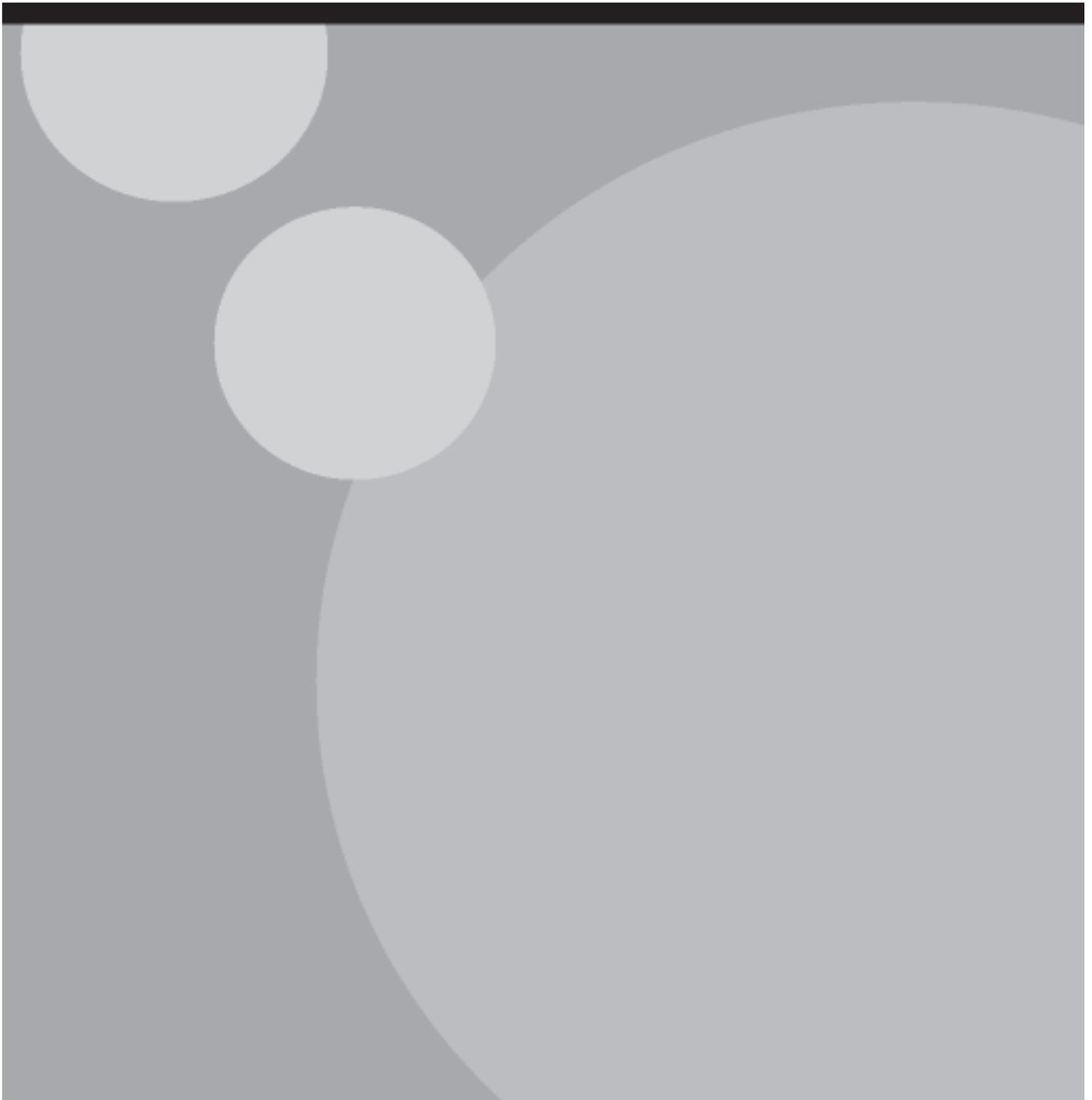




Guidance to fire and rescue authorities bidding for capital funding 2013 - 2015





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March 2012
Department for Communities and Local Government

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Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU
Telephone: 030 3444 0000

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Guidance to fire and rescue authorities bidding for capital funding 2013 - 2015

Purpose

This document provides guidance to fire and rescue authorities intending to submit bids for capital grant projects for 2013-14 and 2014-15.

The projects will need to deliver efficiency saving outcomes while providing a clear demonstration of value for money. There will be one bidding round commencing 21 March 2012, and closing 2 July 2012.

Introduction

As part of the Spending Review 2010 the Department for Communities and Local Government secured capital grant funding for fire and rescue authorities in England of £70m per annum for years 2012-2015 (£210m). £70m per annum was distributed using current formula to fire and rescue authorities for 2011-12 and 2012-13.

Following consultation, the minister agreed that funding from 2013 -14 to 2014 - 15 will be based on a combination of:

- an efficiency fund, administered as a capital grant via a bidding process, and
- a pro-rata distribution using the current distribution method.

The split between the distribution methods and the amount to be allocated by competitive bidding will be dependant on the quality of the bids, with the flexibility to vary across the years.

The bidding process - information required and format

The bidding process has been designed to keep to a minimum the administrative and management burden on fire and rescue authorities. However, it is essential that the process is transparent and supports accountability. The level of information in the bid will need to enable funding decisions by the Department to withstand scrutiny and satisfy ministers that the grants represent good value for money.

Bidding forms comprise the template and spreadsheet included at Annexes A and B. The language used in the bid submission should be accessible using plain English, and avoiding technical language, jargon and acronyms.

The Department will require confirmation that the bids have been approved by locally established governance structures/committee of the respective fire and rescue authority.

Fire and rescue authorities should not expect further financial support in the form of specific grant beyond the amount announced as a result of this bidding exercise.

Assessment criteria

You are asked to complete and provide three spreadsheets at Annex B setting out the bid amount (100%), 20% more (120%) and 20 less (80%). This will enable consideration of flexible funding options to effectively manage over or under subscription.

The benefit cost ratio of bids will be assessed by calculating the Net Present Value of the proposal per pound you are bidding for compared to other bids. The Net Present Value is the difference between the discounted benefits and the discounted costs. The former are the expected efficiency savings and the latter are the cost to the Department plus further costs to your fire and rescue authority if you are co-funding.

$$\text{Net Present Value/£Government bid} = \frac{\text{Present Value (Cost Saving)} - \text{Present Value (Cost to fire and rescue authority)} - \text{Present Value (Amount of bid)}}{\text{Present Value (Amount of bid)}}$$

The application template at Annex A should be completed setting out the range of project information including details of the initiative, the benefits, costs, savings, and expected outcomes. This will help assess the realism of the costs and benefits provided, and the overall deliverability of the project.

Assessment Process

The closing date for bids is 2 July 2012. Bids should be completed using the templates at Annexes A and B and submitted via email to firecapitalfunding@communities.gsi.gov.uk.

Quantitative analysis of the data in the spreadsheets will then be undertaken, establishing the net present value ranking. Benchmarking across the bids for cost and savings figures will also be undertaken to ensure that these are

consistent.

The bids will also be assessed from a deliverability and efficiency perspective by a departmental advisory panel.

In order to minimise the likelihood of requiring further information and in the interests of transparency, the evaluators' guidance is attached at Annex C. The evaluators' guidance sets out the main areas of assessment that the panel will be considering in assessing the bids.

Annex D provides further detail on eligibility and funding distribution.

Fire and rescue authorities will be asked to demonstrate to the Department that the improvements set out in their plans have been delivered.

The Department anticipates announcing the outcomes of the bidding process by November 2012.

Timeline

Bidding round opens	21 March 2012
Bidding round closes	2 July 2012
Bid assessment	July to October 2012
Funding announcement	November 2012

If you have any queries please email: firecapitalfunding@communities.gsi.gov.uk.
or telephone Dipti Bhatt on 0303 44 44106 or Anthony Maude on 0303 44 42930.

Send hard copies of the asset management plan to:

Dipti Bhatt, 3/A6, Eland House, Bressenden Place, London, SW1E 5DU

Annex A

Fire capital grant application form

Applicant information

Name of fire and rescue authority. Where a joint bid is submitted please indicate the lead authority

Lead contact

Position

Address

Telephone number

Email address

Project overview

Project title:

Brief project summary

Project location:

Total cost of project:

Total amount bid for:

Other sources of public funding sought/obtained?

Is this bid a private/public partnership or solely public?

Have you submitted any other bids? If yes what is the bid title?

Project information

1. Project title

2. Briefly summarise the project and its main objectives

3. Please summarise how the project will enable you to deliver ongoing cashable resource savings and continue your service with a reduced revenue bracket.

4. Please set out the main project activities including project management arrangements, controls and assurance. Please identify benefits, savings, and a clear timescale over which they will be achieved along with output milestones.

5. Do you have an Asset Management Plan? If available, please provide the link to your Plan, if not available electronically please forward a hard copy. If you do not have an Asset Management Plan, provide a brief assessment of the condition of your current capital assets and your proposed capital expenditure in the next 3 to 5 years.

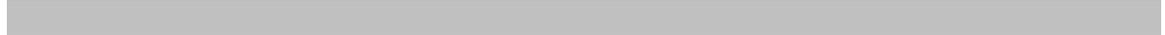
6. Please identify the key risks and mitigations to delivery of your project should it be funded.

7. Please explain how you intend to share good practice learning from this project.

8. Has the bid been approved by locally established governance structures/committees?

9. Please confirm that adequate project financial controls are (or will be) in place and that the usual system of controls for ensuring financial propriety, regularity and value for money of all expenditure will be applied and rigorously followed.

10. Please confirm that you have fully considered long term affordability (i.e. financial risk) in developing your bids.



Annex B

Spreadsheet

(see separate document attached)

Annex C

Evaluators' guidance

Costs

- a) Does the bid state the total cost of the project?
- b) Does the bid confirm that other sources of funding (if applicable) have been secured?
- c) Does the bid clearly explain the assumptions on which cost estimates have been based?
- d) Does the bid provide a full and detailed breakdown of costs?

Quantified efficiency benefits

- a) Does the bid make clear the exact nature of the efficiency improvements that will be delivered and are all assumptions clearly explained?
- b) Does the bid make clear how the efficiency improvements will be delivered and when?
- c) Does the bid indicate that cashable savings will be generated?
- d) Does the bid state the year in which the savings are expected to commence?
- e) If the savings are ongoing, does the bid state the duration (i.e. number of years) of the period that the savings are to continue for?
- f) Do the quantified benefits ramp-up/down and if so is a profile provided?
- g) Do the benefits indicated in the bid broadly benchmark against other bids?
- h) Do the quantified elements of the bid generate a positive net present value (If the Net Present Value is not generated as part of the bid then the Department for Community and Local Government central finance team will undertake this analysis separately. All quantified benefits will be assessed over a 10 year period applying a 3.5% discount factor.)
- i) Are the assumptions on which the benefit estimates have been based clearly explained?

j) Does the bid provide an indication of the local project management arrangements and controls that will support successful realisation of the benefits and ongoing assurance?

k) Does the bid indicate how good practice lessons learnt from this project will be shared?

l) Does the bid confirm that adequate project financial controls are (or will be) in place and that the usual system of controls for ensuring financial propriety, regularity and value for money of all expenditure will be applied and rigorously followed?

Annex D

Capital grant Q&A

1. Who is eligible for funding?

Any fire and rescue authority in England is eligible to submit a bid either individually or as part of a consortium of fire and rescue authorities.

2. Can a fire and rescue authority submit a bid both individually and as part of a consortium?

Yes

3. What is the maximum or minimum grant an individual fire and rescue authority or consortium can receive?

We have not set minimums or maximums, but fire and rescue authorities should bear in mind the total amount of funding available.

4. We are intending to submit a bid as part of a consortium, should we submit one bid or cross reference our partners in our own separate bid?

Consortia should submit one bid.

5. What expenditure is eligible?

The funding is flexible so we do not want to be too prescriptive. The only restriction is that we can only fund capital expenditure. If the bid is dependent on revenue expenditure fire and rescue authorities will need to satisfy us that they have or will have this funding available.

6. What is ineligible for funding?

Any type of project/activity that is eligible under the control rooms funding programme. There is separate funding available for this.

However we will consider an interlinked capital grant project if it demonstrated that it would deliver further efficiencies than just the control room project on its own. No running costs or other revenue expenditure will be eligible, unless it is capitalised.

7. You have indicated that funding will be available to 2014-5. What happens if a fire and rescue authority expects to incur costs beyond this date?

The capital grant funding is only agreed up to 2014-15. We do not know future funding levels.

8. How will funding be provided by the Department?

It is expected that the grants will be paid to fire and rescue authorities as non-ringfenced Section 31 Capital grants.

We anticipate that grant funding will be provided to fire and rescue authorities as a lump sum at the beginning of the relevant financial years (2013-14, 2014-15).

9. Does a bid need to address all criteria identified in the assessors' guidance?

The guidance is a tool for assessors, and meant to be a help for fire and rescue authorities compiling their bids so they should try to address these points as far as possible.

10. What happens if a bid is rejected? Is it possible to appeal?

There is no appeals process. Every fire and rescue authority will be advised accordingly about the outcome of their bid.