



Department for
Communities and
Local Government

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

Consultation

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The Consultation Process and How to Respond

Scope of the consultation

Topic of this Consultation:	<p>The principal sections are:</p> <p>Chapter 2 – Aims of the transformation funds Chapter 3 - A lot-based system Chapter 4 - Bid criteria and evaluation Chapter 5 - Bidding process and (draft) forms Chapter 6 - Timetable</p> <p>The topic of the consultation is the bidding process through which the transformation funds for fire and rescue authorities announced as part of the Spending Round 2013 will be administered.</p>
Scope of this consultation:	This consultation aims to test and get feedback on the bidding process for administering the funds.
Geographical Scope:	England.
Impact assessment:	This policy proposal does not require an impact assessment as part of the policy clearance process.
Body responsible for the consultation:	This consultation is being run by the National Fire Policy Division within the Department for Communities and Local Government.
Duration:	This consultation will run for six weeks to the 14th of January 2014.
Enquiries:	<p>For enquiries, please contact:</p> <p>FireTransformation@communities.gsi.gov.uk 0303 444 2884</p>
How to respond:	<p>By email to: FireTransformation@communities.gsi.gov.uk</p> <p>Or by post to:</p> <p>Fire Finance Team National Fire Policy Team</p>

	Department for Communities and Local Government Zone 3/A6, Eland House Bressenden Place London SW1E 5DU
After the consultation:	The Government intends to launch the bidding process in the spring and will publish the outcome of the consultation alongside this.
Compliance with the <i>Code of Practice on Consultation</i>:	This will be a six week consultation. In this consultation we are seeking views from local fire authorities and believe that this will provide sufficient time for considered responses.

Confidentiality and data protection

Representative groups are asked to give a summary of the people and organisations they represent and, where relevant, who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

The Department for Communities and Local Government will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

Additional copies

This consultation paper is available on the Department for Communities and Local Government website at <https://www.gov.uk/government/organisations/department-for-communities-and-local-government>. You may obtain a hard copy of this consultation paper from the address given above.

If you require this publication in an alternative format please:

Email Asset.Receipts@communities.gsi.gov.uk stating the title of this consultation documents

or

See online via the website at www.gov.uk/government/organisations/department-forcommunities-and-local-government.

Help with queries

Questions about the policy issues raised in the document can be sent to the address given above.

A copy of the consultation criteria from the Code of Practice on Consultation is at <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>. Are you satisfied that this consultation has followed these criteria? If not or you have any other observations about how we can improve the process please email: consultationcoordinator@communities.gsi.gov.uk

or write to:

DCLG Consultation Co-ordinator
Zone 8/J6
Eland House, Bressenden Place
London
SW1E 5DU

Chapter 1

Introduction:

- 1.1 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).

- 1.2 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)

- 1.3 We are proposing 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**², 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.
- 1.4 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 –

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

² **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

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 spreadsheet 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.

- 1.5 This consultation aims 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 operates as smoothly and effectively as possible. The funds are aimed at delivering transformative change and we want to make sure that the bidding process supports this.
- 1.6 In particular, we are seeking 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), and
 - b. the proposed criteria to be used in assessing and weighting bids.
- 1.7 We also wish to gather feedback on the forms and supporting documents in development.

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;
 - improve local accountability;
 - 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 proposed 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 efficiencies that have a good strategic fit with the four themes set out in para 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.
- 2.4 To provide further impetus, transparency and good-practice sharing on transformative change associated with the funds, the Department proposes to publish summaries of winning projects and encourages successful authorities to regularly place brief updates on progress on their own websites.

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?

Chapter 3

A lot-based system:

- 3.1 To make sure the funds positively impact on a range of different transformative measures, we propose to run a lot-based bidding system. This is aimed at reducing the likelihood of preventing a scenario whereby the transformation funds are monopolised by a small number of high-value, high savings, or major transformation bids.
- 3.2 We propose that there will be three different sized 'lots'. The lots will act as an approximate guide to the size and type of funding and project that may be bid for and allocated. The Department for Communities and Local Government 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 We are seeking views on the suggestion that authorities put in no more than one bid per lot (with an authority being limited to three bids overall (one bid per lot) or one bid with three lots). A single bid may contain multiple elements, and must be identified by the authority as a single bid based on its strategic coherence. For large-scale bids that can be broken down into one or more elements and which lend themselves to this, the Department for Communities and Local Government 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.
- 3.4 If the sector came forward with a multiple fire and rescue authority proposal involving more than two fire and rescue authorities, the Department for Communities and Local Government would be open to considering it as exempt from the bid limits set out above. That is, participation in such a 'syndicated' bid would not necessarily form one of the three bids (one bid per lot, or one bid with three lots) 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.
- 3.5 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.
- 3.6 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 (for example £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 (for example £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. Bids 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, or for re-modelling crewing arrangements to deliver better value for money;
- Funds in the lot for small-scale lots schemes (for example 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.

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?

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

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

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?

Chapter 4

Bid criteria and evaluation:

- 4.1 We expect bids to set out a clear, well-reasoned narrative rationale as guided by the final bidding guidance and the application forms and their associated spreadsheet 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 will want to understand why transformation funds are needed, and plan to ask applicants to 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 We also propose to use a weighting system. Projects will be assessed against high-level assessment criteria of value for money, but also in terms of alignment of bid with policy objectives for the transformation funds and project deliverability, focusing on good project management. 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;
 - improving local accountability;
 - prioritising prevention and protection; and
 - asset transformation/ other efficiencies.

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.

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

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

Chapter 5

Bidding process and (draft) forms

- 5.1 This consultation aims to familiarise bidders with the process and gather feedback and further suggestions to improve it.
- 5.2 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 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).
- 5.3 It is proposed that authorities should be asked to clearly demonstrate:
- 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.
- 5.4 Evaluation will be application-based.
- 5.5 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).

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

Q9: Do you have any suggestions to improve the draft forms/ application process?

Chapter 6

Timetable

- 6.1 The Department's proposed timetable for the bidding process is as follows, subject to agreement to implement following this consultation:

Event	Timing
Consultation issued	3 December 2013
Consultation closes	14 January 2014
Response to consultation published	February 2014
Below is subject to consultation outcome	
Bid process commences	February 2014
Bid process closes	April 2014
Bid evaluation	Summer 2014
Successful bidders announced	Autumn 2014
Funding paid out	April 2015

- 6.2 Before we finalise the timetable for the bidding process we would welcome the views of the sector as to whether it is realistic in terms of delivery. For example, has long enough been allowed for the bids to be developed (bearing in mind bidders will be able to begin to familiarise with the bidding process through the consultation itself).

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

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

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 recent 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.

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

- 7.5 The recent 2013 Spending Round announced that in 2015¹ 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. We expect further details to be announced in due course.
- 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.

Proposals for the use of capital receipts from asset sales to invest in reforming services

- 7.7 The Government has also recently consulted on proposals that would 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 Currently, the capital finance system restricts the ways in which local authorities can spend their capital receipts.² The rule is, broadly, that capital receipts may only be used for capital spending, but not revenue spending (whereas fire authorities can allocate revenue to capital spending).
- 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 Secretary of State 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

² Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003/3146).

Chapter 8

List of consultation questions

Q1. The bidding process has been designed to support the 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?

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?

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

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

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?

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

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

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

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

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

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

Appendix A

Frequently asked questions:

Q: 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 practise, and to publish regular follow up reports on their websites for successful projects.

Q: Can I bid for both capital and resource?

A: Yes - the process encourages bidders to relate their capital and resource bids. Bids can of course be submitted for only resource or capital.

Q: Will there be an appeals process?

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