National Audit Office

MEMORANDUM FOR THE HOUSE OF COMMONS COMMUNITIES AND LOCAL GOVERNMENT SELECT COMMITTEE

FEBRUARY 2010

FiReControl project

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This memorandum has been prepared to help inform the House of Commons Communities and Local Government Committee examination of FiReControl.

Contents

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Summary

Introduction

1 This memorandum has been prepared to help inform the House of Commons Communities and Local Government Committee examination of FiReControl.

2 In particular it examines the Department for Communities and Local Government's management of its £200 million contract with European Aeronautic Defence and Space Company (EADS) for the development of the IT systems supporting FiReControl. It does not cover the other elements of the FiReControl project, such as the procurement of Regional Control Centre buildings.

3 It is based on information provided by the Department for Communities and Local Government (the Department) and EADS. It also draws on four external reviews commissioned by the Department:

- Reviews of the Department's project management by the Office of Government Commerce (OGC) in October 2008 and October 2009.
- From April to July 2009 Professor Peter Brook of Qinetiq and Gordon Hextall, the former Chief Information Officer of the NHS Programme for IT, undertook a technical review of the development of the IT systems.
- An external review of the technical feasibility of the project, the IT Contractor's ability to deliver and the contingency options in November 2009.

4 This memorandum is in three parts:

- Part 1: Role and Objectives of the project
- Part 2: Current status of the project
- Part 3: Departmental management of the project

Key Facts

- The FiReControl project aims to replace 46 local Fire and Rescue Service control rooms with a resilient network of nine purpose built Regional Control Centres. These centres will handle emergency 999 calls, mobilise resources and support the management of incidents.
- The IT element of the project involves the development of a call handling, mobilisation and incident handling system to deploy the closest fire engine (or other equipment) to the scene of an incident. This system will run on new IT hardware in Regional Control Centres, local fire stations and fire engines.
- In March 2007 the Department let the prime IT contract worth £200 million to EADS to design, procure, develop and install all elements of the IT system. To date EADS has been paid £39.6 million.
- The Department expects the first Regional Control Centres to become operational in Spring 2011; three years later than in the outline business case and 19 months later than planned when the IT contract was awarded.
- External assessments raise doubts about the current forecast completion date of the IT systems by May 2011.
- Since the prime IT contract was awarded, there have been two major changes to the mobilisation system; one in the technology used and subsequently for the software. EADS chose a new software subcontractor in December 2009, and its contract with the existing subcontractor was terminated.
- The Department has yet to agree a revised delivery plan for the continued development of the mobilisation system with its prime IT contractor.
- The Department believes its prime IT contractor is in breach of contract for failing to meet key contractual milestones, in particular for failure to deliver an acceptable, revised delivery plan. The contractor does not accept that it is in breach of contract. The current contract requires delivery of the IT systems by March 2010 against the Department's current scheduled system delivery date of October 2010. The Department and EADS have been negotiating to revise the contract to reflect the Department's current project plan.
- Little real progress was achieved in breaking down the end user requirements until summer 2009 when the Department, EADS and the Fire and Rescue Services agreed to hold joint workshops.
- Over the last five years there has been a high turnover rate of senior staff within the Department responsible for the delivery of this project. Over the last 13 months the project team has been restructured and new appointments to key positions have been made within the Department's and EADS's project teams.

- The Department has spent £202 million on the project from 2004 to December 2009. The Department expects to spend a further £221 million up to March 2017 on the project, bringing its total investment to £423 million. The Department originally expected the project to realise efficiencies and save costs locally, which would more than pay for the investment in the project. However, the Department now expects the overall project to cost £240 million[1] more than the local savings forecast, consequently there will be no overall financial savings.
- There is a team of over one hundred people working on the project. The team is a mixture of civil servants, seconded fire service staff, temporary contract staff and consultants.
- Four external reviews of the Department's project management have recommended strengthening the governance and management of the project, which the Department has taken forward.
- In July 2009, the Department relocated approximately 30 members of the project team to EADS's offices with the aim of increasing its oversight of EADS and strengthening its quality assurance of IT system development.
- Recent external reviews reported that overall project management has improved, but these also express concerns about the capability and capacity of both the Department and its contractor to successfully complete the project.
- Throughout the contract, a number of key meetings between Ministers, the Departmental Permanent Secretary and senior EADS officials have been held, with increased frequency since September 2009, to discuss delivery and reaffirm commitment to the FiReControl project.
- The project has been reviewed by the Departmental Board's delivery subcommittee five times in the last 18 months.

1 Net present value.

Part One

Role and objectives of the project

1.1 Forty six local Fire and Rescue Authorities are responsible for responding to fires, road traffic accidents and other incidents in England. The Department is investing over £1 billion with the aim of improving their capacity to respond to incidents including large-scale disasters caused by terrorists, accident or nature. The Fire and Resilience programme comprises three separate but interdependent projects (**Figure 1**). This memorandum examines FiReControl, one element of this programme.

1.2 The NAO published a Value for Money report[2] on the Department's management of the New Dimension project in October 2008. We found that:

- the project had enhanced Fire and Rescue Services' capacity to respond to terrorist and other large scale incidents, and had already contributed significantly to the handling of a number of major incidents including the Buncefield oil depot fire in December 2005 and the flooding in parts of England in the summer of 2007; and
- a lack of project management in the early days of the project and poor financial management led to avoidable costs and delays in the procurement of the equipment, which presented significant risks to value for money.

Figure 1
The Fire and Resilience Programme

FiReControl – a £423 million project to provide a resilient network of nine regional control centres in England supporting the mobilisation of Fire and Rescue Service equipment and personnel to incidents.

Firelink – a £350 million project to upgrade each Fire and Rescue Service's current main radio-communication system to enable them to talk to each other and with ambulance and police services on the same secure network.

New Dimension – a £330 million project to provide specialist equipment and associated training for firefighters to tackle the consequences of terrorist and other large-scale incidents such as flooding.

2 New Dimension: Enhancing the Fire and Rescue Services' capacity to respond to terrorist and other large scale incidents, HC 1050 session 2007-08.

The FiReControl project

1.3 Each of the 46 Fire and Rescue Services has its own local control room that handles 999 calls from members of the public. It manages incidents and dispatches fire engines, firefighters and equipment to the incident scene. These control rooms have differing systems, capacity and emergency back-up arrangements. The Department believes that the use of incompatible technology and processes limits Fire and Rescue Authorities' ability to respond to large-scale emergencies for example regional flooding.

1.4 The FiReControl project aims to replace local control rooms with a network of nine purpose built regional control centres. The Department believes there will be a number of benefits to the public from these changes (**Figure 2**). The nine networked centres are expected to be able to mobilise the nearest available fire engine (or other equipment) to the scene of an incident, regardless of the particular local service providing it. Calls should be automatically transferred to another control centre if one becomes overloaded.

Figure 2
Anticipated public benefits of FireControl

The Department has set out to achieve a number of benefits to the public from the FiReControl project:

- Greater capacity to meet extremes of demand (arising, for example, from major incidents or high volumes of calls).
- Increased levels of security and resilience in terms of buildings and technology to ensure continuity of service in case of natural or man-made disasters, or failures of systems.
- Improved effectiveness of control room and frontline operations.
- Economies of scale and efficiencies in call-handling and incident management.
- Greater partnership working between Fire and Rescue Services through the introduction of common standards.

Source: National Audit Office analysis of current FiReControl business case

The costs and benefits of the project

1.5 The Department has set out the justification for the project in various business cases since 2004 (**Figure 3**). Some local control rooms have reached the end of their useful lives and local Fire and Rescue Authorities have delayed replacing these in anticipation of availability of FiReControl.

1.6 Local control rooms will be transferred to new Regional Control Centres in phases over a 20-month period. The Department expects this to enable any faults or deficiencies to be identified and remedied, thereby reducing the risk of operational failure. All nine Regional Control Centres are planned to be operational by the end of 2012. The Department originally set out in the project's business case that all Regional Control Centres would be operational by the end of 2009. The Department is concerned that the first three Regional Control Centres may not become operational in May 2011 as planned.

1.7 The Department currently predicts that the total cost of the project will be £423 million. Whilst the Department originally expected the project to realise efficiencies and save costs locally that would be in excess of the costs of the project, the Department now expects the overall project to cost £240 million[3] more than the local savings forecast. Not every Fire and Rescue Authority will save costs locally as a result of the project. The Department plans to make annual payments of £8.2 million to these Fire and Rescue Authorities.

1.8 The Department has organised the FiReControl project into three main work streams:

- Accommodation – to deliver nine purpose built buildings to house the regional control centres.
- Business change – supporting Fire and Rescue Services' business change, including preparing each Fire and Rescue Service for new operational processes and policies, staffing and ways of working, for example, through training.
- IT – to deliver the computer equipment and systems to handle calls, mobilise fire engines (or other equipment) and manage incidents. A computer network linking each Regional Control Centre provides up to date information needed at an incident, e.g. hydrant location and vehicle design.

Figure 3
Delivery timetable and anticipated costs/benefits of FiReControl

	Strategic outline Business Case	Outline Business Case	Full Business Case version 1.0	Full Business Case (Parts 1 and 2)	Revised Full Business Case version 1.1	Current forecast
Published	July 2004	November 2004	June 2007	July 2008	May 2009	n/a
Cost to the Department	£120m	£160m	£340m	£380m	£380m	£423m[2,4]
Efficiency savings per annum for Fire and Rescue Authorities	(£22m)[3]	30% (£25m)	28% (£23m)	11% (£8m)	9% (£6m)	9% (£6m)
Overall project savings/(Cost) in NPV[1]	£86m	£42m	(£50m)	(£211m)	(£218m)	(£240m)
IT operational	n/a	n/a	October 2009	July 2009	May 2010	May 2011
Cut over to Regional control centres	2007-2009	2008-2009	2010-2011	2010-2012	2010 onwards	2011-2012

Source: National Audit Office analysis of FiReControl business cases

NOTES

1 Period under consideration for overall project savings/(cost) is 2004-05 to 2020-2021.

2 In addition the Department has a contingency budget.

3 Efficiency saving not provided in percentage terms.

4 These figures exclude any potential royalty income from future sales of FiReControl technology.

3 Net present value.

Timeline of key events

May 2004	Department commences procurement of IT contract with a call for interest in the Official Journal of the European Union.
November 2004	Strategic outline business case published by the Department.
July 2006	Department invites three short-listed bidders for best and final offers.
March 2007	Department contracts with EADS for FiReControl IT systems.
June 2007	Full business case published by the Department.
31 October 2007	Key milestone for new software moved – specification of IT changed – incorporated into Dec 2008, March 2009 and May 2009 milestones.
5 November 2007	Key milestone for training content for in-cab data displays changed – incorporated into 1 October 2009 milestone.
4 January 2008	Key milestone not met – Prototype in-cab data display for Fire and Rescue Service familiarisation (delivered August 2009).
April 2008	Department informed by EADS that technology used to develop mobilisation system isn't working.
October 2008	Software to enable Fire and Rescue Services to ready their data for the new system – rollout to seven services.
30 October 2008	OGC health check.
November 2008	EADS commences assessing mobilisation fallback options.
November 2008	Hardware and database technology for mobilisation system changed.
26 November 2008	Ministerial announcement – Go live date for first Regional Control Centres extended by nine months.
26 November 2008	Department and EADS agree changes to contract milestones. New milestones and new payment terms agreed.
1 December 2008	New milestone not met – detailed system design documentation (part 1).
1 March 2009	New milestone not met – full set of detailed system design documentation (part 2).

Timeline of key events continued

May 2009	EADS selects fallback mobilisation system (Intergraph).
1 May 2009	New milestone not met – detailed system design documentation (part 3).
1 July 2009	Department co-locate its technical & assurance team with EADS in Newport.
15 July 2009	Ministerial announcement – Go live date for first Regional Control Centres extended by a further 10 months.
17 July 2009	Department informed that there are increasing issues with the mobilisation system software.
12 August 2009	Gordon Hextall/Peter Brook technical report presented to the Department.
30 September 2009	FiReControl software requirements passed to Intergraph's USA development team for inclusion in contingency mobilisation system.
1 October 2009	New key milestone not met. Contractor required to supply to the Department an impact assessment of switch to Intergraph and detailed project plan.
16 October 2009	OGC health check.
November 2009	External review of project. EADS complete impact analysis.
4 November 2009	Extended deadline for new key milestone not fully met – revised to 21 December.
December 2009	Contract with existing subcontractor cancelled and switched to Intergraph.
21 December 2009	Extended deadline for new milestone not fully met – detailed project plan not yet agreed.
1 February 2010	Further extended deadline for new milestone – supply of detailed plan.

Planned events

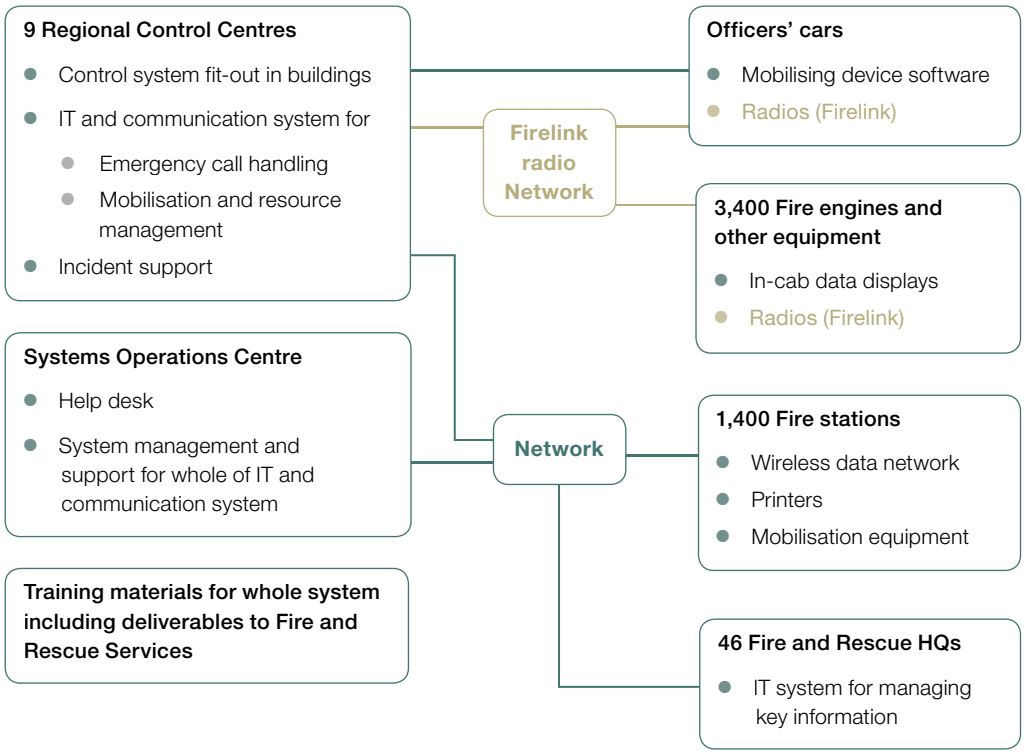
1 March 2010	Extant contractual date to deliver full IT systems.
1 July 2010	First interim release of Intergraph product for preliminary testing and integration into overall IT system by EADS.
October 2010	Schedule delivery date of IT system from EADS.
May 2011	Current go live date for first three regional control centres.
End of 2012	Current plan for all regional control centres to be operational.

Part Two

Current status of the IT project

2.1 In March 2007 the Department contracted with EADS to design, develop and install the core IT systems (**Figure 4**). The Department has specified high levels of availability and resilience from the system, even during planned maintenance periods.

Figure 4
What EADS is contracted to deliver



Source: Communities and Local Government

The project requirements

2.2 The IT system is required to support call handling, the mobilisation and deployment of the closest appropriate fire engines (or other equipment) to the scene of an incident and management of the incident. The system is expected to have the following key features:

- **Caller location** – Identify the location of the caller, to aid the confirmation of the location of the incident or identify malicious callers.
- **Satellite positioning** – Identify the shortest travel time by road to the incident through satellite position of the fire engine (or other equipment) and the incident location.
- **In-cab displays** to give up-to-date information, for example route planning, location of nearest hydrants and safety information on how to tackle certain types of incidents, e.g. vehicle design for road traffic incident.

The contractor

2.3 The project requires the procurement and installation of IT hardware in nine Regional Control Centres, 46 Fire and Rescue Service headquarters, 1,400 fire stations and 3,400 fire engines (and other equipment). The key system running on this hardware is the mobilisation system. The system will control and coordinate the chain of emergency activities: from taking and identifying an incoming emergency call, to dispatching the right resources to the incident site and keeping them updated with real-time information.

2.4 The mobilisation system requires use of high volumes of data from the local Fire and Rescue Services, including: locations of fire engines (or other equipment); sites of interest, for example water hydrants; and local procedures, for example locally pre-determined 'attendances and action plans' for different types of incident.

2.5 As well as designing, developing and installing the core resilient IT systems, EADS is required to supply operational support services, including fault repair, maintenance and data back-ups until 2015, with an option for a further three-year extension upto 2018.

2.6 EADS has subcontracted the majority of the work to third parties and its main role is to bring these packages together to form the overall IT systems. The mobilisation system will require the integration and customisation of 50 pre-existing Commercial-Off-The-Shelf (COTS) software packages.

Technical problems in developing the project

2.7 EADS was contracted by the Department for the development of the mobilisation system. The mobilisation system needs to use particular database and hardware products in order to meet the Department's demanding system performance requirements, including high system availability and large data volume handling.

2.8 In October 2007 EADS concluded that the system performance requirements specified by the Department could not be met by the originally selected database and hardware products. EADS began considering fallback options in the second quarter of 2008. EADS then elected to continue with its original system development subcontractor, but replace its database and hardware products in the design of the mobilisation system.

2.9 The project suffered further delays. In May 2009, EADS engaged with Intergraph to develop a fallback option for the mobilisation system.

2.10 EADS has terminated its contract with its original main subcontractor and in December 2009 let a contract to Intergraph. Intergraph must modify its core (commercially available and 'off-the-shelf') software product to meet the needs of the FiReControl project.

2.11 The development work will be undertaken in Intergraph's American and Swindon facilities in accordance with its annual product development cycle. This cycle required EADS to confirm its mobilisation system requirements with Intergraph by 1 October 2009. The Department advises that it is engaging collaboratively with Intergraph and Fire and Rescue Service end-users in order to mitigate the risk of escalating cost and delay due to incomplete or misunderstood requirements. In July 2010, an early version of the modified Intergraph product is due to be released to EADS for preliminary testing and integration work. The full and final version of the Intergraph product to EADS is due October 2010.

Part Three

Management of FiReControl

3.1 The Department's Fire and Resilience Directorate is responsible for managing the FiReControl project. The Fire and Resilience Directorate is made up of civil servants, consultants, seconded fire service staff and temporary contract staff. Around one hundred full time equivalent members of staff currently work on the project (**Figure 5**). Just under half of these are consultants and temporary contract staff. The Department has a contract with PA Consulting to provide project management and technology expertise.

Figure 5
Number of Full Time Equivalent (FTE) members of staff working on the project

Year	Civil servants (including seconded fire service staff) FTE	Consultants and Temporary Contract FTE	Total
2004-05	Not available	Not available	–
2005-06	Not available	Not available	–
2006-07	44.8	32.0	76.8
2007-08	54.9	49.4	104.3
2008-09	57.4	56.9	114.3
2009-10	66.6	49.8	116.4

Source: Communities and Local Government

Project management

3.2 There has been a significant turnover of senior staff within the project. In the past five years there have been five different Senior Responsible Owners and four different Project Directors. In 2008 an Office of Government Commerce Health Check concluded that management of the project appeared to have grown organically without any analysis of what was needed to manage the project. As a result, the project team has been restructured and the dedicated project management office strengthened. Over the last 13 months new appointments have been made to key positions within both the Department and EADS's FiReControl project management teams:

- The Department's project director, November 2008
- The Department's commercial director, January 2009
- EADS project director, February 2009
- EADS project manager, September 2009

Governance

3.3 The Department is aspiring to comply with OGC governance standards in delivering the project. The OGC review of October 2008 found that the project governance structure was cumbersome and that the project board was not acting as an effective decision-making forum. Lines of responsibility and decision-making were not clear, and there was a lack of sufficient assurance and robust internal challenge.

3.4 In response to these findings the Department made a number of changes to the governance of the project. The project's board now has more representatives from the contractor and the Fire and Rescue Services. The terms of reference have also been strengthened to make explicit that the Senior Responsible Owner is accountable for decision-making, with other Project Board members advising.

3.5 Four sub-groups of the project board are responsible for focusing on particular areas and are expected to escalate issues to the Project Board as and when necessary (**Figure 6**). A Local and Regional Delivery Group aims to ensure that a workable solution will be delivered that Fire and Rescue Services will take on, and monitor progress of the local and regional work that is required.

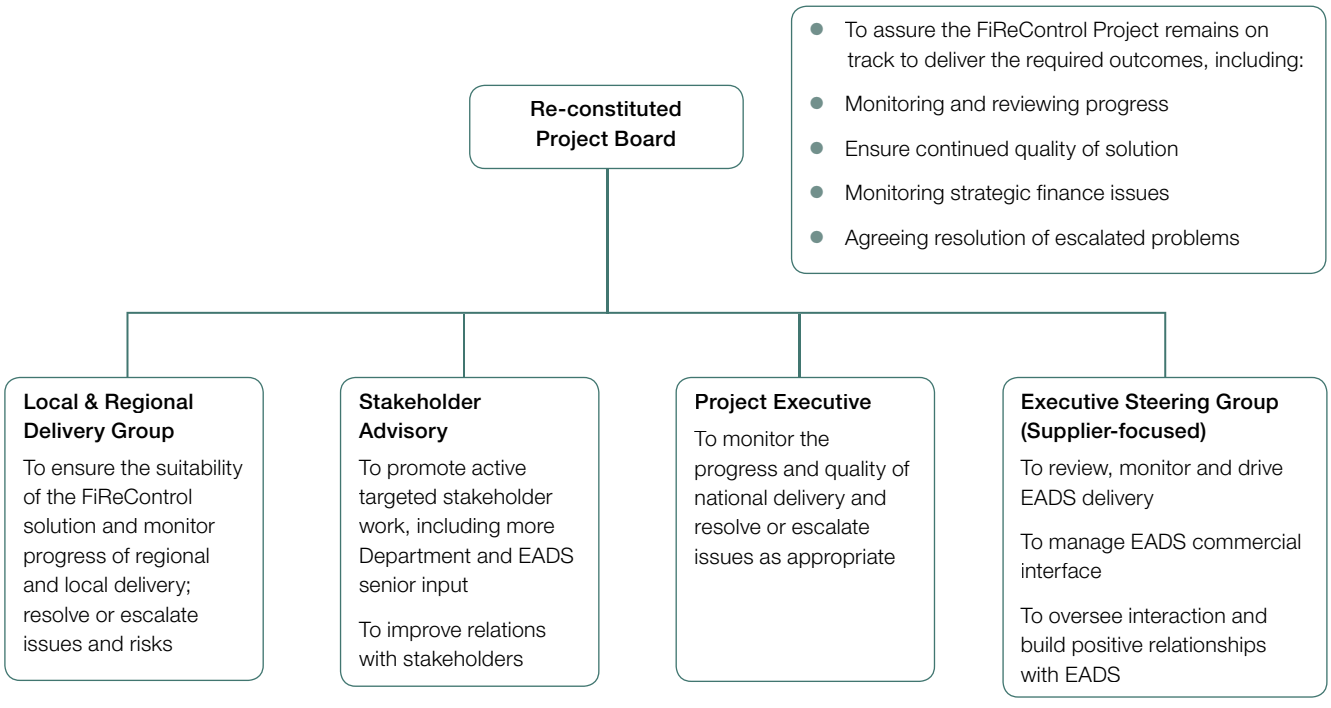
3.6 The Fire and Resilience Programme reports to the Departmental Board each month using an Integrated Programme Report covering financial and non-financial matters. The Permanent Secretary, chairs a Delivery Sub-committee (DSC) of the main Departmental Board which calls on Projects or Programmes to provide additional reporting at key stages or events. Generally the DSC meets twice a month with the agenda based on a review of the issues outlined in the Integrated Performance Report. FiReControl has been discussed at five meetings in the last 18 months.

3.7 At the Delivery Sub-committee meeting of November 2008, a progress report made clear that key improvements were needed to improve relationship and partnership arrangements with EADS, and that revised FiReControl project governance and strategic management were also needed. In March 2009 better communications and engagement were reported at all levels, but concerns were noted with the Department's engagement with EADS's subcontractors.

3.8 A number of key meetings between Ministers, the Departmental Permanent Secretary and senior EADS officials have been held from September through December 2009 to discuss delivery and reaffirm commitment to the FiReControl project.

3.9 In addition to the specific commercial arrangements for FiReControl, the Department has told us that it is working with Ministry of Defence (and other Government Departments where EADs are a key supplier) in a Strategic Engagement Process. This aims to improve relationships and the effectiveness of EAD's work across government through a consistent and joined up approach.

Figure 6
Governance of the project



Source: Communities and Local Government

Responding to external reviews

3.10 Whilst the OGC review of October 2009 reported that overall project management had improved, it also expressed concerns about the capability and capacity of both the Department and EADS to successfully complete the project. Similar concerns were expressed by the external review in November 2009.

3.11 The Department recognises that EADS has and continues to make efforts to strengthen its in-house FiReControl project team. The Department also believes that the relocation of approximately 30 Departmental staff to EADS's offices, and their close working with EADS and its subcontractors, increases its oversight of EADS and strengthens its quality assurance of the IT system development.

3.12 The project is subject to a wide and diverse range of stakeholder interests that must be managed and balanced in order to successfully complete the project. Although external reports have recognised the positive steps taken by the Departmental project management team, the external review observed in late November 2009 that stakeholder trust could be at a tipping point.

Contract management

3.13 The Department's prime IT contract with EADS sets out a number of milestones against which EADS is required to provide aspects of the IT system in return for payment. In addition there are a number of key milestones which if missed could constitute a breach of contract making EADS liable to pay financial penalties to the Department. The Department makes the majority of payments to EADS once the IT system has been built and tested.

3.14 The Department specified three key milestones early into system development so that EADS would provide components to allow Fire and Rescue Services to start preparing and training to use the new system. The key milestones were for:

- software that will enable Fire and Rescue Services to ready their operational data for later input into the new FiReControl systems – due 31 October 2007;
- training content for the new fire engine in-cab display – due 5 November 2007; and
- initial version of software for fire engine in-cab display for Fire and Rescue Service familiarisation – due 4 January 2008.

3.15 Delays in meeting early milestones were, according to the Department, taken into account during more recent contractual and settlement negotiations.

3.16 The Department believes the original contract conformed to prevailing OGC standards. However, both the external review and the Department concur that in other respects the contract was not well suited to the needs of the FiReControl project. As the contract contains few interim milestones, it does not give the Department an effective basis for holding EADS accountable for its ongoing performance by obliging them to deliver components at planned and frequent intervals.

3.17 In November 2008, as a result of the technical problems outlined above (para 2.8 and 2.9), the Department and EADS agreed changes to contract milestones. At that time, new dates were agreed. Based on information provided by the Department, EADS agreed to provide additional non-contracted work and a reduction in some contractual milestone payments; together these are estimated to be worth £10 million.

3.18 Although not yet reflected in a revised contract, in July 2009 the Department agreed a revised delivery plan and new rewards for results through additional milestones and revised payment terms with EADS. This new delivery plan established that the first three Regional Control Centres would become operational in Spring 2011, a further 10-month delay. EADS agreed to make royalty payments to the Department on any future sales of FiReControl software. Furthermore, the in-service charges Fire and Rescue Authorities are due to pay will be reduced by £17.5 million.

3.19 In September 2009, to support development of the fallback option, EADS and the Department agreed interim milestones including a new key milestone that it hoped would assist its control of EADS's development of the system. This key milestone required EADS to provide a detailed project plan demonstrating how it would deliver the IT system and a detailed impact assessment if EADS were to change subcontractors to Intergraph. In October 2009, the Department formally notified EADS that it was in breach of contract for EADS's failure to meet this new key milestone. EADS does not accept that it is in breach of contract.

Project plan

3.20 An initial project plan from EADS in November 2009 indicated a system delivery date later than required in the Department's project plan. To date, a detailed and fully scoped project plan has yet to be agreed between the Department and EADS. This is contingent on EADS first fulfilling its obligation under a contract milestone to provide a detailed updated plan. The reliability and credibility of the Department's current published project plan, cost estimates and risk assessments have already been questioned by both the OGC and the external reviews.

3.21 The current contract is out of date and does not reflect the Department's current project plan. Whilst the July 2009 plan is used for project reporting, at present EADS is contracted to provide the IT system by March 2010. EADS and the Department are working to agree a new project plan up to project completion and put this on a contractual basis.

Ensuring the IT system meets Fire and Rescue Services' requirements

3.22 The Department set out approximately 2,000 requirements for the IT system in its contract with EADS. These needed to be broken down further into 8,000 more detailed sub-requirements in consultation with Fire and Rescue Service end-users to ensure that the system's design, development and testing activities are aligned to end-user requirements.

3.23 Work on breaking down the system's requirements had been in progress since early 2008, but little real progress was achieved until summer 2009 when the Department agreed with EADS and the Fire and Rescue Services that joint workshops would be held to achieve this.

Project Costs

3.24 The Department has spent £202 million on the FiReControl project up to the end of December 2009. The Department forecasts spending a further £221 million on the project up to 2017[4] (**Figure 7**), bringing its total investment to £423 million. In addition, the Department has an additional contingency budget for the project. To date, around 40 per cent of costs (£78 million) relate to staff and consultancy involved in developing and managing the FiReControl project since its inception.

Figure 7
FiReControl costs to December 2009 and forecast costs to 2017

Area of Expenditure	March 2004 to December 2009 Total (£m)	Jan 2010 to March 2017 Total (£m)	Overall project Total (£m)
National project team costs	78.20	45.80	124.00
Regional Control Centre buildings	21.30	29.20	50.50
Payments to Fire and Rescue Authorities[1]	62.40	62.30	124.70
Payments to EADS	39.60	83.90	123.50
Total	**201.50**	**221.20**	**422.7**

Source: Communities and Local Government

NOTE

1 Excludes planned payments to those Fire and Rescue Authorities who have additional costs as a result of the FiReControl.

4 2004-05 and 2016-17. Future costs not inflated and excluding cost of capital and depreciation.

3.25 Although the contract with EADS is a fixed price contract, the Department estimates that delays to the IT have increased project costs by £40 million.

Value of the IT contract with EADS

3.26 The Department's contract with EADS was originally valued at £200 million. This included £104 million for the design, build, and testing of the IT systems and £96 million for in-service support charges once Regional Control Centres become operational up to 2015. As a result of the delays in development of the IT systems, the contract's value has decreased to approximately £170 million as there will be less in-service support charges (some of which will be charged to Fire and Rescue Services). In 2015 the Department has an option to extend EADS's contract for a further three years. Beyond this, the Department will need to contract for support services for the Regional Control Centres, including fault repair, maintenance and data back-ups.

The Department's contingency

3.27 Since early spring 2009 the Department has been undertaking an exercise to evaluate a number of fallback options for the FiReControl project. These were presented to Ministers in November 2009. This exercise has considered a number of different options ranging from the re-procurement of FiReControl to investment in 46 local standalone centres. To date the Department has spent £202 million on the project. Should the project be unsuccessful the £205 million of future lease payments on FiReControl buildings would transfer to the Department. In addition, the Department estimates that a further £24 million would be spent winding up the project. This expenditure would bring the total cost to the Department of discontinuing with the project to £431 million, £8 million more than the cost of continuing with the FiReControl project. The Department has not yet set out a trigger point for its fallback options.

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