

FIREBUY CONSULTATION RESPONSE

Q1. What are your views on Firebuy Ltd. collecting management charges for use of their framework agreements?

There is a strong view that a management overhead is the correct charging mechanism for Firebuy. If Firebuy delivers the anticipated best value, authorities will be keen to buy from the arrangement and the project will be a success.

Such a charge will also be reflective of the use of, and the benefits accruing to a fire authority. In the medium term, the general view is that a levy on suppliers is the only sustainable solution.

Q2. Can you suggest any other ways that Firebuy Ltd. could charge for its work?

No response

Q3. What are your views on Firebuy extending its remit to include a consultancy arm?

No response

Q4. Are there any further areas you think Firebuy Ltd should explore as possible sources of additional income?

At this stage in its development, it is considered that all of Firebuy's capacity should be directed on delivering its key aims successfully. Whilst attracting external work may bring income in the future, it may be a distraction at this stage.

Q5. Would transferring (top slicing) or stakeholder subscription payment method be your preferred option?

In the medium term, Firebuy should stand or fall on its operational success. All charges should be based on a management fee, which reflects usage of the Firebuy contracts by authorities. It should be expected that the organisation will only continue if it delivers contracts that fire services actively want to buy into.

It is however recognised that, whilst on the one hand £6m investment over three years is significant, and delivery of major benefits by 2008/09 should be expected, a transitional arrangement to charging fully on a management fee basis might be considered.

As a transitional arrangement, we oppose a top slice from revenue grant because of:-

- the lack of transparency
- the inconsistency in charges related to benefits
- the additional VAT charges.

Therefore, if there is to be a transitional arrangement, subscription is favoured.

Q6. If you prefer the stakeholder subscription payment, which payment method would you prefer and why?

As a smaller FRS, any subscription payment would have to be linked to size of Authority. We would oppose the charge being divided upon a straight division basis, since it is considered (as the paper highlights), that this will result in a disproportionate charge for the smaller authorities.

Q7. Are there any other alternative contribution methods that you would like us to consider including details on how the method would work and can be calculated?

No response

Q8. Given the impact on the level of subscriptions by increasing the management fee from 1% to 2%, what is your view on the appropriate level of management fee?

A management fee basis is most desirable in the long term. It is considered therefore that the fee level charged initially should be close to what would be expected in the longer term in order to minimise any transitional subscription arrangement.

Q9. Of the options in this paper, what would be your preferred funding solution?

As stated above, a management fee alone is the preferred option, but we recognise that a transitional arrangement may be required.

Q10. Are there options which are not covered in the paper that you would like us to take into consideration?

No response