



Circular number	11-2005	Date issued	16 March 2005
This circular is	For action	By	31 May 2005 with initial expressions of interest.
This circular is	Relevant to the National Framework		
Status	Invitation to bid for PFI credits		

Private Finance Initiative and the Fire and Rescue Service - Round 5

Issued by:

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Fire Service Improvement Team

Addressed to:

The Chief Executive to the County Council
The Clerk to the Fire and Rescue Authority
The Clerk to the Fire and Civil Defence Authority
The Clerk to the Combined Fire and Civil Defence Authority
The Commissioner of the London Fire and Emergency Planning Authority
The Chief Fire Officer
Directors of Finance
Treasurers

Summary

English Fire and Rescue Authorities are invited to submit initial expressions of interest regarding bidding for a share of £150m of notional credit approvals allocated to support PFI projects in English Fire and Rescue Services.

For further information, contact:

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General helpline **020 7944 8194**

Website **www.odpm.gov.uk**

1.0 Process

- 1.1 Fire and Rescue Authorities (FRAs) in England are invited to bid for notional credit arrangements (NCAs) to support PFI projects in the English FRS. FRAs may submit bids individually or in partnership with others.
- 1.2 Bids from FRAs should ideally meet the HM Treasury minimum capital threshold of £20 million. However HM Treasury have agreed a lower limit of £10 million for FRS PFI projects where it can be justified and can clearly demonstrate that they represent value for money. Bids of a lower value may be accepted but only on the assumption that they will be joined up with other projects at a later date in order to meet the thresholds.
- 1.3 FRAs are encouraged to involve their Regional Management Boards (RMBs) in the development of bids and explore opportunities for joint projects with other authorities possibly via the RMBs. An endorsement given by a RMB would add weight to any bid.
- 1.4 The bidding process is outlined below.

2.0 Stage 1 - Initial Expressions of Interest

- 2.1 ODPM 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 by 31 May 2005 to:

Kate Hepher
17/B
Portland House
Stag Place
London SW1E 5LP

- 2.2 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 they have in place to ensure that the project is delivered on time.
- 2.3 This initial step is not intended to be a time consuming process and therefore please could FRAs restrict their expressions of interest to the space provided on the form.
- 2.4 This is a new voluntary stage in the process intended to allow ODPM 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 a sensible procurement route.

- evaluated how they might join up with other projects, FRAs or services to maximise value for money and meet the minimum £10m capital threshold for FRS PFI projects).

2.5 This part of the process is entirely voluntary although we hope that FRAs will find it useful.

2.6 We intend to give feedback and advice on all of the initial expressions of interest that we receive. FRAs should receive this feedback before we formally invite indicative bids in July 2005.

3.0 Stage 2 – Indicative bids

3.1 ODPM will write to FRAs by means of another Fire Service Circular to invite indicative bids by 7 October 2005. The criteria that ODPM will use to assess these bids are as outlined below.

4.0 Criteria for Bids

4.1 All local PFI projects must meet general criteria set by ODPM and the inter-departmental Project Review Group. This can be found at:

<http://www.local.odpm.gov.uk/pfi/grantcond.pdf>

4.2 In addition we propose that FRA bids for NCAs should be assessed against the broad criteria outlined below:

- Indicative bids should *be consistent with the National Fire and Rescue Framework, and with the relevant fire authority or authorities' Integrated Risk Management Plan(s)*. They should *help to increase the safety of fire and rescue service staff and members of the public*.
- Indicative bids should increase the efficiency of the FRS.
- Indicative 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 model and compare this with the ODPM completed Value for Money model 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/key_documents/ppp_guidance_index.cfm

4.3 These criteria may be refined in light of discussions with FRAs and the expressions of interest received and we would like to see more in the way of collaborative or regional based bids being proposed. The final criteria will be confirmed when indicative bids are invited.

5.0 Guidance

- 5.1** A significant amount of general guidance on PFI is now available on the Internet. The ODPM local government PFI website at www.local.odpm.gov.uk/pfi/index.htm brings much of this together, including links to other main sources, for instance the 4Ps at: www.4ps.co.uk
- 5.2** Authorities may also wish to be aware of HM Treasury's July 2003 report "PFI – Meeting the Investment Challenge" at www.hm-treasury.gov.uk/documents/enterprise_and_productivity/PFI.cfm

David Green

Fire Service Improvement Team