

## report

meeting	<b>NOTTINGHAM AND CITY OF NOTTINGHAM FIRE &amp; RESCUE AUTHORITY</b>	
	<b>POLICY &amp; STRATEGY COMMITTEE</b>	
date	<b>3 August 2007</b>	agenda item number

### REPORT OF THE CHIEF FIRE OFFICER

#### COMMERCIAL TRAINING UPDATE

##### 1. PURPOSE OF REPORT

To update Members on the current situation with regards to the Commercial Training Unit.

##### 2. BACKGROUND

In December 2005 the Fire & Rescue Authority approved the creation of a commercial partnership between Nottinghamshire and City of Nottingham Fire and Rescue Authority and Nationwide Fire Safety Ltd (Natfire) for the provision of Commercial Training services.

##### 3. REPORT

3.1 The partnership with Natfire was set up on a formal basis, and being so, Heads of Terms in respect of the joint provision of Commercial Training were drawn up by Browne Jacobson LLP, and signed by the Chief Fire Officer and the Director of Nationwide Fire Safety Ltd. Included in these Heads of Terms were clauses to provide full protection to Nottinghamshire Fire and Rescue Service in the event of Natfire becoming insolvent.

3.2 During the period that the partnership has been running a number of concerns were raised at the CTU Board. These concerns involved the use of Nottinghamshire Fire and Rescue's name in the promotion of Natfire's Regulatory Reform Order (RRO) training products. The Service became aware of this after a letter was sent to the Chair of the Fire & Rescue Authority. The contents of this letter informed the Chair that a company had been approached by Natfire, promoting the need for businesses to have a responsible person to assess risk, and that because of Natfire's association with the enforcing body (Nottinghamshire Fire and Rescue) they were best placed to provide the training required. In addition to this the Service was also informed on several occasions, that Natfire were selling their RRO products over the phone using a script, that confirmed the example above. Members of the Fire Safety enforcement team had also raised concerns, that a conflict of interest was beginning to arise between the statutory obligations of the Authority and the commercial interests of Natfire.

3.3 On Thursday 12 July 2007, Head of Finance & Resources was informed by Director of Natfire, that Natfire were in discussions with Companies House, regarding voluntary insolvency. At this time the Service informed Director of Natfire that Nottinghamshire Fire and Rescue Service would be

terminating the partnership and returning the unit within the direct management of the Service. BrowneJacobson LLP were advised that the partnership agreement was to be terminated, and were tasked with formally carrying out the process of drawing the partnership to a close.

- 3.4 During the period that the partnership has been running, the unit has continued to be a commercial success. In 2006-07 the unit turned over £187,234 of which £20,306 was clear profit to Nottinghamshire Fire and Rescue Service, which has been put back into the Service. The reasons for the insolvency of Natfire were not directly attributable to the performance of the unit, but due to the commercial activity of Natfire's other functions, relating to the provision of training to businesses on the introduction of the Regulatory Reform Order. Nottinghamshire Fire and Rescue Service had no part in this side of Natfire's commercial activity.
- 3.5 As part of the agreement between the Service and Natfire the Staff of the unit were retained as employees of Nottinghamshire Fire and Rescue Service, with their Terms and Conditions of employment not effected by the partnership agreement. On Monday 16 July the staff of the unit were given a briefing at Fire Service Headquarters, at this briefing the staff were given detail of the termination of the partnership agreement and the future of the unit. The staff were given the assurance that the unit would continue to provide Commercial Training activities and that in the short term the transition back into the Service would be managed by the Strategic Support Officer.

The transition back into the Service includes:

- Housing the unit at Stockhill Fire Station (House);
  - The removal and relocation of all equipment and furniture that is currently located at Natfire Premises in Calverton;
  - Providing all additional equipment that is required to maintain the function of the unit;
  - The future development of the unit including; management structure, Business planning and Business development.
- 3.6 In the short term the continuation of commercial training activities provided by the Service will continue as previously with no detrimental effects on the staff of the unit or the Service. However the Local Government (Best Value Authorities)(Power to Trade) Order 2004, sets out the transitory provisions for FRAs to trade, within this order there is a requirement for FRAs to set up 'Arms Length Companies' when providing services on a commercial basis. These transitory provisions are now under review, and new guidance will be issued in September 2007. The options being presented by the Government include:
- Option A – Do nothing – This would cease the powers for FRAs to trade as from 30 September;
  - Option B – Extend transitional powers until 2009 – This would maintain the status quo, and is the Government's preferred option; and
  - Option C – Provide all Fire and Rescue Authorities with a power to trade in any of their functions. This would allow all FRAs to trade in any of their ordinary functions rather than limiting the power to specified activities.

3.7 This could have an obvious impact on the future provision of the Services Commercial training activities, but also presents the Service with the opportunity to combine the commercial activities of the Service under one 'Arms length company'. Included in this would be the Fire Extinguisher Maintenance Department and the Commercial Training Unit. It is suggested that a full business case for the future provision and development of these commercial activities should be produced, and presented to the Authority after the Government have issued further guidance in September. The continuation of these commercial activities will enable the Authority to support front line services and explore opportunities that may not have been possible within the constraints of the Authorities budget.

3.8 A staff briefing note will be produced indicating that during the review of the Services structure, the opportunity was taken to bring the Commercial Training Unit back under the direct management of the Service.

#### **4. FINANCIAL IMPLICATIONS**

We do not anticipate any financial implications arising from this report.

#### **5. PERSONNEL IMPLICATIONS**

The staff associated with the Commercial Training Unit remained employees of Nottinghamshire Fire & Rescue Service throughout so there are no implications of relocating or other implications arising from this as existing contracts of employment remain valid.

#### **6. EQUALITY IMPACT ASSESSMENT**

An initial impact assessment has revealed no specific equalities issue arising from this report.

#### **7. RISK MANAGEMENT IMPLICATIONS**

In September 2007 the Government will issue guidance to FRA's on the options regarding their right to trade. As detailed within the body of the report there are three options. At this time the return of the unit presents no risks, as the unit will continue to function as it did under the management of Natfire. However further analysis of the risks associated with the running of the Commercial Training Unit will have to be examined in full when the business case is developed after the decision in September.

#### **8. RECOMMENDATIONS**

8.1 That Policy & Strategy Committee approve the actions being taken by Management to bring the Commercial Training Unit back "in-house" ;

8.2 That Policy & Strategy Committee approve the principle of establishing an "arms length" company ;

8.3 That pending the outcome of the CLG review of "trading" a further report is bought to Policy & Strategy Committee advising them of the implications.

**9. BACKGROUND PAPERS FOR INSPECTION**

- Report to Authority, 3 June 2005 – Proposed partnership agreement for the provision of Commercial Training
- Report to Authority, 16 December 2005 – Proposed partnership agreement for the provision of Commercial Training

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