

15 December 2011

Chief Fire Officer

Our Ref:
Your Ref:

Dear Chief Fire Officer

I am writing to update you on the current status of the Fire Service College (the "College") Future Options Project.

We have, over the last few months, spoken to many of you on an individual basis and continue to have regular dialogue with the Chief Fire Officers Association and the Local Government Association. May I take this opportunity to thank you for your input - your thoughts on the future of the College have been extremely useful in informing our thinking on the future ownership and governance of the College.

As you will be aware, the pre-market engagement phase of the project finished on 31 October 2011. The results of the pre-market engagement were extremely encouraging, both in demonstrating the strong support that there is for the College throughout the Fire & Rescue Service and also in indicating that there are a number of private sector organisations which are interested in managing and potentially owning the College.

The pre-market engagement phase has also enabled us, together with CFOA, to explore opportunities for the College to work more closely with other agencies and to consider the feasibility of co-locating training with other emergency services. In particular, we are keen to explore opportunities with the Police and the Emergency Planning College for co-location of training facilities and multi-agency training to enhance interoperability. CFOA has already had informal discussions with these parties, and you will be aware that the Police are reviewing their estate and training facilities.

We have considered a wide range of options and are currently finalising our options appraisal prior to making our recommendation to Ministers. We expect an announcement on the preferred option to be made in the New Year.

One of the options under serious consideration is a sale of the College to a private sector partner who would continue to operate the College as a fire and rescue, and wider emergency service, operational training college. In order to safeguard this position we would propose to place a number of requirements on the sale to ensure that:

- There is a commitment from the purchaser to continue to offer fire training;
- The FRS are involved in setting the overall direction of training delivery;
- The site cannot be sold on without FRS approval.

However, we also recognise that it is extremely important for the future of the College that it continues to be the national college of the FRS and that the interests of the College and the FRS are aligned. We are therefore considering a structure where we transfer 10% of the College to a Limited Liability Partnership ("the Partnership"), the members of which would be the FRS, and sell the remaining 90% to a private sector partner. The details of this are still being worked through, but in principle:

- Each FRS would have the opportunity to be a member of the Partnership on subscription of a nominal sum (say £1).
- This membership would enable participation in the ownership benefits of the 10% stake, which would be likely to comprise dividends (possibly in the form of training credits or discounts) and increased capital value. These benefits might be shared between the FRS on the basis of their usage of the college.
- Membership of the Partnership would carry no actual or potential liabilities. There would be no risks of membership, but potentially some reasonably significant upside.

For this arrangement to work, it requires the participation of all, or substantially all, of the FRS. We would hope that you will want to participate as we are seeking to offer you an ownership stake in the College with potential upside benefits but no downside risk.

We would therefore very much appreciate your views on this proposal, whether, in principle, you would wish to participate and what additional information you would require (if any) to reach a decision on this. Could you email your thoughts to the project manager, Harriet Hepburn (harriet.hepburn@communities.gsi.gov.uk). If you would like to discuss it, or require more information, you can call Harriet on 07802 301 295.

On a related but separate issue, we understand from our ongoing discussions with CFOA that a number of you have expressed an interest in investing some of your reserves directly into the College. CFOA are exploring whether and how this might be done and we are considering how this might be accommodated within the overall process. It would be very helpful for us to have an indication of the level of interest that there is in such a proposal and the approximate quantum of the sums of money which FRAs might wish to invest. I must stress, however, that any such investment would be additional to and separate from the proposed 10% holding referred to above and would need to be made at market value. If you might be interested in such a proposal could you please include this in your email to Harriet.

Thank you very much for your continued support for this important project.

Yours sincerely



NEIL O'CONNOR
Director
Fire, Resilience and Emergencies