

report

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| meeting | NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY | |
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REPORT OF THE CHIEF FIRE OFFICER

PROPOSED PARTNERSHIP AGREEMENT FOR THE PROVISION OF COMMERCIAL TRAINING

1 PURPOSE OF REPORT

The purpose of this report is to seek the approval of Members, subject to certain conditions, to the creation of a commercial partnership between Nottinghamshire and City of Nottingham Fire and Rescue Authority and Nationwide Fire Safety Ltd for the provision of Commercial Training services.

2 BACKGROUND

2.1 Members may be aware that the Authority has a Commercial Training unit based at the Service Development Centre, which has operated for a number of years delivering a range of Fire Safety training to both the commercial sector and other areas of the public sector.

2.2 In order to keep the commercial training activity separate from the everyday activities of Fire Safety, it was effectively "floated" as a trading entity and whilst it has always delivered a good service to customers, it has failed to generate the sort of income that might have been expected. The unit at present is delivering a very small profit of about £8,000 per annum on a turnover of about £110,000. It is clear that the unit needs to be developed in order to realise its full commercial potential.

2.3 A number of options have been considered including a combination with the Fire Extinguisher Maintenance Unit under a single Commercial Services Manager, direct management by the Head of Resources and Finance, and seeking out a private sector partner to manage the service.

3 PARTNERSHIP PROPOSAL

3.1 Management have been approached by a company called Nationwide Fire Safety Ltd who currently provide commercial training in a number of county areas, including Nottinghamshire, who recognise that this is an area for potential business growth, particularly if the "hands on" training that is currently provided can be supplemented by on-line or other computer based training modules. They recognise our expertise in terms of providing high quality face to face training and are seeking to create a partnership which builds on this and expands it to become more financially beneficial for both parties.

- 3.2 Nationwide Fire Safety Ltd is a company known to the Service as they provide fire protection equipment. They have already embarked on a similar scheme in Merseyside and therefore have something of a track record in this area.
- 3.3 The basis of the partnership is that the company will take the responsibility for the day to day management of the unit, augmenting it as required with their own experienced training staff, and perhaps more importantly take an active role in marketing the unit which the Authority has not been able to do for reasons associated with the restrictions on Local Government trading activities.
- 3.4 In addition, the company are seeking to actively involve the Service in their on-line learning initiative for accrediting students with qualifications in Workplace Fire Safety using both web and computer based training modules. Copies of this software have been examined by Senior Fire Safety Officers in the Service who are content that their training materials provide a good level of training for commercial users. Clearly this would need to be kept under review to ensure the Service's endorsement of their product can continue.
- 3.5 In return the company are proposing that profits generated from both the face to face training activity and the sale of on-line training materials will be shared on a 50:50 basis between themselves and the Fire and Rescue Service. The company are not seeking to recover any of their "up-front" development costs from this venture.
- 3.6 A business model has been researched jointly with Nationwide Fire Safety Ltd to consider the likely profitability of such a venture, which is discussed in detail in the Financial Implications section of this report. It is clear however, that the Service will be able to increase the profitability of this unit significantly even on a fairly pessimistic view of future activity.
- 3.7 It is also possible that this partnership may be able to be expanded into other areas of activity as the company are also keen to discuss ways in which both the company and the Service can co-operate in more public facing opportunities, such as joint operations from retail premises which may fit in well with the Service's aspirations for getting closer to communities.

4 LEGAL ISSUES

- 4.1 Clearly such a partnership can only be entered into once the arrangement itself is legally sound, both in terms of the legality of entering in to such a partnership and contractual issues have been confirmed. It is not considered appropriate to instruct lawyers on this matter until approval in principle has been given by the Fire Authority and therefore any such agreement would have to be subject to the resolution of any legal issues.
- 4.2 The issue of transfer of staff has been considered and whilst it is possible to transfer staff under TUPE arrangements, it is considered that this would unnecessarily complicate matters, not only for the staff, but also for the Service. To operate this as a genuine partnership would seem to be the best way forward for both parties. Staff therefore would remain employees of the Service with all their normal rights and conditions of service retained.

5 FINANCIAL IMPLICATIONS

- 5.1 Financial modelling has been carried out jointly between the Service and Nationwide Fire Safety Ltd to assess the viability of the proposed partnership and the level of residual risk which the Fire Authority would retain. The calculations show that the fixed costs of the unit can be recovered if 63 training days are delivered. In reality it is expected that as many as 180 training days could be delivered within the existing fixed cost base (ie: existing staff and structures) although it is anticipated that this will also be augmented with casual training staff as required.
- 5.2 At this peak capacity level it is estimated that profits to the Authority could be of the order of £100,000 as opposed to the existing £8,000, which shows this to be a very viable proposition. The sensitivity of these calculations shows that even on volumes as low as 75 training days the Authority would be no worse off than under current arrangements.
- 5.3 None of the above figures include any estimates of income from the sales of on-line or computer based learning packages, as this is considered to be wholly a matter for the commercial risk of Nationwide Fire Safety Ltd. Whilst the Authority would expect a benefit from this activity, it is considered imprudent to use any prospective income in this area to influence the decision for the training partnership.
- 5.4 In terms of residual risk, the Authority will continue to employ the staff and therefore in the event of commercial failure, the risks of redundancy or returning the unit to the management of the Authority remain. This is no different however, to the current risk levels.

6 PERSONNEL IMPLICATIONS

- 6.1 In any partnership of this nature there are clearly implications for the staffing of the existing unit, although it is intended that all the current staff will continue to be employed within it. Issues such as day to day management arrangements and the applications of sickness and leave arrangements for staff will need to be discussed to ensure that staff are not disadvantaged by this arrangement. Discussions will take place with the Trade Union representing these staff.
- 6.2 The manager who is proposed for the unit is, however, an ex-public sector manager who is aware of all the issues surrounding local government conditions of service and it is therefore considered less likely that there will be any insurmountable issues in this area.
- 6.3 It must be borne in mind however, that this proposed partnership represents the best chance of keeping this unit running in the medium and long term as its current levels of profitability would not suggest that the commercial risks associated with this activity should continue to be borne by the Authority for such a small return.

7 EQUAL OPPORTUNITIES IMPLICATIONS

There are no equal opportunities implications arising directly from this report.

8 RISK MANAGEMENT IMPLICATIONS

The risk management implications are outlined fully in the above report.

9 RECOMMENDATIONS

9.1 That Members authorise the management team to enter into a partnership arrangement with Nationwide Fire Safety Ltd for the purpose of providing Commercial Training and for the joint promotion of on-line Fire Safety training as set out in the above report.

9.2 That such approval shall be subject to the legal issues set out in the body of the report being satisfactorily resolved.

10 BACKGROUND PAPERS FOR INSPECTION

None.

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CHIEF FIRE OFFICER