

AGENDA ITEM:

REPORT TO: Meeting of the	MERSEYSIDE FIRE & RESCUE AUTHORITY POLICY & RESOURCES COMMITTEE
DATE:	26th SEPTEMBER 2013
REPORT NO.	CFO/100/13
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OFFICERS CONSULTED:	
SUBJECT:	CODE OF CONDUCT FOR OPERATIONAL PFI/PPP CONTRACTS

THERE ARE APPENDICES TO THIS REPORT:

APPENDIX A: “CODE OF CONDUCT FOR OPERATIONAL PFI/PPP CONTRACTS”

Purpose of Report

1. To seek approval from Members to sign up to the Code of Conduct for Operational PFI/PPP Contracts issued by H.M. Treasury.

Recommendation

2. That Members approve the Authority being a signatory to the Code of Conduct for Operational PFI/PPP Contracts

Executive Summary

The Authority is asked to sign up to a voluntary code of conduct which looks to identify savings and operational efficiencies in the NW FRS PFI contract.

Introduction & Background

3. H.M. Treasury has produced a document entitled ‘Code of Conduct for Operational PFI/PPP Projects’ in consultation with most of the major private sector investors, contractors and lenders in the Public Private Partnership (PPP) and Private Finance Initiative (PFI) markets. The Code is attached as appendix A to this report.

4. This is a voluntary code of conduct and sets out the basis on which public and private sector partners agree to work together to make savings in operational PPP contracts. The Code applies to all Public Private Partnerships that signatories are parties to, such as PFI contracts, PF2 and other variants of PPP contracts.
5. The code sets out commitments from both public and private sector parties on constructive engagement, flexibility and improving operational efficiency. H.M. Treasury feels that these commitments will support an overall improvement in contract management relationships and behaviours and the creation of a more effective working environment between customers and suppliers. They state that this will help the public and private sectors work together on existing contracts for schools, hospitals and many other public infrastructure projects.
6. The launch of the code in June 2013 forms part of the Government's wider work on reducing the cost of PFI deals under the Operational Savings programme, which has apparently already achieved savings of over £1.5 billion since it launched two years ago. It has been developed with the support and engagement of relevant trade bodies and a cross-section of lenders, investors, construction contractors and facilities management providers. H.M. Treasury considers that all parties to PPP contracts should be able to sign up to these commitments which reflect best practice in the sector.
7. As members are aware, this Authority, together with Cumbria County Council and Lancashire Combined Fire Authority, have entered into a PFI contract with Balfour Beatty Fire & Rescue NW Ltd to design, build, finance and operate 16 community fire stations and associated facilities across the three Authority areas. Balfour Beatty are already signatories to the Code, along with around 50 other bodies including government departments, local authorities, banks, investors and contractors.
8. Whilst the Code is voluntary, the Deputy Chief Executive considers that there would be benefits in becoming a signatory to the Code in that it will indicate a commitment and willingness to engage in constructive dialogue with Balfour Beatty Fire & Rescue NW Ltd to seek out savings and operational efficiencies in the PFI contract which, if achieved, will ultimately benefit the three Authorities. Cumbria County Council and Lancashire Combined Fire and Rescue Authority are also being recommended to sign up to the Code.

Equality & Diversity Implications

9. Equality Impact Assessment have already been completed for the PFI Project. There are no new Equality and Diversity implications arising from this Code of Conduct.

Staff Implications

10. There are no additional staffing implications arising from this report. The Authority already has the suggested single point of contact (the Regional Project Director) with responsibility for co-ordinating and collating the Authorities views and representing these views in discussions with private sector bodies.

Legal Implications

11. The Code of Conduct is not legally binding but only voluntary and does not overturn any existing contractual provisions in the contract between the three Authorities and Balfour Beatty Fire & Rescue NW Ltd.

Financial Implications & Value for Money

12. There are no direct financial implications in signing the Code of Conduct. However the whole ethos of the Code is to seek savings and operational efficiencies so it is hoped that this will lead to benefits to the Authorities in the longer term. Members will be kept advised of any savings and efficiencies achieved.

Risk Management, Health & Safety, and Environmental Implications

13. There are no risk management, health & safety or environmental implications arising from this report.

Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

14. The North West Fire & Rescue Services PFI Project has a range of objectives which link back to the Mission and Vision Statements of each of the three Authorities.

BACKGROUND PAPERS

“Making Savings in Operational PFI Contracts”, H.M. Treasury, July 2011

“Code of Conduct for Operational PFI/PPP Contracts”, H.M. Treasury, June 2013 (attached as appendix).

***Glossary of Terms**

- PF2 The government’s latest & preferred model of public private partnership which includes a public sector equity holding
- PFI Private Finance Initiative
- PPP Public Private Partnerships