



Department for
Communities and
Local Government

Fire and rescue authorities bidding for Transformation Funds for 2015-16

Bid Prospectus

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March 2014

ISBN: 978-1-4098-4170-8

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Chapter 1

Purpose and introduction

Purpose

- 1.1 This document provides guidance to the fire and rescue authorities intending to submit bids for the £75 million fire and rescue transformation funds for 2015-16. This consists of £30 million of resource funding to support transformational change together with a £45 million capital fire efficiency incentive fund. Both funds are covered by the bid process.
- 1.2 Projects will need to deliver value for money; be aligned with transformation policy objectives (set out in this paper) and demonstrate sound project management. There will be one bidding round commencing 5 March 2014. The closing date for small, medium and large scale lot schemes is 4 June 2014. The closing date for bids involving more than two fire and rescue authorities is 17 June 2014.
- 1.3 The document takes account of comments received during the consultation exercise held between 3 December 2013 and 14 January 2014.

Introduction

- 1.4 In the recent 2013 Spending Round¹ the Government announced **£30 million of resource funding** to be made available for return to the fire sector for 2015-16 to support transformational change and deliver sensible savings, and:

‘opportunities identified by the Knight Review, such as creating more emergency centres to accommodate the three blue light services, sharing back office functions and running joint response systems...’ (p.23).

- 1.5 A **£45 million capital fire efficiency incentive fund** was also announced to further assist fire and rescue authorities in achieving efficient and effective service delivery. This will:

“encourage greater collaboration between the Fire Service and other emergency services” (p.36)

and encourage fire services to

“invest capital in ensuring that fire service assets such as fire stations are appropriately located to ensure efficient and effective service delivery” (p.37)

¹ *Spending Round 2013*, HM Treasury, 26 June 2013 available at www.gov.uk/government/publications/spending-round-2013-documents

- 1.6 A single competitive bidding process for both these funds will place fire and rescue service transformation at its heart. In his independent report **FACING THE FUTURE: Findings from the review of efficiencies and operations in fire and rescue authorities in England**, Sir Ken Knight found that a significant element of future efficiencies could be found through greater collaboration and integration between fire, police and ambulance services to deliver better outcomes for the public. 'Facing the Future' also found that there were efficiencies to be released by increasing the proportion of retained (or 'on call') fire fighters. Therefore, whilst some 'tried and tested' sector efficiencies (such as crewing reforms and fire estate modernisation) may be considered as part of the assessment process we would particularly welcome high quality bids that seek to achieve transformation through greater collaboration across fire and rescue authorities or with other emergency services, and from those wishing to increase their 'on call' work force.
- 1.7 The funds will be allocated on a 'lot based' system (so that the funds do not all go to a few high-performing projects). Bids may be for a mixture of resource and capital, or be purely capital or resource. Bidders are asked to specify how the funding applied for breaks down (on these terms) in the application forms.
- 1.8 Capital bids may be for capital elements of a transformation project for which a resource is also being bid, or they may be purely associated with a capital project to optimise the authority's asset base to generate revenue savings for future years – for example, through a sale of land to release value to invest in a new fire station which will allow collaboration with other emergency services. It is normally to be expected that any capital spend will have around five per cent of revenue spend associated with it. We do not necessarily expect this to be included in the bid, but we will look at whether the fire and rescue authority bidding has provisioned for this. Where capital bids will also require resource expenditure (for example to manage the project) these costs should be included within the spread-sheet showing total project costs (submitted as part of the bid application), though we would not necessarily expect fire and rescue authorities to bid for funding for this if this would form part of their normal running costs.
- 1.9 One of the aims of this bidding round is to facilitate fire and rescue authority transformative projects over a shortterm time scale (funds applied for must relate to expenditure incurred in 2015/16), delivering efficiencies over a short to medium-term - within 10 years.

Chapter 2

Aims of the transformation funds:

- 2.1 Building on the key themes in 'Facing the Future' the aims of the Transformation Funds are to support schemes that
- encourage greater collaboration;¹
 - improve local accountability;
 - increase on-call arrangements;
 - prioritise prevention and protection; and
 - promote asset transformation/ other efficiencies.
- 2.2 Despite the need to tackle the inherited budget deficit, the Government has protected fire and rescue authority funding, including through the recent 2013 Spending Round. In setting a fire and rescue local government funding reduction for 2015-16 that is less than for local government as a whole, the Government has made clear that it is asking fire and rescue authorities to continue to make efficiencies, and adopt further innovations and transformations, including further collaboration across blue light services.
- 2.3 The single competitive bidding process is for the distribution of both the £30 million of resource funding and the £45 million capital fire efficiency incentive fund. The funds will be targeted at proposals that have a good strategic fit with the five themes set out in paragraph 2.1 (above) and the Spending Round documents, and that have the potential to deliver the greatest savings, particularly through greater collaboration with other emergency services combined with optimisation of an authority's existing asset base (including through staff and crewing efficiencies).
- 2.4 To provide further impetus, transparency and good-practice sharing on transformative change associated with the funds, the Department will publish summaries of winning projects and ask successful authorities to regularly place brief updates on progress on their own websites.

¹ Forms of collaboration may include with other emergency services (including other Fire and Rescue Authorities) and with local authorities. However, please note that all bids will be evaluated against assessment criteria which specifically encourage collaboration between different emergency services.

Chapter 3

A lot-based system:

- 3.1 The funds will be allocated via a lot-based system to make sure the funds positively impact on a range of different transformative measures. This is aimed at preventing a scenario whereby the transformation funds are monopolised by a small number of high-value, high savings, or major transformation bids.
- 3.2 There will be three different sized 'lots'.
 - larger sized schemes (£5 million plus)
 - medium-sized schemes (£2 million to £5 million)
 - small-scale lots schemes (up to £2 million)

The lots will act as a guide to the size and type of funding and project (see 3.7) that may be bid for and allocated. The Department will reserve the right to allocate winning bids to a range of sizes of lot, or to a particular type of lot, depending on the type and quality of bids received.

- 3.3 Authorities may put in no more than one bid per lot, with an authority being limited to three bids overall (see exception at 3.5 below). A single bid may contain multiple elements, and must be identified by the authority as a single bid based on its strategic coherence.
- 3.4 For large-scale bids that can be broken down into one or more elements and which lend themselves to this, the Department will reserve the right to fund part of a bid. This could require authorities applying for large-scale bids to consider what part of the bid would be most important to them if the whole bid could not be funded. Bidders are asked to consider identifying cases which lend themselves to this and which elements should be prioritised.
- 3.5 If the sector came forward with a multiple fire and rescue authority proposal involving more than two fire and rescue authorities, the Department will consider it as exempt from the bid limits set out above. That is, participation in such a 'syndicated' bid would not form one of the three bids (one bid per lot) permitted per fire and rescue authority. All participating fire and rescue authorities (and any other partner organisation) would need to sign off on the proposal.
- 3.6 No pro-rata funding (for example, per capita) distribution is proposed and it is possible that if bids are not of a sufficient quality, funding will not be allocated. We do not plan to hold a second bid round.
- 3.7 To give an illustration of how this might work and the type of schemes that might fall into each lot:

- Funds in the lot for larger sized schemes (£5 million plus) might be directed towards large-scale emergency services (blue lights) collaboration transformation projects. For example, for fire and rescue authorities that wish to make a major operational change towards working closely with another emergency service and/or a major programme of joint working;
- Funds in the lot for medium-sized schemes (£2 million to £5 million) might cover a wider variety of projects and transformational outcomes. Bids might be, for example, to effect operational co-responding or to increase on-call crewing arrangements to deliver better value for money. They might include better asset and property management to cater for improved prevention and protection work or collaboration with other emergency services which will deliver significant savings;
- Funds in the lot for small-scale lots schemes (up to £2 million) might cover estates and infrastructure projects and collaboration delivering smaller-scale efficiency savings, such as through joint procurement or small-scale mobilisation savings or co-location projects. Clear value for money criteria will need to be demonstrated.

Chapter 4

Bid criteria and evaluation:

- 4.1 We expect bids to set out a clear, well-reasoned narrative rationale as guided by the bidding guidance and the application forms and their associated spread-sheet at Annex A, which takes into account Treasury Green Book criteria (see below).
- 4.2 To maximise impact of the funds, bids will need to demonstrate how the project for which funding is sought fits with the broader transformation programme of the fire and rescue authority (and any partner organisation(s), where relevant).
- 4.3 We want to understand why transformation funds are needed, and applicants must set out other types of funding the project has access to, including other grants received or applied for or reserves / prudential borrowing to be leveraged, and any other government funding applied for. Fire and rescue authorities should not bid on the expectation of further financial support being available, so financial sustainability and affordability will be an important consideration.
- 4.4 It is also important that authorities have a strong financial commitment to the projects for which they are seeking support. Other sources of funding will not, therefore, be a bar to support and we will welcome projects which can show part, or match-funding by authorities and their partners. This will not impact negatively on value for money, since it will simply increase overall costs / spend on the project, which will be set against the funding which is to be provided.
- 4.5 All projects will be required to demonstrate they will provide value for money in line with Treasury Green Book criteria. This means projects need to demonstrate real savings in future years that are greater than the total costs (not just the level of grant applied for) of the project.
- 4.6 Projects will be assessed against high-level assessment criteria of
 - value for money (**40%**),
 - alignment with policy objectives for transformation funds (**40%**); and
 - project deliverability, focusing on good project management (**20%**).
- 4.7 Within the policy objectives criteria, further weightings will be applied to prioritise some of the more innovative projects identified as having potential for sector transformation and efficiency. These will be for:
 - encouraging greater collaboration with other emergency services;
 - increasing on-call arrangements;
 - improving local accountability;

- prioritising prevention and protection; and
- promoting asset transformation/ other efficiencies to deliver better value for money.

Areas that already have some form of provision, or access to such, for example training facilities where a range of products are available, or the element of council tax equalisation adjustment for a merger, where this can be achieved by equalisation over a number of years, would be unlikely to be seen as innovative, and should be avoided unless genuine transformation and savings can be demonstrated. Equally money is not being set aside for routine capital requirements. A case must be made for efficiencies in line with this bid process.

4.8 The Net Present Value for the Public Sector (see sheet 1 of the Annex A Bid Calculator spread-sheet) will be used to assess the project's value for money.

Chapter 5

Bidding process and forms

5.1 Bid application forms are supplied at Annex A (as separate attachments), comprising of:

- Application Form and Guidance for Fire and Rescue Authority Transformation Funding for 2015 to 2016
- Bid calculator (spread-sheet)
- Application Form Guidance on Demonstrating Value for Money.

A completed application form and bid calculator spread-sheet will comprise a single application. Bidders should use their judgement in fitting the application form to their bid requirements (for example, by expanding fields if necessary).

5.2 A single authority may put in no more than three specific bids, one per size of lot. One bid (for example, a large-scale bid) may contain multiple elements. The Department reserves the right to part-fund bids with multiple parts and bidders are asked to consider identifying cases which lend themselves to this and which elements should be prioritised. (See section 3.5 for 'syndicated' bids).

5.3 Bids will need to be signed off by the relevant elected member with responsibility for fire and rescue and by the senior responsible financial officer (chief finance officer or Treasurer). Where collaboration with other emergency services or other bodies is involved, bids will also need to be signed off by the elected member with responsibility for the other collaborating organisation(s) and their chief finance officer or Treasurer(s).

5.4 Authorities should clearly demonstrate, in their bids:

- business case/ value for money (in line with the Treasury Green Book criteria);
- alignment with transformation objectives set out in these documents; and
- sound plans for project management to ensure delivery of intended outcomes.

5.5 Evaluation will be application-based.

5.6 Bids should be completed using the templates at Annex A (supplied as separate attachments) and submitted via email to:

firetransformation@communities.gsi.gov.uk

- 5.7 The Department's bid management team will be available to assist with clarifications required during the bidding process, and reserves the right to request further information from bidders as required (for example, proof of obtaining any planning permission required).
- 5.8 If you have any queries please email: firetransformation@communities.gsi.gov.uk or call 030344 43807 or 030344 42884.

Chapter 6

Timetable

6.1 The Department's proposed timetable for the bidding process is as follows:

Event	Timing
Bid process commences	5 March 2014
Bid process closes <ul style="list-style-type: none">• small, medium and large scale lot schemes• 'Syndicated' bids involving more than two fire and rescue authorities (see Section 3.5)	<ul style="list-style-type: none">• 4 June 2014• 17 June 2014
Bid evaluation	Summer 2014
Successful bidders announced	Autumn 2014
Funding paid out	April 2015

Chapter 7

Related Government funds

- 7.1 This chapter outlines how the fire and rescue authority transformation funds relate to other funds supporting transformation in 2015-16.

The Police Innovation Fund

- 7.2 In the 2013 Spending Round¹, the Government announced it will create an Innovation Fund of up to £50 million a year from 2014-15 for Police and Crime Commissioners (PCCs) to work jointly with each other and with local authorities on approaches that have the potential to improve policing, deliver efficiency and prevent crime. In November 2013 Government also announced² that ahead of its first full year it is making a £20 million Precursor Fund available to PCCs in 2013/14, to enable them to press ahead now with transformation in their forces.
- 7.3 Where applications are made in respect of emergency service collaboration involving police and fire, it is Government's intention that these will be considered by both Departments to maximise efficient use of available funds.

The Local Authority Transformation Funds

- 7.4 In March 2013 the Government invited bids from local authorities to access a £9 million Transformation Challenge Award scheme for funding in 2013-14. A number of fire and rescue authorities applied for the scheme, and those that were successful have now been notified and relevant funds allocated³. The aim of the scheme is to support local authorities (including fire and rescue authorities) that are at the cutting edge of innovation for service transformation, so that they go further and faster in re-engineering service delivery and achieving efficiency savings.
- 7.5 The 2013 Spending Round announced that in 2015⁴ there will be a £100 million Transformation Fund on offer to help in setting up shared services and combining service delivery operations across public and private sector providers. Fire and rescue authorities will also be able to apply for this fund and we expect further details to be announced in due course.

¹ *Spending Round 2013*, HM Treasury, 26 June 2013 available at www.gov.uk/government/publications/spending-round-2013-documents

² www.gov.uk/government/news/policing-minister-announces-20-million-funding-for-pccs

³ Local Government Minister Brandon Lewis announcement of 9 October 2013 www.gov.uk/government/news/can-do-councils-leading-transformation-of-local-government

⁴ Secretary of State for Department for Communities and Local Government press release of 26 June 2013 www.gov.uk/government/news/eric-pickles-hails-council-tax-5-year-freeze-and-38-billion-for-social-care

- 7.6 In all cases, the Government will be mindful of the different funds an authority has applied for and the purposes to which it intends to put them, in order to prevent double-funding.

Use of capital receipts from asset sales to invest in reforming services

- 7.7 The Government also recently consulted on plans to allow part or all of receipts from new asset sales to be used for one-off revenue purposes in order to stimulate organisational change:
<https://www.gov.uk/government/consultations/proposals-for-the-use-of-capital-receipts-from-asset-sales-to-invest-in-reforming-services>
- 7.8 The Government plans to make provision for £200 million of flexibility on capital receipts available for 2015/16 to enable fire and rescue authorities to fund one-off revenue costs using any capital receipts. The rules of the capital finance system otherwise, broadly, mean that capital receipts may only be used for capital spending, but not revenue spending (whereas fire authorities can allocate revenue to capital spending).¹
- 7.9 This is to ensure assets and one-off receipts do not get used inefficiently to support recurrent revenue spending that cannot be sustained. The main use of capital receipts is to finance the acquisition or construction of new assets (providing an alternative to borrowing) or to repay the principal on any new borrowing undertaken. Therefore, authorities may have a surplus capital asset, but be unable to use receipts from its sale to fund one-off revenue costs required to achieve restructuring or service transformation to reduce ongoing revenue costs.

¹ Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146).

Appendix A

Frequently asked questions:

Question 1: Are the funds ring-fenced?

A: The funds are not ring-fenced, outside of normal capital arrangements for the capital element of the funding. But we will be asking bidders to agree to publication of winning bid summaries to share best practice. We are also asking applicants to regularly publicise progress on their websites and disseminate good practice.

Question 2: Can I bid for both capital and resource?

A: Yes - the process encourages bidders to detail both their capital and resource requirements within a bid. Bids can of course be submitted for only resource or capital.

Question 3: Will there be an appeals process?

A: We do not plan to hold a formal appeals process, which would delay us in issuing funding.

Question 4: Will there be a second bid round if all funds are not awarded?

A: We do not plan to hold a second bid round.

Question 5: How can account of uncertainties in estimating figures be taken?

A: We expect any carefully scoped project to make sensible estimates for scrutiny as part of the bid assessment process, with the financial summary narrative including the rationale underpinning all assumptions and estimates. The Treasury Green Book outlines several approaches to reduce uncertainties in valuing the costs of benefits of aspects of a project:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

We appreciate that there may be wider benefits that are not possible to quantify in monetary terms but which do provide added value to a project. Details of any wider / qualitative benefits and any assumptions that underpin them should be described in Section 2 of Annex A of the calculator spread-sheet. A similar approach should be taken for any wider project-related costs.

Question 6: What are the evaluation criteria and weightings?

A: Projects will be assessed against high-level assessment criteria of

- value for money (**40%**),
- alignment of bid with policy objectives for the transformation funds (**40%**) and
- project deliverability, focusing on good project management (**20%**).

Savings made in previous years are not taken into account as this is outside the scope of this scheme.

Question 7: Can bids focused on ‘collaboration’ include collaboration with non-emergency services?

A: Yes. Bids may include other fire and rescue authorities, local authorities and other collaborating organisations. However, all bids will be evaluated against the same policy criteria (linked to the findings of Sir Ken Knight’s review) which do specifically encourage collaboration between emergency services. Bids will also need to be signed off by the elected member with responsibility for the other collaborating organisation(s) and their chief finance officer or Treasurer(s).

Question 8: Can multi-fire and rescue authority bids be submitted?

A: Yes. A joint bid of two fire and rescue authorities submitted as standard bid would take up one of the three bids available to each authority, the amount being sought by each authority determining which of the three lot schemes used for that authority.

In addition, a multiple fire and rescue authority proposal may be submitted by more than two fire and rescue authorities. The Department would consider it as exempt from the bid limits set out above.

Question 9: Is there a minimum net present Value a bid must achieve before it can be considered?

A: There is no minimum Net Present Value (other than a positive value).