



## Executive Summary

The report leads on from the recent paper outlining CLG's intention to commence charging Fire and Rescue Authorities (FRAs) for the use of the national Firelink communications service. This paper can now give an indication of the charges that MFRA is likely to incur from March 2011.

## Introduction & Background

3. The CLG Project, Firelink has provided the new, single, digital wide area communications system for the Fire and Rescue Service in Great Britain, using TETRA technology supplied by Airwave Solutions Limited, under contract to CLG.
4. Airwave Solutions Ltd has supplied the digital trunked radio (TETRA) service to the Fire Service, which is already in use by police and other emergency services in England, Scotland and Wales. Airwave is the national communications infrastructure which will connect all FRS operational resources to each other and potentially to the network of Regional Control Centres, (FiReControl).
5. The period between the final installation of the Firelink communications system in each FRS and its connection and cutover to a Regional Control Centre is known as 'the interim Firelink solution'. Previously CLG had stated FRSs could use the new radio system free of charge throughout the full interim period. This has now been altered due to the continued delay of the FiReControl project and thus to cutover dates.
6. The new dates for commencement of charging align with the planned dates for cut-over to Control Centres prior to the announcement of delays in July 2009. For Merseyside the original cut over date was March 2011. This has now been rescheduled to June 2012. Charging will therefore begin for MFRS in March 2011.
7. FRAs have been benefiting from the use of the national Firelink radio system for *voice* services (full solution will provide voice and data capability), without charge since the conversion of operational fire vehicles, which for Merseyside was August 2010.
8. CLG has been working with the Finance Lead Officers for some time to agree a mechanism for apportioning costs for the Firelink service contract.

## Mock Charging Exercise

9. On November 17<sup>th</sup> the North West finance lead for FiReControl/Firelink Projects, (Ged Murphy of GMFRS) wrote to north west FRSs to obtain feedback on CLG's MOCK exercise for Firelink services fees recharging. The communication included a spreadsheet of indicative charges for the North West FRSs, please see Appendix A.

10. The overall infrastructure and traffic unit costs were agreed between Airwave and CLG some years ago with no involvement with the FRS Community. We do not have access to those contacts in full.
11. As well as providing information on how the fees are made up, the mock exercise enables us to see the mechanism by which CLG will share out the standard contract costs amongst the FRS customers.
12. Specifically the costing mechanism chosen shows that the calculations are based on the numbers of radios and MDTs we received at the project rollout phases during Autumn 2010.
13. The standard contract cost will not vary if we vary the number of devices over time. We are advised it will always be based on the original numbers we received at rollout of radios and MDTs (189 and 196 respectively).
14. In respect of this the Assistant Chief Executive & Treasurer, Kieran Timmins has, on behalf of the Authority, written to the Fire Minister requesting he consider this anomaly in relation to the impact to FRSs of the recent Comprehensive Spending Review when renegotiating key contracts. Please see Appendix B.

#### Cost Indications

15. MFRSs radio and MDT device numbers and the attached figures would indicate that MFRA can expect to pay about £138 per radio and about £60 per MDT per month; £1,656 and £720 per annum. However, these costs are not just for the devices, they include (as per previous paper to the Authority in relation to Firelink Charges) costs for Service Management and national Infrastructure.
16. The mock exercise figures therefore indicate an annual fee to MFRA of around **£384,000**; significantly more than the legacy VHF radio costs of around £115,000.
17. We are currently not paying for the legacy VHF (now decommissioned) or Airwave, so there will have been approximately ten months saving on this budget by the time we are invoiced for the new communications service.
18. We have been advised by CLG that FRSs will receive resilience payments to cover the difference between legacy radio and new communications costs. However, indicative resilience payment values, which were published in a draft circular, may fall short of the actual difference they are intended to cover since they were based on our legacy radio costs of 2007/8. Since then, the cost of the legacy radio contract has been reduced through telent's contract re-negotiations. Furthermore, resilience payments may be subject to review should there be any change to the national FiReControl project, for which Firelink is the enabling project.

19. If CLG does fund what could be a £260,000 annual difference, then the new platform *will* be cost neutral. However, to mitigate the risk of resilience funding *not* being available for any reason and for other financial risks related to the National project the Authority prudently budgeted for £0.5m growth in this area back in 2008.
20. Should we exceed the number of traffic units that have been set within the standard contract costs for each FRS we start to incur additional costs. If we were to be billed for that additional traffic now, based on usage figures we are seeing each month, we, at MFRS would be looking at the contract fees (£384,000) plus an extra £9,000 p.a.
21. The mock exercise information also indicates that service credits will be applied to the Airwave contract as one would expect, should they contractually underperform. CLG will receive any service credits and we are advised these will be passed onto the FRS through reduced service fees, although the mechanism by which this would happen is unclear. The mock information also indicates the application of contractual discounts accounting for the project delays.

#### Overall comments on the Mock exercise

22. Our comments on the mock exercise have been fed back into the NW regional finance group for Firelink and FiReControl projects, as per below:
  - *In essence the mock spreadsheet contains what appears to be relevant information relating to the cost elements of the recharge. However, now we can see the indicative costs we seek clarification and conformation on the following:*
  - *That the new burdens resilience payment will mean that the net cost to FRAs will be no higher than under current radio arrangements, and confirmation of for how long such resilience payments will be made to FRAs.*
  - *As the costing mechanism to FRAs appears to be based on numbers of devices we seek confirmation that if the service downsizes in the near future it will be possible to reduce the charges proportionately.*
  - *Lack of visibility of the original contract between CLG and Airwave, and original costs etc creates lack of clarity for FRS to understand how service credits will work in relation to performance management of the Airwave service they will pay for. The mock spreadsheet details service credits. MFRA seek confirmation that these will be applied to local authorities and not held centrally.*
23. The mock exercise was followed by actual invoicing to five FRSs for whom charging has now begun. (Nottinghamshire, Cleveland, Northumberland, Avon and West Midlands FRS)

### Equality and Diversity Implications

24. There are no equality and diversity issues resulting from this report.

### Financial Implications & Value for Money

25. Whilst CLG have assured FRAs of a period of cost neutrality when charging begins, it is, as yet, not clear for how long resilience payments will be made before FRAs are exposed to the full costs of the communications network. On the basis of information available last year the Executive Director of Resources previously advised the Authority that it would be prudent to plan on the basis of having to finance a £0.5m per annum increase in costs arising from the net impact of the Regional Control Centre (FiReControl) and Firelink projects. This was accepted and included in the medium term financial plan. Future costs associated with new installations and on-going revenue charges for using SAN J radios has also been considered in transport/ICT budgeting.

### Health & Safety or Environmental Implications

26. Airwave radios have been the subject of intense research in relation to health and safety implications and they are deemed safe to use. The specific operation of SAN J radios in cars, which are not installed will require strict adherence to both MFRS standard operating procedures and the law relating to the use of mobile communications devices whilst driving.

### Contribution to Achieving our Purpose

“To Make Merseyside a Safer, Stronger, Healthier Community”

27. MFRS supports the concept of FiReControl operations and is committed to the process of Transition, and will strive to ensure the community of Merseyside continues to receive an excellent emergency response service. An integral part of transitioning to FiReControl is the implementation of the new Airwave (Firelink) communications solution for Merseyside and MFRS supports the use of this system in achieving enhanced communications.

## **BACKGROUND PAPERS**

DRAFT Firelink Service Fees, FRS Circular xx/2010

### **\*Glossary of Terms**

CLG: Communities and Local Government

MDT: Mobile Data Terminal

RCC: Regional Control Centre

SAN J/H/C, etc: serial access node (types of Firelink radios)