points and queries have already been raised but many authorities remain dissatisfied with the response given so far and have requested that they are aired again. It would therefore be helpful if you could respond to this letter to provide more comprehensive reassurance than has been articulated to date.

I would reiterate that these questions have been raised in order to find solutions to, or seek clarification for, matters which are of considerable concern to FRSs. Whilst these concerns continue to be raised, progress on a matter of enormous local and national importance will remain slow, protracted and potentially at risk.

Yours sincerely

A handwritten signature in black ink that reads "John Bonney". The signature is written in a cursive, flowing style.

John Bonney
CFOA President