



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

CREATION OF ARMS LENGTH COMPANY

Report of the Chief Fire Officer

Agenda No:

Date: 18 December 2009

Purpose of Report:

To present the business case for, and to seek the approval of the Fire Authority to establish an “arms length company” to enable the Authority to continue to trade in Fire Extinguisher Maintenance and Commercial Training.

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1. BACKGROUND

- 1.1 Nottinghamshire Fire and Rescue Service has provided Fire Extinguisher Maintenance (FEM) and Commercial Training primarily, although not exclusively, to the Public Sector for many years and the contribution to revenue budgets made by the income received by these units has been used to offset wider budget demands.
- 1.2 The Fire and Rescue Services Act 2004 set out proposals for those authorities rated “good” or “excellent” as part of CPA assessments to be able to trade in a range of services provided that they did so under the auspices of an arms length limited company. The Act however recognised that some authorities were already trading and issued a series of exemptions which were due to expire on 30 September 2009.
- 1.3 In the summer of 2009 Communities and Local Government (CLG) began to consult on whether these exemptions should be extended indefinitely. In addition to this, work had already begun to consider the viability of setting up an arms length company from 1 October whilst also assuming that the exemptions were likely to be extended.
- 1.4 Fire Service Circular 61/2009 “Trading by Fire and Rescue Services” was issued on 1 October 2009 and had been widely trailed as being the extension that had been sought. However, what this circular actually did was widely extend the range of services which could be traded, but reinforce the requirement that an arms length company is used for this purpose.
- 1.5 The following report sets out a recommended response by the Authority.

2. REPORT

- 2.1 The timing of the circular effectively makes any trading by Fire and Rescue Services under the Fire Services Act 2004 unlawful unless it is conducted through an arms length company. However, CLG have confirmed that the Local Government Goods and Services Act 1970 has not yet been repealed and as result of this it is still possible for the Authority to lawfully continue to trade with the bodies set out in that Act. This is a narrow group of “customers” but one which will be sufficient to maintain the turnover of the trading units over a short period.
- 2.2 The Fire Authority now faces three choices:
 - i) Continue to trade under the auspices of the Local Government Goods and Services Act 1970 (LGGSA);
 - ii) Discontinue trading and redeploy staff or make them redundant;
 - iii) Form an arms length company as per Fire Service Circular 61/2009.

- 2.3 Continuing to trade under the LGGSA remains an option but clearly it was not the intention of government to allow this sort of trading to go on within Local Authorities and it is possible that this Act may be repealed if many organisations opt to use it. Additionally, the trading units themselves will struggle to make profits if they can only trade within the very narrow bands set out in LGGSA.
- 2.4 Discontinuing trading is a viable option however this will effectively remove £80,000 of income from the revenue budget. There would also be redundancy costs for the staff involved in delivering the service at present and a loss of service to other areas of the public sector which currently enjoy not only excellent service but also a very competitive charge compared with the other competitors. FEM, for example provides all the Fire Extinguisher Maintenance for Nottingham City Council, Nottingham City Homes, Nottinghamshire County Council and Derbyshire Fire and Rescue Service.
- 2.5 The third option is to comply with Fire Service Circular 61/2009 and establish an arms length company to continue trading in FEM and Commercial Training.
- 2.6 Forming an arms length company can be a complex business and such a company will require company directors and a company secretary. Embarking on such a venture has significant implications for staff and carries some risks to the Authority. The decision therefore should not be taken lightly.
- 2.7 Business cases have been produced for both units which show that the net profit of the new company could be about £11,000 per annum. This small profit however masks the actual contribution to revenue budgets of about £85,000. This is because there are a number of internal recharges for services provided by the Authority to the company which would not reduce in the event that the company ceased to exist.
- 2.8 It is clear therefore that the creation of a company is viable and from a financial point of view desirable however, a considerable amount of work remains to be done to bring this company into existence. Such tasks include:
- i) The legal formation of the company
 - ii) Staffing issues associated with TUPE transfers etc.
 - iii) Nominating Directors
 - iv) Accounting Arrangements
 - v) Financial Regulations
 - vi) Name, livery letterheads etc.
- 2.9 The Head of Finance and Resources who is leading this project has involved both the staff and their representatives at every stage in the process to date. The Trade Union are invited to attend every meeting and the staff have been appropriately briefed. That is not to say of course that the Trade Union will not have their own comments to make when the final proposals are drafted but merely to indicate that they have been consulted throughout.

- 2.10 The Policy and Strategy Committee at its meeting in October requested that the business case for the creation of the new company be worked up in consultation with an elected Member (Cllr Pettengell) and these business cases are now given in full at Appendix A and Appendix B to this report.
- 2.11 It is important however that there is continued Member involvement in the creation of the Company and in its future operation. It is suggested that the Fire Authority nominate an elected Member to assist officers in dealing with staffing issues and the governance of the new company.
- 2.12 As alluded to in 2.8 there are a number of important decisions and negotiations which need to take place before the company can begin to trade. These decisions however need to be taken by the company itself as the Fire Authority cannot make them. It is not necessary however for the company to begin to trade immediately upon formation and so like the Regional Control Centre Company there will be a period after the company is formed when these negotiations and decisions are undertaken. It is in fact commonplace for companies to be formed in a dormant state whilst these details are worked through.
- 2.13 It is suggested that on formation the company should have five directors three of whom are elected members nominated by the Fire Authority and two of whom are officers nominated by the Chief Fire Officer. As time progresses this number can be varied by the Fire Authority should it so wish.
- 2.14 This paper seeks the approval of Members for the establishment of the company, on the basis of the business cases presented as per Paragraph 2.10 above.

3. FINANCIAL IMPLICATIONS

- 3.1 The financial implications of formation of a new company are to be finalised however early indications are that a contribution to revenue budgets of approximately £85,000 will be made.
- 3.2 The effect of not forming a company and closing the unit will be a loss of revenue income of approximately £85,000 each year, plus the redundancy costs of the staff.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are significant implications for staff arising from this proposal which concern their transfer under TUPE to the new company. The staff and their representatives will be seeking assurances from the Authority relating to their conditions of service, pensions, future employment, redeployment options etc. and these will need to be resolved before they can be transferred to the new company.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment does not reveal any specific equalities issues arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

There are no specific crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no specific legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

There will always be risks to success in a venture such as the one proposed. Nevertheless, attentive management and enthusiastic staff will be able to deliver against the modest business plans being drafted.

9. RECOMMENDATIONS

It is recommended that:

- 9.1 Members approve the creation of the arms length company as proposed in this report on the basis of the business cases presented and that the board of directors be appointed as set out in Paragraph 2.13.
- 9.2 The Fire Authority nominates three elected Members for appointment to the board.
- 9.3 The Chief Fire Officer is tasked with nominating two Officers for appointment to the Board.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

- Fire Service Circular 61/2009.

Frank Swann
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

BUSINESS PLAN

2009 - 2013

For: Commercial Training Unit

Located at: Fire Station House
Stockhill Fire Station
12 Stockhill Lane
Basford
NOTTINGHAM
NG6 OLJ

Produced by: Annette Hefford
Commercial Training Manager

Date: September 2009

1. INTRODUCTION

The Nottinghamshire Fire & Rescue Service Commercial Training Unit (CTU) is based at Stockhill House, Stockhill Fire Station, Basford, Nottingham. The small team of one Manager, two Trainers (currently one vacant post) and one Co-ordinator are responsible for providing fire safety training on a commercial footing within the county of Nottinghamshire.

Following the Communities and Local Government (CLG) review of public sector trading activities, this business report details the current situation of the CTU and how this has been arrived at historically. It also provides a platform for the future of the Unit to go forward and trade successfully as a department in a limited company wholly owned by Nottinghamshire Fire & Rescue Service (NFRS).

2. EXECUTIVE SUMMARY

The question of whether the Commercial Training Unit would be profitable under a separate trading arm is easily answered as yes it would be. The defining reasons, are that restrictions previously placed upon it to trade competitively, would be removed and there is a growing demand for fire safety products and services, as a requirement driven by legislation.

At first glance, upon reviewing the income generated only, it would suggest that the business is in decline, however this would be a very short sighted view. It does not take into account how the Unit has arrived at this status or the mitigating influences it has endured over recent years and its stamina to prevail.

Before the change in the legislation and before Natfire, the Unit recovered costs and made small profits, whilst engaging in community safety related activities which generated no profit. Regardless, dents in profits have been felt over recent years, due to repeated location moves, with its association with Natfire and because of its pricing policy and a recession. Its ability and opportunity to be profitable have yet to be realised. With the right direction, resources and commitment, the CTU could be highly successful and a profitable venture. The benefits to the organisation would also further support the "Creating Safer Communities" vision.

The whole course programme has been revisited and an E-learning package has been developed, in association with a partner, which is already showing signs of success. Further, the Nominated Fire Warden course has been totally reworked into a shortened version with practical fire extinguisher demonstrations and renamed Fire Marshal course. The two one day courses for Fire Risk Assessment and Fire Safety Managers, which were not very well attended, have been amalgamated into one course entitled Fire Risk Management. Sales for this have been good and comments received upon evaluation say that it is hitting target. The potential for future success is greatly enhanced since the Unit is now more attractive as a training supplier.

3. BACKGROUND

The CTU has been in existence in its current organisational format since 2000, trading with public sector organisations only, under the auspice of The Local Goods and Services Act 1970. The remit was to recover costs, through promotion of fire safety training in the business community.

The Unit has endured 3 location moves within 7 years and 3 changes in organisational positioning, from Fire Safety Department where it sat along side Community Safety and Inspection, then to Training & Development Department and now falls within the Finance & Resources Department.

In 2005 the CTU was partnered with a private organisation Natfire Ltd enabling trading within the private sector to make profit. Upon operational difficulties with the marketing company it used, Natfire forged an additional partnership with Essex Fire & Rescue Trading Ltd to market training courses. Unfortunately, the NFRS/Natfire partnership lasted only a year due to internal difficulties within Natfire. From here the CTU moved to its current location at Stockhill House. The impact of all of this has resulted in low staff morale, however with the new focus and vision for the future, morale has been restored and efforts are being maximised.

The recession has also had a major impact on the Unit's finances as many public sector clients have withdrawn their custom to train in-house to save money. In addition, many clients in the private sector have ceased trading altogether.

The courses offered by the CTU historically were formatted in 1995 and have not changed much since then. The courses available were Nominated Fire Warden one

day; Fire Risk Assessment Awareness one day; Fire Safety Managers one day; and two hour Basic Fire Awareness for whole organisations. With Natfire, practical fire extinguisher demonstrations were removed altogether, which resulted in many existing loyal customers complaining and going elsewhere.

The Unit has earned a good reputation through its staffs' conscientiousness and consistency. Further, through their professionalism and stamina, the CTU has been able to sustain itself through the adverse conditions and motivate itself to perform and deliver consistently to very high standards.

The skills of the staff to formulate and deliver quality training products have resulted in a great deal of accolade and praise from customers, below is a sample of such comments:.

"...I thought it would be nice for you to know that I have had some very positive feedback from the people who have attended the course who have said it was a really good day and found it was fun and informative and that they now feel confident that they deal with a fire situation"

Alex Williamson, Ikano 23/07/09

"It was a very enjoyable day and much, much better than expected"

Rex Freer, Nottinghamshire Police 19/10/08

"Very enjoyable training day, most enjoyable training day I have attended"

Social Services, Notts County Council 12/11/08

"A very useful and informative day, will definitely recommend you to others"

Pompadour, 09/09/08

4. CURRENT SITUATION

4.1 The Industry

The industry for fire safety is a growth area since it is driven by a legislative requirement [The Regulatory Reform (Fire Safety) Order 2005] see Appendix V page 21 for extract. Any business employing 1 or more persons, has a duty to comply with The Order, which places a requirement on the Responsible person (usually the employer or business owner) to conduct a fire risk assessment, provide suitable and

sufficient equipment to mitigate the effects of fire and smoke (e.g. fire extinguishers, alarms and emergency lighting) and to train and instruct staff accordingly, repeating it periodically.

Regionally, Leicestershire closed its Commercial Training Department a few years ago and Northamptonshire will be closing at the end of this month. Lincolnshire are in the process of compiling a business plan to continue trading. Derbyshire's Unit sits within its Fire Protection Department and although pending a decision about their future, are for the time being, continuing to trade for non-profit.

Elsewhere, Fire Services are following the same suit as our regional counterparts. Hampshire Fire Service have moved their CTU staff into the Fire Protection Department and now offer free fire safety workshops to businesses. They have gone down this route as a way of demonstrating a more proactive approach to their IRMP.

In the private sector, companies who offer fire safety training do so as part of a complete package from fire risk assessment consultancy, fire safety training to provision of fire extinguishers, signage, emergency lighting and alarms. They offer other safety related products and services such as health and safety, first-aid and manual handling training and consumables and are not restricted to any specific geographical area for trading. Many private sector companies merit their skills gained from previous employment in the fire service and they cling to this association almost for accreditation for their work.

The unfortunate result of moving out of the partnership with Natfire has been that they are now competitors to CTU and have themselves marketed from our previous customer records. Despite this, customer loyalty has been enjoyed from a few core companies in the private and public sector.

The CTU will therefore have a distinct advantage of its continued use of the NFRS badge and association with brand image.

4.2 Pricing

Whilst the Unit's competitive edge has been its quality over price, in these times of recession and competitive keenness, price becomes more important to a potential customer. They will access training which appears to 'tick all the boxes' yet remains affordable. Perception of value for money is key. The selling of benefits to

customers, which has always been the primary element when the price is more than competitors', does not guarantee sales, particularly in a recession, because price is the all important factor. Further, in terms of compliancy, so long as the Responsible Person in an organisation addresses staff training, the issue of it being suitable and sufficient, is often left until audit by an Inspecting Officer, when they will be told they are not compliant if they do not conduct it.

The pricing structure, which was inherited from Natfire, has not been addressed to remain competitive and could be fundamental to declining sales through the recession and competition. Accordingly the half day Fire Marshal course has been borne out of necessity to be more competitive with pricing. Thus, this is offered at £80 per person on an open course basis with a closed course price of £585. Closed courses are for groups of staff from the same organisation where they have the choice of venue, either their premises or ours. In addition, the Basic Fire Awareness Course has been capped at offering 20 places, for £295. The E-Learning package, which is a new venture, is very affordable at only a few pounds per person. The investment in this product ensures that sales do not cost the Unit in trainer or administrative hours, since all the work has been done in development.

4.3 Service & Products

The range of training courses now offered by CTU are:

- Fire Safety & Risk Management One Day Course
- Fire Safety for Small Businesses One Day Course
- Fire Marshal Half Day Course either on an Open or Closed basis
- E-Learning for all Staff – either on-line or CD-ROM option
- 2 hour Basic Fire Awareness in your workplace

The products currently offered are:

- Fire Marshal High Visibility Tabards
- Fire Marshal Arm Bands

Customers regularly ask for other products and services which have previously not been provided by the Unit, such as fire risk assessment consultancy, health & safety training including manual handling and fire evac-chair training for instance.

Competitors currently provide a wide range of these services making it easier for the customer to address their needs with one provider rather than searching around for

various retailers to check availability and price. There is scope in the future for diversification to expand into these markets and tap the profit to be made.

4.4 Business Activities

Marketing has been conducted with numerous mailshot campaigns which have resulted in steady business. Although, unable to conduct aggressive marketing campaigns which were conducted with the Essex/Natfire partnership, success in return has been encouraging.

Using the badge and branding the Unit is a point of reference for advice, this contact is then often converted into a sale. The website is used as an information point as well as a vehicle for advertising fire safety training. Free places on fire safety information mornings, is another way of generating business. Since the customer has already sampled the 'goods' the perception of familiarity and the professional image demonstrate that there are no surprises in store and the information given is legitimate. Free training needs analysis consultations over the telephone or by appointment are another way of securing custom.

Lack of resilience in the team has created problems with the Manager having to take on the training role more and more to cover sickness and holiday absence. In some instances courses have had to be cancelled when the Manager was on annual leave and the Trainer became sick, since there has been no-one available to conduct training. This is not good business practice. Addressing this issue has been done by condensing the Nominated Fire Warden course into a Fire Marshal course and offering it as a half day without reducing the quality.

The calendar has been scheduled to reflect maximum trainer and manager capacity, with allowances for sickness and annual leave. The Co-ordinator post hours are being increased to 29.6 per week from 18½, which will provide cover in the office as a point of contact for customers with enquiries. Further, marketing and selling opportunities will not be lost and more aggressive marketing campaigns can be undertaken.

5. CORE COMPETENCIES

The branding and logo of an emergency service, positions the Unit in high regard in the market place as market/brand leaders. The brand is synonymous with trustworthiness, reliability and credence as the authority in fire related issues.

The CTU staff are professional with supporting qualifications. The Manager has a Business Degree, Post Graduate Certificate of Education and NEBOSH Fire Safety & Risk Management Certificate; and the Trainer has a Certificate of Education and NEBOSH Practical Fire Risk Assessment award. The Co-ordinator is completing a marketing qualification and has completed the ECDL. This knowledge ensures training courses are formulated and delivered to quality educational standards.

The training course contents are audited by members of Nottinghamshire Fire & Rescue Service's Fire Protection Department which ensures accuracy. Further CTU staff attends the Fire Protection Departments' development days, which keeps them abreast of current issues. They also take the opportunity to shadow Inspecting Officers, by invitation, as they undertake audits in business premises. This involvement broadens the knowledge of the Training staff who are then in a better position to formulate course contents and training materials. They are also in a better position to be able to answer questions regarding fire safety issues during delivery of training courses.

6. MARKET RESEARCH

From analysing the CTU's strengths, weaknesses, opportunities and threats (SWOT) – see Appendix I page 21. This shows that the opportunities are achievable from little investment. Further, supported by the strengths of the Unit, the threats are surmountable. The weaknesses can be easily converted to strengths and opportunities with little effort.

6.1 How Weakness can be Converted To Strengths And Opportunities

- No Business Structure - Set-up under a trading arm will necessitate a formal structure. This in turn will provide steering, support and guidance. There will also be incentives through targets and a clear vision for the future and with each persons' contribution in its success clarified.

- Lack of Investment - With outdated resources such as the CTU database. Over a period of time, this has become outdated and does not function as it should. The specification for it was written in 1995, it has never been upgraded since then and with being moved around it has become corrupt. Working with NFRS IT, the issue of data management is being addressed already with a view to purchasing an appropriate package to enable interrogation and management information to be accessed easily. The cost of this will not be prohibitive at approximately £500-£600. Further, purchasing marketing data from reliable sources such as Experian, will facilitate marketing campaigns rather than having to resort to trawling through Yellow Pages for contact details.
- Past Restrictions - As a separate trading entity, restrictions placed upon the Unit will be lifted in terms of making profit. Further, it will open up avenues to train in other areas as it becomes more successful as boundaries will be lifted to trade regionally. Benefiting from the use of ad hoc trainers will also provide much needed resilience to the Unit. The restriction to offer fire risk assessments will also be lifted opening up a whole market of potential custom which will also generate more training. The Unit will be able to have a dedicated website (linked via NFRS current site). On-line booking will then be available to customers this will be more convenient and less time consuming for both the customer and CTU staff. Further, the ability to offer payment by card would be extremely useful to book and pay for training over the telephone and would enable products to be sold at training events.

6.2 **Challenging the Threats**

- Competition - Competitors have offered training courses a lot cheaper than CTU. As a potential customer, price is the most important factor. This has now been addressed by bringing the programmes in line and changing from one day courses to half days. Ex-fire service personnel who set up in business as fire safety trainers have always and will always be a threat, however to overcome this we can rely on the branding (badge) and current association with the NFRS and not an association of a past career. Marketing under the brand and ensuring that services are not overpriced should ensure success.
- Competitor Advantage - The badge of the emergency service and enforcing body for Nottinghamshire are the most influential attributes of CTU which is essentially our unique selling point. Competitors are able to offer a wider

range of products and services at the present, however as the Unit grows, it will be able to diversify into other safety related training areas and products and compete on a more even keel with counterparts in the private sector.

- Recession - The squeeze felt on businesses will lessen as time goes on to release its stronghold. Driven by compliancy, training is a necessity therefore if the CTU's pricing structure remains competitive, purchasing training from CTU should be attractive over competitors because they do not have the added benefit of an emergency service association.
- Lack of Initial Start-up Funding - Given that the Unit has not made profit over the last financial year, it is currently showing a loss, is no indication that it cannot generate profit in the future. Mitigating forces of restriction have weighed heavily on the Unit preventing development and therefore its ability to make profit. The focus of its potential to trade has now been put in the spotlight and has identified the impact of the shortcomings. Addressing the issue of competitiveness with altering the programme of courses and reviewing the pricing structure, will set the Unit on the road to success as a comparable competitor in the market.

7. FINANCIAL STATEMENT

7.1 CTU Income and Expenditure for Previous Years (n.b. ignores any recharges)

	2004/5	2005/6	2006/7	2007/8	2008/9
Income as NFRS	90	-83	-29	-68	-102
Income as Natfire	0	0	-54	-62	0
TOTAL INCOME	<u>-90</u>	<u>-83</u>	<u>-83</u>	<u>-130</u>	<u>-102</u>
Expenditure as NFRS	98	141	56	71	102
Expenditure as Natfire	0	0	85	61	0
TOTAL EXPENDITURE	<u>98</u>	<u>141</u>	<u>141</u>	<u>132</u>	<u>102</u>
<u>Profit/Loss</u>	<u>8</u>	<u>58</u>	<u>58</u>	<u>2</u>	<u>0</u>

7.2 Projected Income and Expenditure

	2010 / 2011 Projection	2011 / 2012 Projection	2012 / 2013 Projection
Income	-142,590	-167,582	-188,881
Non Pay Expenditure	27,234	31,765	35,769
Pay Expenditure	88,308	102,337	104,760
Total Expenditure	115,542	134,102	140,529
Profit / Loss Without Recharges	-27,048	-33,480	-48,352
Recharges			
IT	7,146	7,181	7,217
HR	1,003	1,063	1,091
Finance	8,681	8,884	9,106
Premises	3,828	3,847	3,866
Transport	1,549	1,549	1,549
Insurances	1,219	1,225	1,231
Communications	0	0	0
Total Expenditure	23,455	23,749	24,060
Profit / Loss After Recharges	-3,593	-9,731	-24,292

8. IMMEDIATE FUTURE TO MARCH 2010

This period is considered as now until 30th March 2010. The suite of courses offered has been revamped, to be more in line with competitors' programmes. The contents and duration have been amended to reflect customer needs. The One Day Nominated Fire Warden Course has been removed from the programme as this was not in line with competitors and researching the market revealed that customers would prefer a half day rather than a full day course. In its place, a half day Fire Marshal course has been developed which is in keeping with competitors both in duration and price. Our unique selling point is the badge and the image it portrays as an emergency service as *the* authority in fire related matters – i.e. the brand.

A calendar of scheduled training programmes has been calculated to maximise staff capability for course provision. It is estimated that the Trainer will spend between 3 and 4 days training with the rest of the time in course preparation and development, and engaging in marketing and selling. The Manager's time will be split on a 4:1 ratio with the majority of the time being spent on marketing and selling and one day in the classroom for hands-on training delivery. The Co-ordinator post will increase to 4 days-per-week cover for the start of November 2009. This will provide much needed administration support and bolster marketing and selling capability. The vacant Trainer post will not be filled in the short term, with the view of increasing business to a sustainable level. A review of this will be taken in the medium term.

Further a database of names is being sourced from Experian. The data will be used to mailshot 8,954 companies throughout Nottinghamshire. Mailshot telephone call follow-ups will be made to re-emphasise the message sent out in letter format and to encourage take-up of places. Advertising through Yell.com which entails small outlay, will reach the business community in a different way other than reliance upon the Emergency Service site only. In addition, delivery of free presentations to potential customers is also scheduled in October, November, January and March.

Diversification into selling safety related training products would increase income from little investment. The products selected do not overlap with those offered by Fire Extinguisher Maintenance and would be in keeping with competitors. Products initially for sale will be Fire Marshal tabards and armbands, fire grab bags and china

graph pencils. Expansion of the range is being considered in the medium term future when the Unit is set up to trade in an arms length company.

9. SHORT TERM FUTURE – 2010-11

In the short term, year 2010/11 profit is projected from the baseline changes which have been put in place above. The Unit needs to continue with aggressive marketing campaigns to ensure business continuity. Mailshots, followed-up with telephone calls, e-mail campaigns, website advertising, appointments and network forums are all avenues set up in the short term which will continue. In addition, free presentations to introduce the public and private sector to fire safety law and their duties to comply will be extended to include scheduled dates on Stations north and south of the county. Free presentations are a good way to introduce the services and products available and are recognised as a means of generating business. The manager is being proactive in attending networking forums including business pitching at breakfast meetings. In addition, appointments have been made to major employers in the public and private sector to demonstrate the E-learning package and offer training advice.

Expansion into the area of fire risk assessment consultancy would enhance profits and boost sales of fire safety training and related products. This is a natural step and one which our competitors already offer. CTU have up to now been unable to offer this service because of conflict of interest, however upon becoming a separate entity, the barriers to consultancy will be removed (Essex Fire Trading are good examples of this). From working with Natfire, their primary work was centred around fire risk assessment consultancy and this generated sales in fire safety training courses. Securing an ad-hoc assessor to undertake the work would negate the need for funding a temporary or permanent post. Tentative enquiries into costs and feasibility have been made with a consultant who worked for Natfire. Alternative consultants could be sourced from retired or ex-Fire Protection Officers as the training and experience necessary for the work, has already been proved.

Training the Manager to become proficient in fire risk assessment, will fortify the Unit in the longer term on two fronts: Firstly, it will provide more of opportunities to sell further products and services to clients who take up fire risk assessment, on a relationship marketing basis; Secondly, it will facilitate fire risk assessment quality control in house.

10. MEDIUM TERM FUTURE – 2011-12

In the medium term 2011-12, diversification into other safety related training is necessary in order to grow the business, increase profit margins and remain competitive. Expanding the range of courses to include other safety related products and services, makes good business sense to achieve long term stability. The aim is to offer training courses in subjects such as first-aid, manual handling and health and safety. The progression is a natural step and would bring added sales and profit from existing customers. It would allow the Unit to compete with competitors in the private sector more fully. Further it would be more attractive in generating new customers, as they would be able to buy all their safety related products in one place. Customer enquiries are indicative of demand for products and services not currently offered by CTU. Demand is there. CTU is missing out on wider markets by its niche strategy and the incumbents of current trading restrictions. An example of successful diversification is St John's Ambulance: Synonymous with first-aid training, they have diversified into other related areas and include fire safety training in their programme .

To kick start new courses, free taster sessions will be offered to existing loyal customers. This will serve two purposes: It will ease the trainer in gradually and it will provide a base for the courses to get established. Upon the success of these courses, further marketing campaigns undertaken will include the endorsements from these pilots to promote them.

Securing a part-time trainer on a temporary one year contract, would initially be the best way of providing training in the diversified fields and would provide additional resilience for fire safety training. Appointing in this way would carry the least risk to the Unit as control over quality and intellectual property rights could be better managed than using ad hoc trainers. It is anticipated that this trainer's capacity for conducting training during this period would be averaged at two courses per week.

Under a trading arm, the limitations placed on the Unit due to conflict of interest, would be removed, enabling consultancy in fire risk assessment to be offered legitimately. Services of ad hoc consultants would be retained in the first instance, to allow the business sector to grow with minimal risk. The market for Fire Risk Assessment consultancy is vast due to legislative requirement. Most competitors offer consultancy services as the starting point for fire safety provision. Fire Risk

Assessment completion often highlights the need for other fire safety related services and products, which in turn generates more business turnover. It is anticipated that consultancy would be able to complete three fire risk assessments per calendar month during this medium term period. Tentative research to find suitable assessors have found in addition to the Assessor identified in 9. above, retired ex-Fire Protection Officers would be ideal likely candidates; their training and experience necessary to conduct the assessments is proven in the work they have done for the Service whilst employed.

During this time it is anticipated to see more of a cross pollination between CTU and Fire Extinguisher Maintenance (FEM) with goods and services offered as complete packages of fire safety to organisations. From Fire Risk Assessment through to safety training, extinguisher provision, alarms, emergency lighting and signage etc, the whole spectrum of safety could be offered. This service will take time to establish and market throughout the county.

The country's financial recovery should see an upturn in confidence to spend money on business investment including safety. Whereas safety projects may have been on hold during recession, recovery should release the stronghold of the effects, thereby creating a more affluent market place for safety businesses to flourish. Having addressed the shortcomings of the training set-up and calendar, the recession should not impact too heavily on sales.

Obtaining the ISO:9001 quality assurance will also be sought to bolster the reputation of the training. It is a widely recognised standard in the business sector which shows that an excellent level of service and quality has been achieved.

11 LONG TERM FUTURE – 2012-13

Moving into regional markets is a natural step and one which, by this time in business, will be easier to undertake as the precariousness of resilience will be resolved. The E-learning package is an easy way to make the move initially into regional markets since it does not require any trainer presence and is supported through telephone contact and by mail and internet. It is envisaged that sales will increase (from a conservative 5 per month in the short term to 8 per month in the long term).

In order to move the business further-a-field, the Manager will travel into the regions for networking, training needs analysis and fire risk assessments. Free presentations will be carried-out by the Manager with a view to launching training services in the east midlands region. Marketing will be undertaken for fire marshal training in the extended area with venues being secured which meet the criteria required for conducted training. The expansion will be assisted because regionally, Fire Service Commercial Training is not being conducted by Leicestershire and Northamptonshire and the decision about Derbyshire's future activities is currently pending. Therefore, the presence of a Fire Service wholly owned company (with the badge and reputation) would be an advantage over private sector competitors.

In order to facilitate regional training, the temporary one year part-time trainer contract would be offered again as a temporary post for a year with a view to increasing the hours from 18.5 to 29.6 i.e. to 4 days per week. Training would then be able to be extended into the region.

Further, the Training Manager having been trained will be able to offer Fire Risk Assessments on a commercial basis and be better placed to offer a complete fire safety training package to the customer i.e. from fire risk assessment through to training, extinguishers and related products. The Manager would also be in a better position to audit the work of the consultant for quality control.

12 RECOMMENDATIONS

The CTU should be set-up to trade along side Fire Extinguisher Maintenance (FEM) in a trading arm of NFRS. The market for fire safety training and fire safety products is driven by legislation, which in turn ensures continued demand [Article 21 of the Regulatory Reform (Fire Safety) Order 2005]

The CTU has been successful in the past in providing a very limited range of training courses to a niche market. To move from the status of just covering costs, to becoming profitable, requires the freedom to be able to compete on the same level as its competitors i.e. expanding the service range, introduction of products for resale and extending the market share. With the use of the Service Badge and the brand, the Unit does have competitor advantage; all that is required will be to build awareness in the market that the CTU exists as a company providing safety training and fire safety products.

Engaging in marketing campaigns and offering a wider range of products and services, sets a broader platform on which to make profit. The changes necessary are minimal and require little investment in resources, such as time and effort. The eventual appointment of additional ad-hoc staff will satisfy, not only the diversification required, but also serve to support the lack of resilience in the current team.

Expanding business into regional markets is a natural step which will be readily achievable with more staff to cover capacity. There has always been the potential for this department to be extremely successful if it were harnessed to enjoy the freedoms to compete along side its competitors: Set-up as a trading company to conduct business will accomplish this.

**CTU BUSINESS PLAN 2009/11
APPENDIX I**

**STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS
(SWOT) ANALYSIS MODEL**

Strengths	Weaknesses
<ul style="list-style-type: none"> • NFRS Logo – Reputation • Central point of contact for Fire Safety Training needs • Qualified & Experienced training staff • Quality Specialised Fire Safety Training • Hands on Practical Training • Unique E Learning Package • Training Courses Validated & Audited by NFRS Fire Protection • Certificates Endorsed by the Chief Fire Officer • Small team – greater communication and cross over of skills • Central Location • Money making arm of NFRS • Industry based contacts • Database of client information • Loyalty from customers– repeat business • Consultation with Employers County Wide • Webpage advertising CTU • Central functions included within NFRS 	<ul style="list-style-type: none"> • No business structure • Lack of investment in CTU in the past resulting in outdated resources Eg. Customer Database • Past restrictions regarding making profit • Small team – consists of only 2½ Staff Posts • No bank of Ad Hoc Trainers • Product range restricted • Webpage restrictions (No on line bookings) • Poor / Limited marketing resources • Geographical Constraints (Nottinghamshire Only) • No external accreditation



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Fire Extinguisher Maintenance Business Plan 2010/13

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Introduction

The Fire Extinguisher Maintenance (FEM) Section is a self-financing service which lies within the Finance & Resources Department.

Established in 1980 it advises upon, supplies, installs and maintains all types of extinguishers , hose reels and fire signage to 2,400 sites maintaining over 34,000 units under contracts throughout Nottinghamshire, Clients include Local authorities, Civic properties, Nottinghamshire Police, Schools, Religious premises, Charitable organisations and Other qualifying clients.

These periodic services are backed up by a call-out service which will replace discharged or damaged equipment within 48 hours. Turnover is approx £250,000 per annum.

The day to day management of operations rests with the FEM/HMI Manager, Phil Kennell, who reports through the Procurement & Estates Manager to the Head of Finance and Resources.

The FEM Manager is based at Edwinstowe and the FEM Stores/Workshop are located at Hucknall Fire Station, Since the section is run as a business the operating systems are regularly reviewed through quarterly performance meetings for continuous improvements, to provide a quality service at competitive rates that meets our customer needs.

The section is BAFE registered (British Approvals for Fire Equipment) and the experienced Technicians are qualified to the FETA (Fire Extinguishing Trades Association).

The Quality system is certified to BS EN ISO 9001:2000 under the British Standards Institute and endorsed by the British Approvals for Fire Equipment (BAFE). The quality system of the section is subject to regular audit reviews under the terms of its certification. The certificate was originally awarded in 1989

Department Team

This list of team members allows someone external to the organisation to cross reference “person responsible” listed in the objectives to their role within the department.

The only disadvantage is the list may become out of date unless it is updated as and when personnel move roles.

Team Member	Team Role
Terry Breheny	Procurement & Estates Manager
Phil Kennell	FEM/HMI Manager
Keith Newton	FEM Base Coordinator
Paul Huggins	FEM Technician
Dave Ilett	FEM Technician
Jeff Munroe	FEM Technician
Vacant	FEM Technician
Brian Wingate	Hydrant Maintenance Inspector
Stephen Priestley	Hydrant Maintenance Inspector

Mission

Due to the constraints of the *Revision of Local Government (Best Value Authorities) (Power to Trade) (England) Order 2004*.

This states that any Fire & Rescue Authority wishing to continue to trade requires to do so as a Company, with this in mind the current management seeks permission to set up a trading company known as Nottinghamshire Fire & Rescue Service (Trading) Ltd.

Whilst achieving this status it can continue to grow its business without the constraints of the Local Government Goods and Services Act 1970, which is limited to only trading with “public to public” and does not extend itself to public to private trading.

The Dept employs 5 engineers from the area, in positions within the Maintenance Department. By employing local individuals, with this NFRS (trading) Ltd would be contributing toward the development of the area. Funds would remain in the area thereby boosting the economy and contributing to the community as a whole. Loyal customers help to expand the company's business area by word-of-mouth and a pocketful of NFRS (FEM) business cards.

A key component of the company's strategy is to continue to add to its ever-increasing maintenance schedules that currently include Nottingham County Council, Nottingham City Council, Nottingham City Homes Ltd, Nottinghamshire Police, Nottingham Community Housing Association, Many local Charities and other local business.

The Dept is seeking to expand the business in the surrounding areas. Expansion plans include the growth of the service schedules and sales of portable fire fighting equipment and signage and to offer other fire safety related products.

NFRS (FEM) mission is to become THE exclusive full-service equipment sales, and service company in Nottinghamshire with the ability to service other areas of the East Midlands. Therefore the company's strategy is to create a limited geographical niche for itself where there are no potential competitors.

NFRS (FEM) vision is to continue to expand its service to other areas. The company's coverage area is constantly increasing, as the areas are becoming aware of the company's presence.

Last 5 years Income and Expenditure

Income and Expenditure for Fire Extinguisher Maintenance for the Last Five Year

This excludes all recharges

	2004/05	2005/06	2006/07	2007/08	2008/09
Income	-240	-268	-270	-282	-288
Expenditure	212	209	215	242	220
Profit (-)/Loss	-28	-59	-55	-40	-68

Locations and Facilities

The Department has one office currently in Edwinstowe and a Workshop/Store located in Hucknall Nottingham.

Currently, there are no environmental concerns. NFRS (Trading) Ltd's current hours of operation are from 8:30 a.m. until 4:30 p.m. However, the company does receive after hours calls and provides assistance as needed. Work hours have sometimes extended from 5:00 a.m. to later than 6:00 p.m. as needed.

Future Facilities

NFRS (Trading) Ltd hopes to acquire a suitable premise to cover all its operations in a suitably located area close to all amenities and roadways.

Products

NFRS (Trading) Ltd maintains all makes of fire extinguishers and supplies the full JewelSaffire Product range.

NFRS (Trading) Ltd has accounts with other major manufacturers and suppliers of the equipment required.

NFRS (Trading) Ltd has accounts with 'Firebuy' that supplies many other products for the industry.

Product summary

Full range of BS EN 3 Fire Extinguishers.

Fire Blankets

Signage

Hose reel assemblies

Full range of spares

Dry Riser spares

Fire Alarm consumables

Future Products

NFRS (Trading) Ltd plans to increase its current inventory and suppliers while adding new product lines available on the market.

Aiming to be the 'One Stop Shop' for fire safety products.

NFRS (Trading) Ltd also plans to be able to offer specials such as manufacturer's discounts that would entice potential customers to NFRS (Trading) Ltd, while at the same time retaining a good working capital within the company.

Product Support

NFRS (Trading) Ltd is also listed on the 'find your engineer' web site and is a member of the British Approval for Fire Extinguishers (BAFE).

JewelSaffire offers a full guarantee on its products whilst maintained by us.

Market Summary

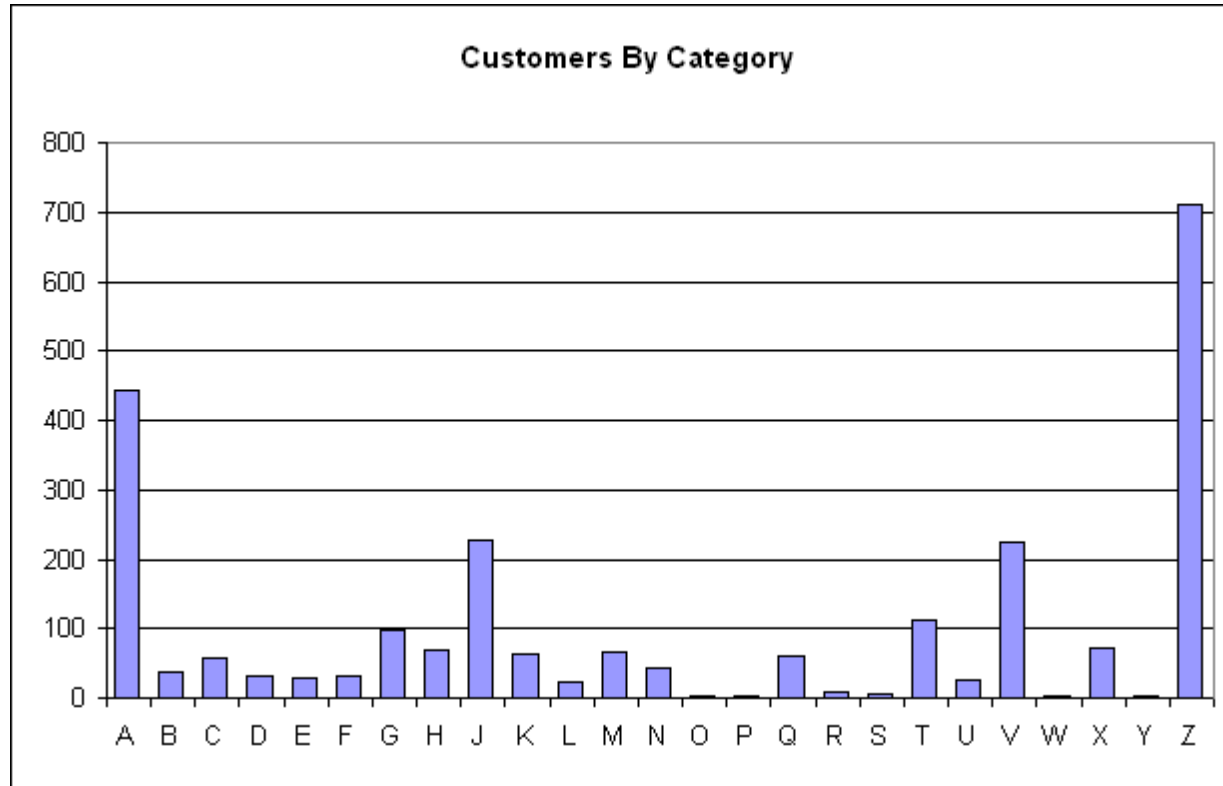
The company expects to participate in a variety of different industries, including commercial and residential premises. The following sections will describe the industries in which NFRS (Trading) Ltd hopes to compete.

Target Market Segment Strategy

NFRS (Trading) Ltd currently has customers in the industrial and commercial fields and Local Authorities, with expansion potential in other County areas.

Category	Total
A	443
B	38
C	57
D	31
E	29
F	32
G	98
H	70
J	228
K	63
L	24
M	67
N	43
O	3
P	3
Q	59
R	10
S	5
T	113
U	25
V	225
W	2
X	73
Y	2
Z	711

2454



Market Growth

Most of NFRS (Trading) Ltd's clients are from the local authority and have in place long running service agreements. This means that they are budgeted on an annual basis and provide a good proportion of revenue.

The one industry that can be counted on to grow significantly for the short-term is the commercial industry and Private sector companies.

In evaluating our total market we plan to concentrate on these sectors as our primary target market. This would not be possible under the current restraints.

Marketing

The overall marketing plan for NFRS (Trading) Ltd's products and services is based on the following fundamentals:

- The segment of the market(s) planned to reach.
- Distribution channels planned to be used to reach market segments: television, radio, sales associates, and mailings.
- Share of the market expected to capture over a fixed period of time.

Market Responsibilities

NFRS (Trading) Ltd is committed to a promotional campaign. This will be done aggressively and on a broad scale. To accomplish initial sales goals, the company will require an extremely effective promotional campaign to accomplish two primary objectives:

1. Attract quality sales/service personnel that have a desire to be successful.
2. Attract customers that will constantly look to NFRS (Trading) Ltd for their products as a 'One Stop Shop'

In addition, NFRS (Trading) Ltd plans to advertise in Local magazines, newspapers, internet and on the radio throughout the Region.

Promotion

In addition to standard advertisement practices, NFRS (Trading) Ltd will gain considerable recognition through these additional promotional mediums:

- NFRS Logo / Badge (licensed by Nottinghamshire & City of Nottingham Fire & Rescue Authority)
- Incentives. As an extra incentive for customers and potential customers to NFRS (Trading) Ltd's name, the company plans to distribute coffee mugs, T-shirts, pens, and other advertising specialties with the company logo. This will be an ongoing program for the company, when appropriate and where it is identified as beneficial.
- Brochures. The objective of brochures is to portray NFRS (Trading) Ltd's goals and products as an attractive functionality. It is also to show customers how to use the fire equipment and offer guidance on the fire safety order.
- NFRS (Trading) Ltd will develop three brochures: one to be used to promote sales, one to use to announce the product in a new market, and the other to recruit sales distributors.

Investment in Advertising and Promotion

Advertising and promotion is budgeted at a combined total of £5,800.00 per annum. On an ongoing basis to form part of the business plan expansion requirements.

Pricing

Currently, NFRS (Trading) Ltd maintains a credit department for its customers with a 30-day limit. All of NFRS (Trading) Ltd's customers choose to deal with their own financial sources.

The company offers competitive prices, which are subject to review when necessary. NFRS (Trading) Ltd has done sufficient work in this area to know that it can place a mark-up on merchandise and still retain sufficient funds to be competitive. Knowledge of market and competitor prices gives NFRS (Trading) Ltd the advantage of pricing in-line with competitors. NFRS (Trading) Ltd suppliers have and will continue to supply products that enable the company to meet the customer's price range.

Most companies have a 35-60% mark-up on their merchandise. Having worked for a number of the larger companies in the area, Mr. Kennell has an advantage of knowing which companies are firm with the prices and how much others will decrease their prices. Several companies do not have a working list of sale prices and change with the market thereby causing a delay of several hours or even days to allow for a check of existing rates.

Marketing Communications

The company's promotional plan is diverse and includes a range of marketing communications:

- Trade shows. Company representatives will attend and participate in several trade shows, such as Local Government supplier's fairs and Fire Ex.
- Print advertising. The company's print advertising program includes advertisements in the Nottingham Evening Post newspaper, Mansfield & Ashfield Chad, Yellow Pages Business directory, Local community group publications and Brigade Bulletins.
- Festivals. The company plans to take part in various local shows. This includes hire of equipment thus advertising our services.
- Additional methods include:
 - Yard signs.
 - Vehicle Livery.
 - Business cards.
 - Sponsoring local groups and football teams.

Market Statistics

The market in this area has the capability to expand with new small business being set up daily along with regeneration areas. NFRS (Trading) Ltd in conjunction with JewelSaffire will be able to supply the local area and neighbouring communities. NFRS (Trading) Ltd plans on offering a substantial line of equipment for rental and sales to meet customer needs as well as service for the equipment and those owned by others in the area.

Competition and Buying Patterns

NFRS (Trading) Ltd's closest competitors located in Nottingham. They include the following five companies:

- CHUBB Fire;
- Thomas Glover;
- O'Heap & Son;
- FSE Ltd;
- Firecrest Uk Ltd.

However all the above companies cover National contracts due to having no restraints?



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Strategy and Implementation Summary

The company plans to rapidly develop marketing alliances with industry suppliers and pursue new sales of fire related equipment. The market strategy is to capitalise on NFRS (Trading) Ltd's ever-increasing customer base and contacts by offering the latest products and personalised service.

The company's goal in the next year is to establish the new company identity allow for expanding the shop/service area with up-to-date servicing equipment, hiring additional employees, and obtaining service delivery vehicles as well as rental and sales inventory for all aspects of the company's customer base.

The company's goal in the next two to five years is to hire additional employees, concentrate on customer service, and promote the company and the environment that has allowed for this increase in service by way of discounts and promotional specials that will benefit the company and the customer.

Competitive Edge

- Expansion. NFRS (Trading) Ltd is currently located in 2 areas there maybe the benefit to merge the 2 areas into 1, providing constant customer support and maintain just one contact number. All staff working from one unit would emphasis the business stance.
- Hire more employees. The company plans to employ more staff from geographical areas and a company administrator. They will be responsible for maintenance, repair, and delivery. This will enable Mr. Kennell to focus on the core of the business.
- Increase advertising. The company is currently working to expand its advertising campaigns. The company has in the past designed a tri-fold brochure, this now requires updating. This will form first line advertising and shall be included in all literature sent out to potential and existing customers.
- Establish more alliances. NFRS (Trading) Ltd has contacts with other proactive departments within NFRS and hopes to establish an alliance between them and the services NFRS (Trading) Ltd offers.

Marketing Strategy

The company has strategic alliances with the Fire Protection Department of NFRS. This alliance is valuable to NFRS (Trading) Ltd because of their good reputation, and they are valuable to the ally firms because they are promoting a local company and this helps in community development. NFRS (Trading) Ltd plans to also form strategic alliances with Internet sites, area publications, and other equipment suppliers.

Sales Forecast

Projected Sales Forecast.

Sales Forecast for Fire Extinguisher Maintenance

	2010/11	2011/12	2012/13
Income			
	-	-	-
FEM Income	282,700	285,527	291,237
Rentals	-1,000	-1,020	-1,040
Hydrant Management Recharge	-22,358	-22,921	-23,380
	-	-	-
Total Income	306,057	309,468	315,658
Expenditure			
Non Pay Expenditure	55,101	55,376	55,653
Pay Expenditure	194,315	197,829	201,178
Total Expenditure	249,416	253,206	256,831
Profit(-)/Loss before Recharges	-56,641	-56,263	-58,826
Recharges			
IT	8,650	8,693	8,736
HR	2,321	2,390	2,454
Finance	10,663	10,901	11,167
Premises	8,769	8,813	8,857
Transport	9,870	9,870	9,870
Marketing	5,800	5,829	5,858
Insurances	2,303	2,314	2,326
Total Expenditure	48,376	48,810	49,269

Profit(-)/Loss Before Tax	-8,266	-7,453	-9,558
Corporation Tax (21%)	1,936	1,766	2,209
Profit (-) & Loss after tax	<u>-6,330</u>	<u>-5,687</u>	<u>-7,349</u>

Management Summary

The company's management philosophy is based on responsibility and mutual respect. NFRS (Trading) Ltd maintains an environment and structure that encourages productivity and respect for customers and fellow employees.

Personnel Plan

NFRS (Trading) Ltd's management is highly experienced (15 years in Fire extinguisher Trade) and qualified to FETA and BAFE standards. Its key management team includes Mr. Phil Kennell and Mr Keith Newton (Base Co-ordinator)

Jointly, they are responsible for carrying out site surveys, processing quotes, scheduling invoices, delivery and contract sales/rentals. In addition to this Phil manages the Fire Hydrant Maintenance team and attends meetings associated with the supply of water for fire fighting in the Nottinghamshire area. It is hoped that a management fee can be charged to the fire service for the continuation of Phil's management and administration as the Water Officer.

The company hopes to employ an Administrator to carry out general secretarial duties freeing up Phil's time so that more marketing can be carried out.

Projected Outturn

2009/2010 Fire Extinguisher Maintenance Outturn

	Pd1 to Pd5 Actual	Outturn based on current activity
Income Pd1 to Pd5	-115,482	-277,157
Non Pay Expenditure Pd1 to 5	22,845	54,827
Pay Expenditure Pd1 to 5	49,630	164,499
Total Expenditure	72,474	219,325
Profit/Loss without recharges	-43,008	-57,831
Recharges		
IT	3,604	8,650
HR	943	2,263
Finance	4,133	9,919
Premises	3,654	8,769
Transport	4,113	9,870
Marketing	2,417	5,800
Insurances	1,512	3,629
Total Expenditure	20,375	48,900
Profit/Loss after Recharges	-22,633	-8,932

Appendix:

Pay:

2009/10				2010/11			
			Total				Total
136,523	7,271	20,705	164,499	163,873	8,959	21,482	194,315
2011/12				2012/13			
			Total				Total
166,799	9,171	21,859	197,829	169,588	9,372	22,218	201,178

I.T Costs:

IT Costs For FEM - After meeting with Andrew Keetley on the 08/07/2009

	Total Charge		Charge to FEM per year	Comments
Edwinstowe 100mb internet				
Yearly Charge	12360	Based on no. of computers at Edwinstowe	1,545	Currently 4 desktop points and 4 laptop points. Phil has 2 computers both can be used for FEM only 1 Hydrants assumption one is for FEM other Hydrant maintenance
Landlines	45	Per a quarter	360	2 landlines
	10	Plus £10 call	20	
			380	
Handhelds				
Monthly rental	10.38	5 handhelds	623	
Handhelds Software - Gabriel				
Capital Charge	12000	Spread Over 5years	2,400	
Yearly Charge	2400	Totally FEM charge	2,400	Currently paid in 3 instalments
Physical Computers - Screen & Box				
Cost	500	Split over 4 years	125	Four year life
Microsoft Office & Email				
Yearly Charge	30020	600 Computers (pro rota)	100	Split over 600 computers within the NFRS
Support & Repairs				
Pay Budget	323000	600 Computers	1,077	Based on IT pay budget / no of computers
Total FEM IT Charges			8,650	

Assumptions

Ignores maintenance contracts for centralised hardware, spares and parts. Therefore this would not work across the whole of the NFRS as would not split all costs.

H.R Costs:

HR Recharges

	2009/10	2010/2011	2011/2012	2012/2013
Total HR Pay	381,417	385,052	390,398	394,586
		392,753	406,170	418,738
		7,701	8,071	8,380
No. of Employees	1,173	1,173	1,173	1,173
Cost per Employee	325	335	346	357
No. of Employees in FEM	6	6	6	6
Westfield	312	312	312	312
Retainer Fee	2,263	2,321	2,390	2,454

Grievances or extra advise above the basic provided under the retainer fee will be charge by a business partners hourly rate

(Used Aileen Macpherson's hourly rate)

	hourly rate
40,899	21

Retainer Fee Includes	Retainer Fee Does Not Include
Recruiting	Adverts
Short listing	L&D Costs (excluding compulsory courses)
	CRB Checks

Transport:

Transport Recharges

FJ05 OLP	1735.53	Lease charge
FJ07 ORS	2033.86	Depreciation by a straight line method
FJ07 ORP	2033.86	Depreciation by a straight line method
FJ57 CYA	2033.46	Depreciation by a straight line method
FJ57 CYC	2033.46	Depreciation by a straight line method
	9870.17	

Insurances:

Insurance Recharges

		2009/10		2010/2011
Motor Insurance				
450 per vehicle	5	2250	5	2250
Employers & Public Liability				
8.25 per £1,000 payroll	164	1,357	4	31
Employees Travel Insurance				
3.59 per person	6	22	6	22
		3,629		2,303

Premises:

Premises Recharges

Hucknall Fire Station - as per drawings

	m2		Total Occupied by FEM
FEM/ D.S Training Room	9	0.5	5
FEM Office	9	1	9
FEM /DS Kitchen	8.05	0.5	4
FEM	15.75	1	16
FEM	4.6	1	5
FEM Appliance Bay	36.75	1	37
Total m2	83.15		75

Total Floor Space of Hucknall	689
Total Premises Cost	63,149
Cost per m2	92
Total Hucknall Cost for FEM	7,621

Edwinstowe Annex - Phil Kennells office

FEM/Hydrant Maintenance Office	12.88	0.5	6.44
			6.44

Total Floor Space of Edwinstowe	389
Total Premises Cost	34,681
Cost per m2	89
Total Edwinstowe Cost for FEM	1148.317

Total Premises Cost	<u><u>8,769</u></u>
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Finance Charges:

Finance Recharges

	2009/10	2010/11	2011/12	2012/13
A Full Payroll Service	685	698	702	727
A Full Treasury Management	359	370	377	385
A Debt Management & Recovery Service	3,322	3,413	3,482	3,551
Compliance with Statutory Financial Requirements	1,295	1,354	1,416	1,483
A Full Payments Service	3,403	3,945	4,024	4,105
A Full Management Accounting Service	856	882	899	917
Total Cost	9,919	10,663	10,901	11,167