PFI Programme for the Fire and Rescue Service – Round 6

Issued by:  
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Programmes, Finance and Performance Division

Addressed to:  
The Chair of the Fire and Rescue Authority  
The Chief Executive of the County Council  
The Clerk to the Fire and Rescue Authority  
The Clerk to the Combined Fire and Rescue Authority  
The Commissioner of the London Fire and Emergency Planning Authority  
The Chief Fire Officer

Please forward to:  
Treasurers  
Finance Directors

Summary  
This circular announces the availability of further investment of PFI credits in the region of £130m for a sixth bidding round for projects to go forward as part of the FRS PFI Programme.

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1.0 Summary

1.1 Parmjit Dhanda, Minister for the Fire and Rescue Service, announced on 25 July the availability of approximately £130m in Private Finance Initiative (PFI) credits for Fire and Rescue Service (FRS) projects. English Fire and Rescue Authorities (FRAs) are invited to submit initial expressions of interest with a view to bidding for a share of the investment that has been allocated to support PFI projects in the English FRS.

2.0 Process

2.1 FRAs in England are invited to bid for PFI credits to support projects which will become part of the FRS PFI Programme. FRAs may submit bids individually or in partnership with others.

2.2 Bids from FRAs should ideally meet the HM Treasury minimum capital threshold of £20 million. However, FRAs may put forward proposals with a lower value in this first stage on the understanding that they will need to join up with other projects at a later date in order to meet the thresholds. Communities and Local Government may, in any event, and in discussion with FRAs, recommend projects combining where there may be resulting benefits.

2.3 FRAs are encouraged to involve their Regional Management Boards (RMBs) in the development of bids and in exploring opportunities for joint projects with other authorities.

2.4 The bidding process is outlined below.

3.0 Guidance

3.1 Projects will be expected to comply with current guidance, in particular the 4ps Fire and Police Procurement Pack (http://www.4ps.gov.uk/PageContent.aspx?id=250&tp=Y), HM Treasury Standardisation of PFI Contracts (http://www.hm-treasury.gov.uk/documents/public_private_partnerships/ppp_standardised_contracts.cfm) and the Department’s ‘Achieving Design Quality in Fire and Rescue Service Buildings’ (http://www.communities.gov.uk/publications/fire/designquality).

3.2 A significant amount of general guidance on PFI is now available online. The Department’s local government PFI website at www.local.communities.gov.uk/pfi/index.htm brings much of this together, including links to other main sources, for instance 4ps at www.4ps.co.uk.

3.3 In addition to the above, Communities and Local Government have appointed a ‘transactor’ to assist with the programme - Alan Burnett is available to talk to FRAs about proposals prior to submitting them to the Department and can be contacted on 07922 883120.

4.0 Stage 1 - Initial Expressions of Interest

4.1 Communities and Local Government would firstly like to invite FRAs that are intending to submit a bid to complete the attached short and simple initial expression of interest form, and return it electronically by 19 September 2008 to: danielle.ward@communities.gsi.gov.uk.
4.2 This form asks for a basic description of what the project is intended to achieve, an approximation of the costs involved, an explanation of why the FRA feels that PFI is the sensible procurement route and what processes the FRA has in place to ensure that the project is delivered on time.

4.3 This initial step is not intended to be a time consuming process and therefore FRAs are asked to restrict their expressions of interest to the space provided on the form.

4.4 This stage in the process is intended to allow the Department to provide FRAs with initial feedback on potential projects before FRAs invest significant time and resources in the next stage: putting together a full indicative bid. By adding this stage we hope to ensure that by the time an FRA reaches the next stage of submitting an indicative bid they have:

- a clear understanding of what they want to achieve;
- carefully considered whether PFI is an appropriate procurement route;
- evaluated how they might join up with other projects, FRAs or services to maximise value for money and where necessary meet the minimum £20m capital threshold for projects.

4.5 We will give feedback and advice on all of the initial expressions of interest that we receive before we formally invite indicative bids in October 2008.

5.0 Stage 2 – Indicative bids

5.1 Communities and Local Government will then write to FRAs in October by means of another Fire Service Circular to invite indicative bids by January 2009. The criteria that the Department will use to assess these bids are as outlined below. After evaluation, the Department will talk to each FRA concerned (or a short-list of FRAs if necessary) to discuss proposals and establish likely deliverability of the proposed project. It is anticipated that projects will be announced by 1 April 2009.

6.0 Criteria for Bids

6.1 All local PFI projects must meet general criteria set by Communities and Local Government and the HM Treasury chaired inter-departmental Project Review Group. This can be found at http://www.local.communities.gov.uk/pfi/sg0809.pdf.

6.2 In addition we propose that bids to go on the FRS PFI Programme should be assessed against the broad criteria outlined below:

- bids should be consistent with the National Fire and Rescue Framework, and support the delivery of the strategic objectives of the relevant fire and rescue authority or authorities’ reflected in their business plans and Integrated Risk Management Plan(s)

- bids should clearly demonstrate efficiency gains for the FRA(s) and, where possible, contribute towards delivery of equality and diversity targets
• bids should demonstrate that **PFI is the sensible procurement route and that they have considered the alternatives. Authorities should be aware that they will need to complete the HMT Value for Money toolkit as part of the Outline Business Case approval process.** This conforms to HM Treasury requirements for PFI projects. Guidance on the Value for Money model can be found at [http://www.hm-treasury.gov.uk/documents/public_private_partnerships/additional_guidance/ppp_vfm_index.cfm](http://www.hm-treasury.gov.uk/documents/public_private_partnerships/additional_guidance/ppp_vfm_index.cfm)

• bids should be focussed on improving the estate and working conditions through new build projects

• where possible be discussed with Regional Management Boards as part of the process of looking at opportunities for joint efficiencies

• be able to demonstrate that they are deliverable, including a commitment to current guidance

6.3 It is not anticipated that these criteria will change over the bidding process. We would expect project teams participating in the FRS PFI Programme to commit to working together and sharing experience and good practice as far as practicable.

6.4 This will be the last round of FRS projects to be supported by PFI credits. Consequently, once appointed to the programme and allocated funds, project teams will be expected to deliver projects on time and within budget.

7.0 **Contacts**

7.1 For general advice on the circular and the indicative bids, contact:

Alan Turnbull (020 7944 5060), David Green (020 9944 4523) or Alan Burnett (07922 883120 or alan.burnett6@btinternet.com).

Alan M Turnbull

Programmes, Finance and Performance Division
EXPRESSIONS OF INTEREST FORM

Provide a brief outline of the nature of the project and how it meets the PFI criteria.

Provide an estimate of the total project cost including the capital cost.
Provide a brief explanation of why PFI is the right procurement route for this project and if relevant other alternatives that have considered and evaluated.

Provide a brief description of how you intend to ensure this project delivered to the required timetable and budget. This may include descriptions of the resources, expertise and measures you have or will put in place to ensure success.