



Department for  
Communities and  
Local Government

# Fire and Rescue Authority Transformation Funds for 2015-16 Bidding Process

Consultation Response

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# Section 1: Introduction

- 1.1 In the recent 2013 Spending Round<sup>1</sup> 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).

- 1.2 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).

## Why the Department consulted

- 1.3 We proposed a competitive bidding process with 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*<sup>2</sup>, Sir Ken Knight found that future efficiencies could be found through greater collaboration and integration between local authorities, fire, police and ambulance services to deliver better outcomes for the public. 'Facing the Future' also found efficiencies could be released by increasing the proportion of retained (or 'on call') fire fighters. The Government will shortly be publishing its response to the Sir Ken Knight Review, and Fire and Rescue Authorities will need to bear the themes in the government response in mind as they put together bids for this fund.
- 1.4 Similarly, in our consultation we said that 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.

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<sup>1</sup> *Spending Round 2013*, HM Treasury, 26 June 2013 available at [www.gov.uk/government/publications/spending-round-2013-documents](http://www.gov.uk/government/publications/spending-round-2013-documents)

<sup>2</sup> *FACING THE FUTURE: Findings from the review of efficiencies and operations in fire and rescue authorities in England*, 17 May 2013, available at [www.gov.uk/government/publications/facing-the-future](http://www.gov.uk/government/publications/facing-the-future)

- 1.5 The consultation aimed to both familiarise fire and rescue authorities with the single bidding process being developed for these funds and to gather opinions and feedback to make sure the bidding process operated as smoothly and effectively as possible. The funds are aimed at delivering transformative change and we wanted to make sure that the bidding process supported this.
- 1.6 In particular, we sought views on
- a. the funds being allocated on a 'lot based' system (so that the funds do not all go to a few high-performing projects);
  - b. whether the government should be able to limit the number of bids;
  - c. whether authorities should be able to identify a preferred part of a bid to fund;
  - d. support for joint bids from more than two fire authorities; and
  - e. the proposed criteria to be used in assessing and weighting bids.
- 1.7 We also wanted to gather feedback on the forms and supporting documents in development.

## Section 2: Summary of responses

- 2.1 The consultation was open for six weeks, from 3 December 2013 to 14 January 2014. The consultation documents were made available on the Government's 'GOV.UK' website and responses could be returned to the Department by email or hard copy, by post.
- 2.2 On publication, the Department for Communities and Local Government drew the consultation to the attention of the sector via Fire and Rescue Bulletin 40/2013. This was sent to the Chairs, Chief Fire Officers and Chief Executives of Fire and Rescue Authorities and the London Commissioner. We also circulated the consultation to the Chief Fire Officer's Association and to the Fire Finance Network and fire and rescue partners.
- 2.3 In total, 34 responses were received. The majority of responses came from fire and rescue authorities, with further responses received from the Local Government Association and a response representing the National Operational Guidance Programme. The Government reasonably believes that in one case the respondent submitted more than one response, making the number of unique respondents 33.

| Type of organisation                | Number of responses |
|-------------------------------------|---------------------|
| Fire and rescue authorities         | 32                  |
| Professional body or employer group | 1                   |
| Project or programme                | 1                   |
| <b>Total</b>                        | <b>34</b>           |

- 2.4 The Department is grateful for the responses received in relation to all questions. The Department has considered the comments and evidence provided in each consultation response and, in the next section, offers a summary of the responses to the particular proposal and the Department's final position. In particular, the Department has clarified a number of points on which questions were raised and re-considered its draft timeline for the bid process following the consultation responses, and this document sets out these changes.

# Section 3: Consultation responses

3.1 This section summarises the responses received to each of the eleven questions raised in the consultation in relation to four key areas, and the Government's final approach in light of these responses. A further, detailed table of changes can be found at **Annex A**. Responses outside the scope of the consultation are not listed. The areas on which the consultation questions focused were:

- aims of the transformation funds;
- adoption of a lot-based system;
- bid criteria and evaluation; and
- bidding process and draft forms.

## Aims of the transformation funds

**Q1. The bidding process has been designed to support transformation in the delivery of fire and rescue services. Taking that into account, is there anything further you think should be taken into consideration to help drive transformative change and greater efficiency?**

- 3.2 This question was designed to allow fire and rescue authorities to highlight anything further that should be done to highlight areas of transformative change delivering greater efficiencies through the bid process.
- 3.3 Thirty-four responses were received in relation to this question. Thirty wanted further clarifications to help drive transformative change and support greater efficiencies – four respondents felt there was nothing further they wanted taken into account. Key issues raised in relation to bid design were the need to clarify that multi-fire and rescue authority bids could be submitted, and whether transformation through collaboration would be focused on emergency services collaboration or more widely. Some respondents felt that some capital should be reserved for routine requirements.
- 3.4 On value for money issues, respondents also asked for clarification on how to account for estimates and uncertainties. Some respondents suggested rewards for previous savings made.

## Government response

- 3.5 Following consideration of the responses, the Department will clarify that multi-fire and rescue authority bids will be able to be submitted and will be additional to the limit of three bids per authority (one per lot size) that will otherwise apply. The

Department's position remains that bids may be for transformation through collaboration with other local and fire authorities, but the evaluation criteria for the process will encourage emergency services ('blue lights') collaboration.

- 3.6 In relation to value for money, as set out by the Treasury in the Spending Round 2013 and in the bid fund documentation, routine capital requirements that deliver efficiency and savings are supported, such as those that: "*invest capital in ensuring that fire service assets such as fire stations are appropriately located to ensure efficient and effective service delivery*" (HMT Spending Round document<sup>1</sup>, p.37). However, money will not be set aside for routine capital spend items.
- 3.7 The project bid for must be justified in its own right in relation to the bid fund criteria – previous savings made by a fire and rescue authority in other areas, or other 'special circumstances' are not taken into account.

## A lot-based system

### **Q2. Do you agree with the concept of a 'lot based' funding system, to ensure that projects bids get assessed on a like for like basis?**

- 3.8 This question was designed to gauge support for the use of the 'lot-based' funding system outlined in the bid consultation. The aim of the system was to allow bids to be grouped and assessed on a 'like for like' basis and to reduce likelihood of the fund being monopolised by a small number of high savings or major transformation bids.
- 3.9 Thirty-four responses were received in relation to this question. Twenty-four respondents agreed with the lot-based system, seven disagreed, and three neither agreed nor disagreed. Key issues raised were around clarifying the basis on which net present value was assessed, particularly the period over which benefits should be demonstrated. Some felt that money should simply be allocated on a pro-rata basis.

## Government response

- 3.10 The Government will proceed with the lot-based funding system proposed.

## Three bids per authority

### **Q3. Do you agree that the Government should be able to limit bids, depending on the quality and number of bids received?**

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<sup>1</sup> *Spending Round 2013*, HM Treasury, 26 June 2013 available at [www.gov.uk/government/publications/spending-round-2013-documents](http://www.gov.uk/government/publications/spending-round-2013-documents)



- 3.11 This question was designed to gauge support for limiting bids to three per fire and rescue authority, with one bid per lot size. (The prospectus document also suggested that bids put forward by two or more fire and rescue authorities could be additional to this limit and this is covered by question five.) Responses were more evenly balanced in relation to this question. Fifteen of thirty-four respondents agreed the Government should be able to limit bids (depending on the quality and number of bids received), but thirteen felt Government should not limit bids. Six respondents neither agreed nor disagreed. On balance, more respondents supported limiting the number of bids.
- 3.12 Respondents also said that clarifying whether additional multi-fire and rescue authority bids were possible (for two or more authorities) would be helpful, and one respondent suggested a second bidding round.

## Government response

- 3.13 Following consideration of the responses (which, on balance, support the proposal), the Department will limit the number of bids to three per fire and rescue authority (one bid per lot size).
- 3.14 The Department's position remains that two or more fire and rescue authorities will be able to submit further 'multi-authority' bids over and beyond their three bids (see question five). However, we do not plan to hold a second bidding round.

## Preferred parts of large-scale bids

### **Q4. Do you think an authority should be able to identify a preferred part of a large scale bid to fund?**

- 3.15 This question was designed to gauge whether authorities themselves would wish to consider (in advance) what part of the bid would be most important to them if the whole bid could not be funded.
- 3.16 Thirty-four responses were received in relation to this question. The majority of respondents (21) supported authorities being able to identify the area of a large-scale bid that was most important to them if the whole bid could not be funded. Eight respondents opposed this suggestion, and five were undecided.

## Government response

- 3.17 Following consideration of the responses, the Department's position remains that it will support fire and rescue authorities being able to identify a preferred part of a

large-scale bid as most important to them if the whole bid could not be funded. This has been clarified in the bid documentation.

## Multi-fire and rescue authority bids

**Q5. Do you agree that a fire and rescue authority (or authorities) should be able to submit an additional bid that was potentially exempt from any bid limit per fire and rescue authority if more than two fire and rescue authorities have formally signed up to the proposal?**

- 3.18 This question was designed to gauge support for the proposal set out in the consultation that fire and rescue authorities could together submit further 'syndicated' bids (comprising more than two fire and rescue authorities) over and beyond the three permitted per authority.
- 3.19 Thirty-four responses were received in relation to this question. Again, the majority supported this proposal (20 respondents), with nine opposing and five undecided.
- 3.20 Respondents asked for clarification on whether such a multi-party bid (i.e. what we have referred to as a bid comprising more than two fire and rescue authorities) could also include a local authority as one of the three parties. Some respondents were concerned that multi-fire and rescue authority bids could dilute scarce resources.

## Government response

- 3.21 Following consideration of the responses, the Department is clarifying that a syndicated, multi-party bid (i.e. comprising more than two fire and rescue authorities) will not be counted as one of the three bids to which each authority is limited. The Government is also clarifying that whilst such a bid may involve other entities (for example, for blue lights collaboration) it must, as its determining factor be put forward by more than two fire and rescue authorities.

## Bid criteria and evaluation – weighting system

**Q6. Do you agree in principle with a weighting system that would help direct funds towards the more innovative transformative change projects?**

- 3.22 This question was designed to gauge support for a weighting system to maximise impact of the funds by aligning their allocation with the broader transformation programme of the fire and rescue sector.
- 3.23 Thirty four responses were received in relation to this question. The vast majority (30) in principle supported use of a weighting system to direct use of funds towards more innovative transformative change projects. One respondent disagreed with a

weighting system, and three were undecided. The need to maintain a significant 'value for money' emphasis was also raised.

## Government response

- 3.24 Following consideration of the responses, the Department will proceed with use of a weighting system to maximise impact of the funds by aligning their allocation with the broader transformation. The Department's position remains that value for money criteria will be a significant element in the assessment of bids.

## Alternatives to a weighting system

**Q7. If you disagree with a weighting system, please outline, in no more than 500 words, what your alternative would be.**

- 3.25 This question was designed to elicit responses from those who disagreed with the weighting system on alternatives that would be preferred.
- 3.26 Thirteen respondents made further suggestions on the weighting system (21 made no suggestions). Key issues raised by those who responded were for criteria and weightings to be transparent, the need to maintain a significant 'value for money' weighting and a suggestion that the number of beneficiaries for any successful bid should also be taken into account.

## Government response

- 3.27 Following consideration of the responses, the Department will clarify the way in which weightings are distributed – 40% for value for money, 40% aligned to policy objectives for transformation funds policy objectives and 20% for project deliverability, focusing on good project management. The Department's position remains that bids need to justify themselves on their own terms taking into account the criteria set out in the bid process. We will not stipulate further criteria in relation to the number of potential beneficiaries of a given bid, but it would be open to an authority to make the case that the project proposed would have a number of beneficiaries.

## Bidding process and (draft) forms

**Q8. Do you agree with the bidding process as set out above and on the attached draft application forms?**

- 3.28 This question was designed to gather feedback on, and gauge support for, the proposed system.

- 3.29 Thirty four responses were submitted in relation to this question, of which 28 were supportive of the bid process. One respondent did not agree and five were undecided.
- 3.30 In relation to value for money issues, some respondents asked for clarification on the term over which value for money would be calculated and others requested clarification on the way the form would cater for bids with multiple elements.

## Government response

- 3.31 Following consideration of the responses, the Department will proceed with the bid process outlined, taking into account issues raised in responses where possible. The Department will clarify its position on the timeframe over which value for money will be calculated, which remains 10 years.

### **Q9. Do you have any suggestions to improve the draft forms/ application process?**

- 3.32 This question sought feedback on ways that the draft application process and forms could be improved.
- 3.33 Seventeen suggested ways to improve the draft forms and application process (17 had no suggestions). Key improvements suggested were greater clarity on the weighting system, and the way in which net present value was to be taken into account. A number of detailed clarifications were also sought.
- 3.34 On value for money matters, respondents sought clarification on how large bids with different elements should be represented on the application spread-sheet. They also questioned whether a specific net present value benchmark was required to submit a bid. Respondents also suggested a 'lessons learned' process, that all other partners involved in a bid should sign a 'statement of commitment' and requested feedback on whether bids were successful and why.

## Government response

- 3.35 Following consideration of the responses, the Department will clarify how a complex bid can be represented on one spread-sheet (by expanding sections – i.e. adding rows). The Department's position remains that it will seek sign-off on each bid by a senior responsible officer and treasury officer from each fire authority and fire authority partner involved in a bid. We support the idea of a lessons learned process following completion of the bidding process and announcement of results.
- 3.36 On value for money issues, we have stipulated that value for money must be positive. However there is no specific minimum other than this.

## Timetable

### **Q10. Do you feel the proposed timetable is realistic to allow for the bidding process to be implemented?**

- 3.37 This question was asked to get a feel for whether the draft bid timetable proposed was acceptable.
- 3.38 Thirty four responses were received in relation to this question. The majority of respondents (23) did not feel that the timetable was realistic; seven felt that it was realistic, and four were undecided. It was generally felt that the timetable was unfairly weighted towards assessment of the bids and that too little time was allowed for bid submission. One respondent flagged up the likelihood that some figures would still be provisional/ estimated at the time of bid submission.

## Government response

- 3.39 Following consideration of the responses, the Department will allow more time for bid submission (three months – from March to the beginning of June). The Department's position remains that it will need to assess small, medium and large-scale bids together. However, we will allow a further two weeks (to mid-June) for submission of multi fire and rescue authority bids. The Department will assess bids received from June to end August, with a view to announcing results in the early autumn.

### **Q11. If you have concerns about the timetable, what changes would you make to make it more realistic?**

- 3.40 This question sought feedback on how the draft timetable could be improved.
- 3.41 Of thirty-four respondents, twenty six suggested improvements to the timetable. Three suggested no changes were needed and five were neutral or said that this question did not apply. Overall, respondents asked for more time (some specified an additional two months) to be able to submit their bids. However, respondents also still wanted the announcement of successful bids to take place at the same time, or earlier. Some respondents suggested additional time for large/ complex bids only.
- 3.42 Respondents also asked for clarification on whether grants would be paid as Section 31 grants.

## Government response

- 3.43 We are allowing another month for bids, and a further two weeks for multi-fire and rescue authority (complex) bids. The time allowed for submitting bids (approximately three months) and assessing bids is broadly equal.

# Section 4: Revisions

4.1 Responding to issues raised in the consultation, the Department has made the following changes to the bidding documentation.

## Key Bid Prospectus Revisions - reflecting consultation feedback

**Question 1: The bidding process has been designed to support transformation in the delivery of fire and rescue services. Taking that into account, is there anything further you think should be taken into consideration to help drive transformative change and greater efficiency?**

- The Department will clarify that multi-fire and rescue authority bids will be able to be submitted and will be additional to the limit of three bids per authority (one per lot size) that will otherwise apply (see paragraph 3.5 of Prospectus and FAQ 8).
- The Department’s position remains that bids may be for transformation through collaboration with other local authorities, as well as with fire authorities and other emergency services. However, the evaluation criteria for the process will encourage emergency services (‘blue lights’) collaboration – see FAQ 7.

We also clarified:

- that capital will not be set aside for routine capital spend items outside the bid requirements (see paragraph 4.7 of Prospectus);
- how uncertainties in estimating figures should be taken into account (see FAQ5); and
- that previous efficiencies are not taken into account – these funds are to deliver further efficiencies (see FAQ6).

**Question 2: Do you agree with the concept of a ‘lot based’ funding system, to ensure that projects bids get assessed on a like for like basis?**

- We will adopt a lot based system as proposed (see paragraph 3.2 of the Prospectus).

We also clarified:

- the basis on which net present value is assessed and the period over which benefits should be demonstrated (See paragraph 4.8 of the Prospectus, along with paragraph 2.1 of the Application Form Guidance on Demonstrating Value for Money).

**Question 3: Do you agree that the Government should be able to limit bids, depending on the quality and number of bids received?**

## Key Bid Prospectus Revisions - reflecting consultation feedback

- The Department will limit the number of bids to three per fire and rescue authority (one bid per lot size) – see paragraphs 3.3 and 3.5 of the Prospectus.
- We also clarified there would be no second bidding round (see paragraphs 1.2 and 3.6 of the Prospectus).

### Question 4: Do you think an authority should be able to identify a preferred part of a large scale bid to fund?

- The Department's position remains that it will support fire and rescue authorities being able to identify a preferred part of a large-scale bid as most important to them if the whole bid could not be funded (see paragraphs 3.3-3.4 of the Prospectus).

### Question 5: Do you agree that a fire and rescue authority (or authorities) should be able to submit an additional bid that was potentially exempt from any bid limit per fire and rescue authority if more than two fire and rescue authorities have formally signed up to the proposal?

- The Department's position remains that it will consider additional syndicated bids of more than two fire and rescue authorities (see paragraph 3.5 of Prospectus).
- The Department is clarifying that a multi-party bid (i.e. comprising more than two fire and rescue authorities) may involve other entities but must, as its determining factor, be put forward by more than two fire and rescue authorities (see FAQ 8).

### Question 6: Do you agree in principle with a weighting system that would help direct funds towards the more innovative transformative change projects?

- The Department's position remains that value for money criteria will be a significant element in the assessment of bids (see paragraph 4.5 of the Prospectus).

The Department will proceed with use of a weighting system to maximise impact of the funds by aligning their allocation with the broader transformation (see paragraphs 4.6 - 4.7 and FAQ 6).

### Question 7: If you disagree with a weighting system, please outline, in no more than 500 words, what your alternative would be.

- The Department will clarify the way in which weightings are distributed (see paragraph 4.6 and FAQ 6).

### Question 8: Do you agree with the bidding process as set out above and on the attached draft application forms?



## Key Bid Prospectus Revisions - reflecting consultation feedback

Responding to key issues raised:

- The Department has clarified the timeframe over which value for money will be calculated as 10 years (see paragraph 1.9 of Prospectus).
- We further clarified at paragraphs 3.3 and 3.4 of the Prospectus that it is for authorities to identify a single bid with multiple elements based on its strategic coherence to align this with the requirements of the form – and in the introduction to the application form that bidders can expand the form to add additional rows if required.

### **Question 9: Do you have any suggestions to improve the draft forms/ application process?**

- The Department's position remains that it will seek sign-off on each bid by a senior responsible officer and Treasurer from each fire authority and fire authority partner involved in a bid (see paragraph 5.3 of the Prospectus).
- We clarified there was no minimum Net Present Value (other than a positive value) at FAQ 9. (Pages 1 and 4 of the Application Form Guidance on Demonstrating Value for Money also state that a positive value is required).

### **Question 10: Do you feel the proposed timetable is realistic to allow for the bidding process to be implemented?**

- The Department will allow more time for bid submissions (a total of 3 months from March to the beginning of June for small, medium and large lot bids) – see paragraphs 1.2 and 6.1 of the Prospectus.
- The Department will allow a further two weeks (to mid-June) for submission of multi (more than 2) fire and rescue authority bids (as above).
- The Department will seek to announce results in the early autumn (as above).

### **Question 11: If you have concerns about the timetable, what changes would you make to make it more realistic?**

- Comments from Question 11 are taken into account in the response to Question 10 above.