

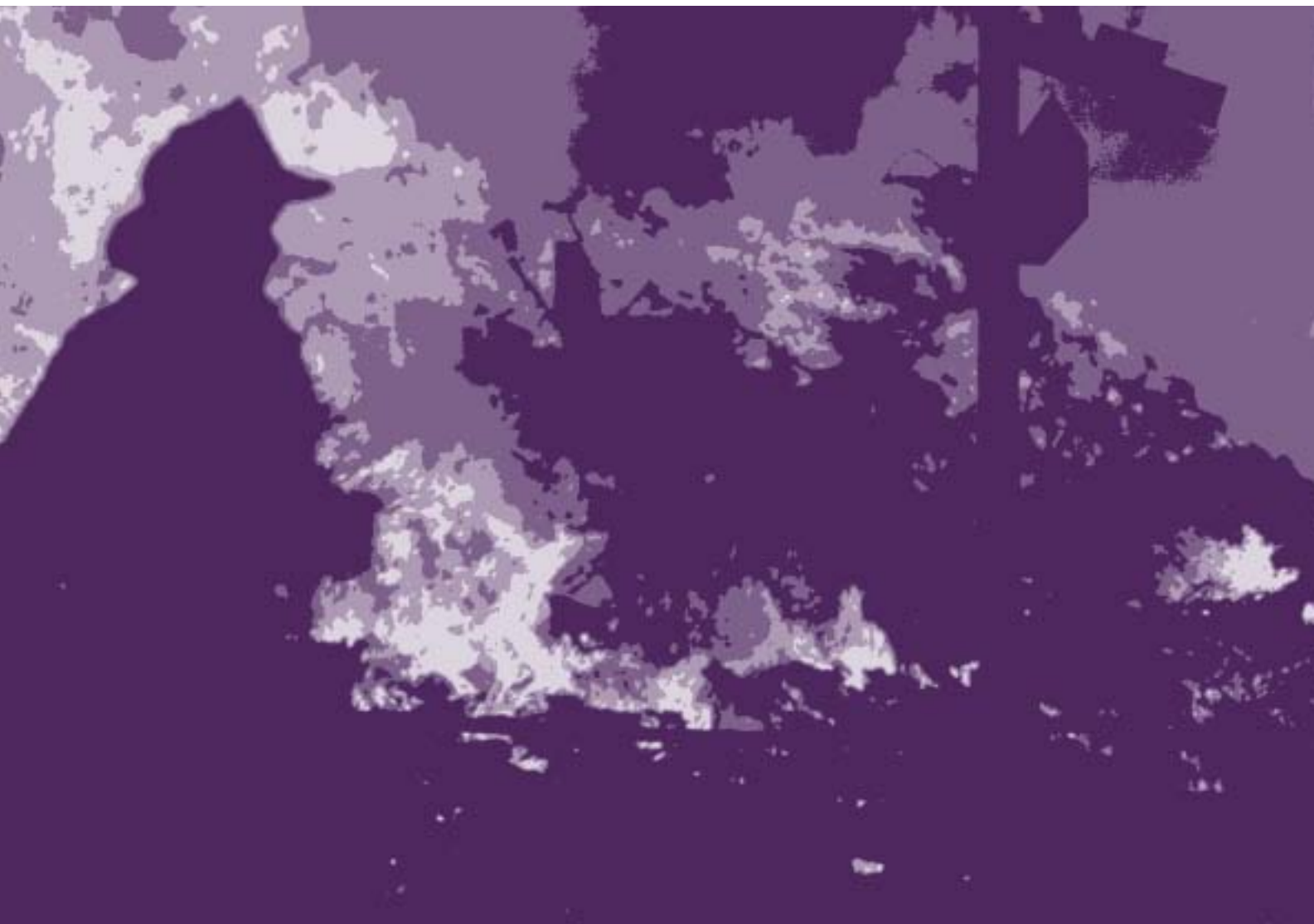


Office of the  
Deputy Prime Minister

Creating sustainable communities

# *Draft National Procurement Strategy for the Fire and Rescue Service*

September 2004





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Deputy Prime Minister

Creating sustainable communities

# Draft National Procurement Strategy for the Fire and Rescue Service

September 2004  
Office of the Deputy Prime Minister: London

## Status of this document

This draft Strategy is the result of extensive collaboration between ODPM, the Chief Fire Officers' Association and Officers of the Local Government Association. It is issued for comment and consultation as an ODPM document, rather than a joint publication, to allow all stakeholders the opportunity to participate fully in the consultation process.

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# Consultation

A formal consultation document will be issued by 30th September. It will include a Regulatory Impact Assessment and will detail areas in which ODPM invites particular comment. However, for ease of reference the consultation criteria are reproduced here.

## THE CONSULTATION CRITERIA

- 1 The Government has adopted a code of practice on consultations. The criteria below apply to all UK national public consultations consisting of a document in electronic or printed form.
  - a Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
  - b Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
  - c Ensure that your consultation is clear, concise and widely accessible.
  - d Give feedback regarding the responses received and how the consultation process influenced the policy.
  - e Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
  - f Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.
- 2 The code does not have legal force but is regarded as binding on UK departments and their agencies unless Ministers conclude that exceptional circumstances requires a departure from it. The full consultation code may be viewed at:

[www.cabinet-office.gov.uk/regulation/Consultation/Introduction.htm](http://www.cabinet-office.gov.uk/regulation/Consultation/Introduction.htm).
- 3 If you are not satisfied that this consultation has followed the above criteria, or you have any other observations about ways of improving the consultation process, then please contact:

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26 Whitehall  
London SW1A 2WH

e-mail: [david.plant@odpm.gsi.gov.uk](mailto:david.plant@odpm.gsi.gov.uk)

Ministers have agreed that the consultation period of 12 weeks will run from the date of publication of this draft and will close at mid-day on Friday 3rd December 2004. Please note that late returns will not be accepted.

Any queries about this strategy or the consultation exercise to accompany it should be directed to:

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# CONTENTS

<b>CHAPTER 1</b>	<b>7</b>
Vision for the Fire and Rescue Service	
<b>CHAPTER 2</b>	<b>8</b>
The context of the strategy	
<b>CHAPTER 3</b>	<b>10</b>
Where does the strategy fit?	
<b>CHAPTER 4</b>	<b>12</b>
A definition of procurement	
<b>CHAPTER 5</b>	<b>14</b>
A new collaborative approach	
<b>CHAPTER 6</b>	<b>16</b>
Best fit – National/Regional	
<b>CHAPTER 7</b>	<b>18</b>
Central Procurement Function	
<b>CHAPTER 8</b>	<b>21</b>
Procurement objectives:	
National procurement	23
Regional procurement	27
Training and development	29
Procurement performance and systems	31
Sustainability and diversity	33
Risk management	35
Cost and efficiency savings	36
Contract management and contract performance	38
Technical Services	40
E-Procurement	42
<b>APPENDIX A</b>	<b>44</b>
Summary of key targets by date	
<b>DIAGRAMS AND TABLES</b>	
Diagram 1: Fire and Rescue Service procurement strategy – Hierarchical structure	10
Diagram 2: National/Regional Relationship	11
Diagram 3: Fire and Rescue Service procurement – importance/cost analysis	16
Diagram 4: Proposed National Procurement Organisational Structure	18
Table 1: Specification/procurement structure	17

# CHAPTER 1

## Vision for the Fire and Rescue Service

In the White Paper 'Our Fire and Rescue Service' published in June 2003 the Government set out a vision for a Fire and Rescue Service that:

- is proactive in preventing fires and other risks, rather than simply reacting to fires;
- acts in support of the Government's wider agenda of social inclusion, neighbourhood renewal and crime reduction;
- has effective institutions that support its role and purpose;
- is well managed and effective; and
- is committed to developing and adapting to changing circumstances, including the growing threat of terrorism.

The White Paper also took account of the Government's wider agenda on the modernisation of public services:

- to set national standards for the public services, within a clear framework of accountability;
- to devolve and delegate to the front line wherever possible, giving local leaders the opportunity, responsibility and accountability for delivery;
- to increase flexibility so that public services are more diverse and more responsive to the public's needs; and
- to ensure the public benefits from consistently high standards of service, flexibility and choice, which, in turn, help to deliver better value for money.

It is essential that the procurement function within the Fire and Rescue Service (FRS) fully supports the achievement of this vision and the modernisation agenda. To do this, procurement needs to be at the heart of decision-making within the Service to ensure that it contributes fully to this work.

## CHAPTER 2

# The context of the strategy

In the Summer of 2000 Sir Ian Byatt was asked by the Minister for Local & Regional Government and the Chairman of the Local Government Association (LGA) to chair a task force to review local government procurement. The task force published its report *“Delivering Better Services for Citizens – A review of local government procurement in England”* in late 2001. The main findings of the Byatt report were that:

- without an effective procurement strategy a local authority will not achieve best value;
- local authorities should seek to aggregate demand and reduce costs by setting up central contracts for commonly used items;
- elected members should take a strategic role in securing quality outcomes including scrutinising procurement processes and monitoring outcomes;
- authorities should identify all posts concerned with procurement and the skills needed and develop a strategy to meet those needs through recruitment, training and retention; and
- local authorities should increase their use of e-procurement.

Following the publication of the report, the Local Government Procurement Forum undertook work to deliver the Byatt recommendations. The culmination of this work came in October 2003 when the ODPM issued the National Procurement Strategy for Local Government.

In early 2003 Sir Peter Gershon was commissioned to carry out an efficiency review across central and local government. In the review’s consultation document published in October 2003 it was noted that “many public sector bodies try to provide all internal services themselves or through individually negotiated contracts. In some areas...like procurement...this is unlikely to be the most efficient way forward. Instead, new ways of sharing services can be developed”.

FRS procurement featured in the Audit Commission’s 1995 report *“In the Line of Fire”* and a subsequent review by the Home Office in 1997, both of which identified a number of costs and efficiency issues in connection with Fire and Rescue Service procurement.

In 2000, CFOA initiated a joint review of FRS procurement with the Audit Commission. This review culminated in the Audit Commission report *“A Uniform Approach”*, which identified the 1999/2000 FRS spend on procurement of goods and services at around £300 million, of which £63 million was spent on vehicles. It was further identified that although use of consortia was common, each Fire and Rescue Authority (FRA) continued to conduct general research, development and evaluation independently. Hidden within these procurement activities was work on conducting risk assessments for equipment and on producing technical and operational notes.

The report concluded that immediate savings of £5.5 million could be made through a reduction in procurement overheads and more efficient procurement of commodities such as fuel, energy and clothing. However, it also found that additional, more significant savings and quality improvements could be made through better national and regional collaboration. The major savings identified would be realised through driving out duplication of effort on research, development and procurement, rather than simple reductions in unit price alone. It was noted that achieving these efficiencies required greater standardisation of specifications, but that this was being hampered by personal and local preferences.

In June 2003, the Government published a White Paper *'Our Fire and Rescue Service'* setting out its proposals for reform of the Service. The need for much greater collaboration and co-operation across the Fire and Rescue Service on procurement matters was a key feature of the White Paper.

In the Autumn of 2003 ODPM commissioned research by Cap Gemini Ernst and Young and the Improvement and Development Agency into specialist FRS procurement. The studies concluded that fire-specific procurement is best carried out nationally and that an appropriate institution should be established to do this. Generic purchasing would be managed through the local government regional centres of purchasing excellence, established under the Local Government National Procurement Strategy. Arrangements for specialised central and regional purchasing would enable the development of the sort of procurement expertise that individual FRAs find it hard to develop or acquire and lead to benefits derived from combined authority purchasing.

This conclusion supports the earlier Audit Commission work that identified the need for national standards and specifications.

# CHAPTER 3

## Where does the strategy fit?

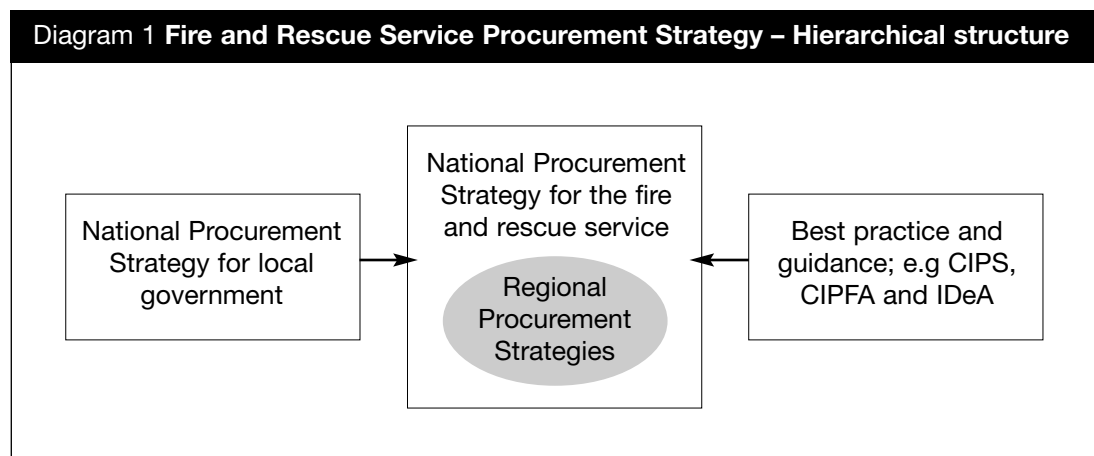
In October 2003, the ODPM published a National Procurement Strategy for Local Government. The document sets out a vision for local government procurement which it is envisaged will be achieved through 5 key themes:

- Cultural shift;
- Providing leadership and building capacity;
- Partnering and collaboration;
- Doing business electronically; and
- Stimulating markets and achieving community benefits.

The publication of the Strategy was timely as it coincided with the Fire White Paper statements on the Government's expectations of the FRS procurement function. Due regard has been given to both documents in formulating this strategy as well as to other published guidance available from organisations such as CIPS, CIPFA and the IDeA.

Within the FRS it is expected that a number of key goods or services will be procured at a national level for the first time. However, procurement at a national level is not suitable for all purchases and significant activity will still be required at a regional or local level. The key role of this strategy is to create a single overarching framework for FRS procurement, identifying the way in which procurement at national, regional and local levels will be managed and co-ordinated to ensure that best value is achieved and that consistently high quality outcomes are achieved.

It maps out areas of procurement activity at all levels and proposes that regions will have sufficient latitude to develop local responses to local issues and to continue to be innovative in their procurement approach. See Diagram 1 below:



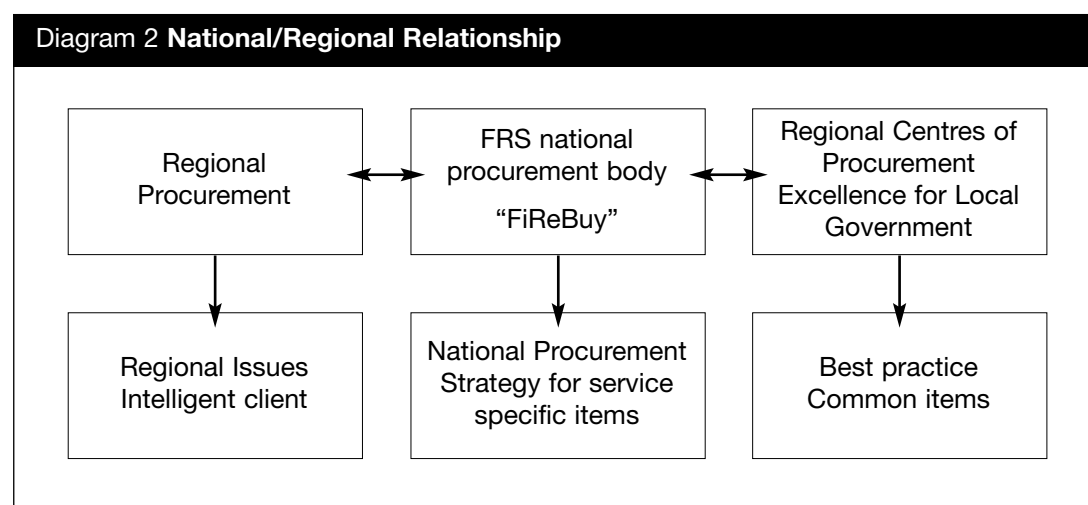
This framework will be supported by the establishment of the nine Regional Centres of Procurement Excellence (CPEs), which were announced during February 2004. The nine CPEs for each region are:

- North East – Gateshead Metropolitan Borough Council;
- West Midlands – Worcestershire County Council;
- South West – Dorset County Council;
- North West – Tameside Metropolitan Borough Council;
- South East – Kent County Council;
- Yorkshire and Humberside – Leeds City Council;
- East Midlands – Nottinghamshire County Council;
- East of England – Norfolk County Council; and
- London – Association of London Government on behalf of the London Boroughs.

The chosen CPEs have demonstrated best practice through strategic leadership, use of innovative technology, project management and performance measurement. Their skills and experience will result in efficiency savings and increased value for money in procurement across the country.

Each CPE will be hosted by an authority that will project manage the centre on behalf of other authorities and take responsibility for managing the funding and employing staff. Host authorities are expected to work in close co-operation with other authorities in the region, including FRAs.

It is likely that the relationship with the Fire and Rescue Service will be as shown below:



*Vertical lines indicate responsibility for areas of activity; horizontal lines indicate functional collaboration.*

# CHAPTER 4

## A definition of procurement

The FRS has agreed to use the definition of procurement in the National Procurement Strategy for Local Government to describe the wide range of business processes involved in procurement activities:

*“Procurement is the process of acquiring goods, works and services from third parties. The process spans the **whole cycle** from identification of needs, through to the end of a services contract or end of the useful life of an asset. It includes options appraisal and the critical ‘make or buy’ decision...”*

In relation to Best Value the Strategy goes on to say:

*“...obtaining ‘best value for money’ means choosing the bid that offers the ‘optimum combination of whole life costs and benefits to meet the customer’s requirement’. This is not necessarily the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment.”*

Thus, the functions of procurement are considered to be:

- **Identification of a business need**  
Procurement will have a key role in identifying the need for a piece of operational equipment, or for IT software to support a business process.
- **Technical Services (previously referred to as research and development)**  
Including completion of risk assessments, options appraisal, co-ordination and evaluation of trials, production of supporting training materials or guidance notes.
- **Purchasing and contracting**  
Including strategic and routine procurement, issue of OJEU notices, tendering, contracts, legal and finance tasks.
- **Commissioning**  
Including production of final safety and technical materials, training and distribution.
- **Contract management**  
Whole life costs, including maintaining the equipment, managing contracts and supplier relationships and development. Whole life costs remain a consideration throughout the procurement cycle and cannot be neglected after the options appraisal stage.
- **Decommissioning and replacement**  
Including a review of equipment or contract performance.

The term “research” is frequently used to describe the process of investigating and analysing different technical options for items of equipment that is carried out in some FRAs. The research concerned is not pure or applied research within currently understood definitions of those terms, and is not used in that sense in this strategy. The activity undertaken by FRAs in the specification, test and acceptance of equipment is better termed “technical services”, the phrase adopted here.

Pure research and development is not viewed as part of the procurement function within the FRS but it is vital that the Service maintain close links with the fire industry. This close contact will ensure that the effectiveness of current equipment and the evolving needs of the Service are identified and communicated clearly to manufacturers to inform their research programmes.

# CHAPTER 5

## A new collaborative approach

The collaborative approach to procurement and aggregation of demand that this strategy seeks to implement should result in significant improvements to the way in which fire-specific procurement processes are handled and to the relationship of the Service with suppliers.

- **Strategic co-ordination of procurement to support the key aims and objectives of the Fire and Rescue Service**

It is important that the national procurement strategy for the FRS reflects the overall aims and objectives of the Service. It is essential, therefore, that the Service's core business and organisational objectives are a key influencing factor in making procurement decisions, rather than an afterthought. The strategy will also provide effective procurement by ensuring that all the available procurement options are considered and that the most appropriate solution is identified through an objective options appraisal.

- **Standardisation of output specifications**

In parallel with a technical services workstream, a common approach to the specification of vehicles and equipment will ensure that cost benefits can be achieved. These will arise through improved supplier leveraging, less duplication of supplier development costs, optimised manufacturing runs, the sharing of reserves and 'once only' production of training manuals/materials. Practical improvements include greater operational interoperability between authorities and an increased capacity to deal with major disasters. Reliance on output-based specifications allows this to be achieved without the need for suppliers to retool to deliver a prescriptive input-based specification, and will help maintain competition in the industry.

- **Co-ordination of FRS technical services**

The FRS needs to develop a national database of technical services projects to ensure that a co-ordinated approach is taken, avoiding the large scale duplication of effort that exists now. This will be supported by an agreed high quality risk assessment and evaluation protocol. The standardisation of technical, operational and training materials will enhance training and safety standards and support more effective cross-border working.

- **Market development to ensure suppliers provide the equipment and services that meet the needs of the FRS**

The FRS must co-ordinate its needs on a national basis to ensure that, through aggregation of requirements, it maximises its purchasing power to influence the development of the products and services it needs for the future. Greater strategic input to the supply chain, for example, will ensure that suppliers develop the appliances, equipment and PPE required to support a more diverse workforce. To ensure sustainability and security of key supply items, issues of strategic dependence and competition law must be considered within procurement decisions. Where it is in the best interests of the Fire and Rescue Service, it should seek to establish

long term strategic partnerships with public or private sector organisations and suppliers of key goods and services.

- **Active management of the supply base**

The use of framework agreements from which authorities can call off the supply of goods and services is not intended to concentrate market share in the hands of one supplier. To do so would be bad for competition and expose the Service to a much increased degree of dependence. These agreements can be structured to leverage efficiency gains through the aggregation of demand and ensure that competition is maintained by management of call-offs through a lot system.

- **Efficiency gains and quality improvement**

Cashable and non-cashable (or hard and soft) savings are expected to arise from aggregation of demand and the elimination of duplication in processes in the English authorities. The increased use of professionally qualified and experienced procurement staff should lead to improvements in the standards of vehicles, equipment and services that are beyond the reach of many authorities currently.

The national strategy should also assist the delivery of other key aims and objectives of the Fire and Rescue Service by co-ordinating the expertise, skills and knowledge of those in the Service in areas such as:

- development of the professional procurement function
- strategic partnering
- equality and diversity
- sustainable procurement
- distribution/logistics
- service delivery models
- e-procurement/procurement cards
- risk assessments

Successful delivery of these areas will assist in the aim of making our communities safer.

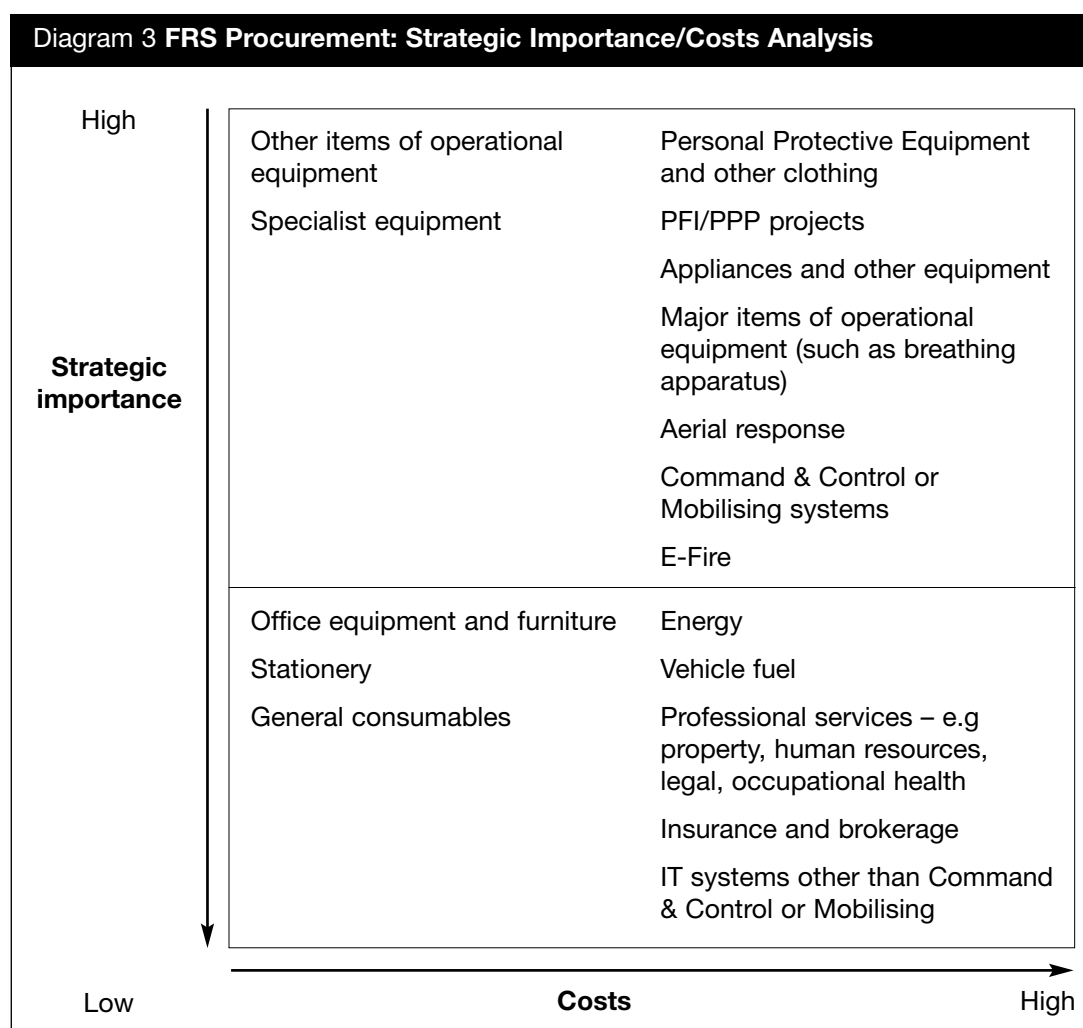
# CHAPTER 6

## Best Fit – National/Regional

Procurement in the FRS needs to be undertaken at the level most likely to achieve maximum efficiencies and the maximisation of purchasing power through aggregation of demand. There must also be appropriate regard for the need to comply with EU procurement rules and the maintenance of competition in the market.

Generally, it is considered that maximum gain can be achieved by procuring at a national level and to a common output-based specification those items that are service-specific i.e. for which a consortium or buying group will not otherwise be available. The White Paper proposed that most other procurement issues be dealt with at a regional level to national standards or specifications. This approach also takes account of the position of county FRAs, for whom generic procurement activity is a corporate function rather than a service activity.

Diagram 3 below sets out an analysis of procurement in the FRS, highlighting those activities that are of high strategic importance and high cost, while Table 1 details out the levels at which specification and procurement may best be undertaken.



<b>Table 1 Levels at which specification and procurement will be effected</b>	
<b>Specification/Procurement</b>	<b>Procurement item</b>
National specification and procurement *	Appliances and other vehicles Personal Protective Equipment and other clothing Major items of operational equipment (such as breathing apparatus) Command & Control/Mobilising systems E-fire Aerial response PFI/PPP projects
National specification with regional procurement	IT systems, other than Command & Control/Mobilising Other items of operational equipment Insurance and brokerage Specialist equipment
Regional specification and procurement or through local government CPEs	Support services: e.g. property, human resources, legal, occupational health Energy Vehicle fuel Office equipment and furniture Stationery General consumables

\* Some contracts will require individual authorities to award contracts subject to their fiduciary duties

# CHAPTER 7

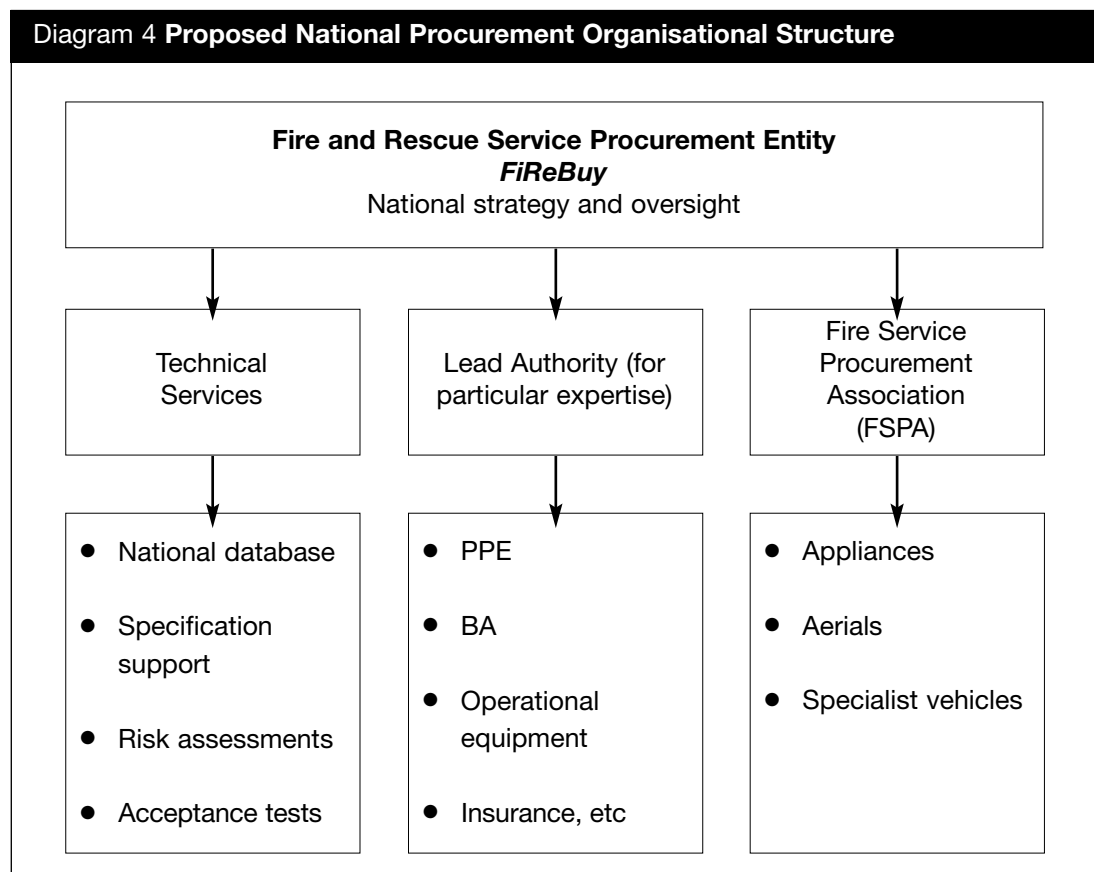
## Central Procurement Function

In order to deliver FRS procurement at a national level, ODPM proposes to establish a national body to drive the National Procurement Strategy forward. For convenience this has been termed “FiReBuy”.

We propose that FiReBuy would be established as a limited liability company with the shareholders or guarantors being each of the FRAs in England. Its Articles and Memorandum of Association would include an unamendable requirement that it complies with the National Procurement Strategy for the FRS. Any question of whether the company is acting in accordance with the Strategy would be determined finally by the Secretary of State.

We propose that the Board should consist of:

- one director for each of the regional management boards into which English FRAs are grouped;
- one director appointed by the Secretary of State because of the role that FiReBuy may play in procurements on behalf of ODPM; and
- three independent non-executive directors, including a Chairperson.



As is normal under UK company law, the obligation on the directors will be to represent and protect the interests of the company generally rather than those of the shareholders who appointed them.

Accountability to all FRAs would be provided through the regional directors and the exercise of shareholder rights. However, we consider that there is merit in the professional officers of the Service being represented at this strategic level through a non-voting Observer appointed by the Chief Fire Officers' Association. As FRAs will control a majority of the shares and control the appointment of a majority of directors, FiReBuy would be a local authority company for the purposes of Part V of the Local Government and Housing Act 1989.

We propose that FiReBuy would negotiate call-off contracts for FRAs and take the lead in subsequent contract management and service level monitoring. It would be a Contracting Authority for the purposes of the EU procurement rules but ultimately it would remain the FRAs who acquired the assets and matching liabilities. For non-fire generic lines of spend, Regional Management Boards and FRAs would be expected to exploit any suitable arrangements developed by the regional Centres of Procurement Excellence for local government. In the *majority* of cases we do not intend that FiReBuy should itself be the client as that would relieve FRAs of current financial and legal liabilities.

The situation in relation to the Integrated Clothing Project (ICP) may need to be different. Concerns have been raised about the feasibility of each FRA entering into a contract with the successful service provider. This arrangement could be overly cumbersome and unattractive to the commercial sector. An option is that a single entity should sign the contract with the service provider after binding subsidiary contracts have been put in place between that entity and the partner FRAs. It is unlikely that any single FRA would be in a position to accept this responsibility on behalf of the Service, and very likely that the partner FRAs would need to form a special purpose vehicle to move forward with the ICP. We consider that there is considerable scope for FiReBuy to assume this function as one of its first tasks.

We also propose that FiReBuy takes the lead role in testing and acceptance activities (sometimes called research, now referred to as "technical services") for the lines of spend within its remit, thus avoiding the duplication of this work in each brigade. CFOA have indicated their willingness to implement generic risk assessments developed in this way. We believe that gains of at least £2m pa are achievable within 3 years in the technical services function.

Best value has often been interpreted by authorities as equating to lowest cost at the time of purchase. In general, it is only the larger or more experienced procurement units that have a full appreciation of whole life costing and improved quality issues. Our survey of authority procurement activities last autumn demonstrated that the quality of financial data is often not sufficiently robust to allow calculation of true whole life costs. This tends to reinforce the requirement for the Service's strategic procurement needs to sit within a central body that can consistently apply whole life costing principles.

The experience of national call-off contracts negotiated by other national bodies suggests strongly that suppliers who are unsuccessful bidders will attempt to pick off authorities by offering loss-leading contracts. Authorities may then feel that they are obliged to accept the loss-leading offer rather than call off from the central arrangements. In doing so they draw volume away from successful bidders undermining the viability

of future competitive tendering exercises. Authorities should not be placed in this difficult position. This does not promote efficiency or economy within the Service nor sit well with the Government's general aim to rationalise procurement arrangements across the public sector. For that reason we propose that authorities be required by s29(4) of the Fire and Rescue Services Act 2004 to use FiReBuy progressively as areas of spend fall within its remit over time.

We also propose that in respect of those areas of spend that FRAs are required to route through FiReBuy their duty of best value will be deemed to be discharged. A provision to this effect can be included in the Order made under s29(4). As a company FiReBuy could not be subjected to the best value regime directly but its Articles and Memorandum of Association can lay upon it a duty to operate a comparable (or suitably modified) regime.

We consider that the corporate governance arrangements of the Improvement and Development Agency (IDeA), which is a company wholly owned by the Local Government Association, may provide a model for FiReBuy, subject to appropriate amendments.

## Regional Management Boards

The arrangements and structures for co-ordinating procurement within regions is a matter for Regional Management Boards (RMBs) to decide. It is possible that different regions will adopt slightly different governance structures. Whatever the structure, the role of the RMBs in relation to procurement is to:

- contribute toward national procurement initiatives by providing representation on the board of FiReBuy and undertaking activities to national standards;
- identify, disseminate and promote procurement best practice guidance for those issues which fall within the remit of regional procurement;
- co-ordinate regional arrangements for the procurement, storage, distribution and maintenance of service-specific goods and services;
- co-ordinate regional arrangements for the procurement, storage, distribution and maintenance of non-service specific goods and services drawing on the expertise and services of the local government regional Centres of Procurement Excellence;
- ensure that procurement decisions are in line with the National Framework and this Strategy and support or enhance other key service policy objectives;
- complete evaluations and research projects in line with the National Technical Services protocol and submit them for inclusion on the national database;
- establish and maintain strategic links with the Centres of Procurement Excellence and other key public and private sector partners within the region; and
- ensure that sufficient numbers of properly qualified procurement staff are available to serve the region's needs and that training is available to ensure that staff are kept up to date.

# CHAPTER 8

## Procurement Objectives

### Summary of Procurement Objectives

These are the objectives of the national procurement strategy for the Fire and Rescue Service. The discussion that follows sets out where we are now in respect of each of the objectives, what action is to be taken and by whom, and the timetable.

#### **FRSP1 National procurement**

To ensure that a collaborative approach is taken on a national basis to the procurement of major items of service-specific spend such as vehicles, equipment and key services.

#### **FRSP2 Regional procurement**

To ensure that a structured and co-ordinated approach is taken to regional procurement.

#### **FRSP3 Training and development**

To ensure a consistent approach to the training and development of staff who have a procurement role throughout the Fire and Rescue Service in line with the principles of IPDS (Integrated Personal Development System).

#### **FRSP4 Procurement performance and systems**

To develop performance management information to aid decision-making and improve procurement performance.

#### **FRSP5 Sustainability and diversity**

To ensure that Fire and Rescue Service procurement activity makes a positive contribution toward social inclusion and minimises any possible adverse impact it could have on the environment.

#### **FRSP6 Risk management**

To ensure that project, commercial and health and safety risks are considered in all key procurements, that suitable contingency plans are in place for key products and that all those in project management roles have appropriate skills and experience.

#### **FRSP7 Cost and efficiency savings**

To ensure that procurement procedures are as effective as possible and that the Fire and Rescue Service achieves year-on-year savings from procurement activity through cost and efficiency improvements.

#### **FRSP8 Contract management and contract performance**

To ensure that contracts are managed effectively to maintain and improve contractual performance.

**FRSP9 Technical services**

To adopt a national approach to specifying, testing and acceptance activities through the development of a national process, supported by a national database and nationally prioritised work.

**FRSP10 e-Procurement**

To ensure the Fire and Rescue Service is able to meet e-government targets in respect of procurement and that a consistent approach is taken on a national/regional basis to the implementation of e-procurement in the Fire and Rescue Service.

# National procurement

## OBJECTIVE FRSP1

Fire and Rescue Authorities can achieve significant efficiencies by aggregating their purchasing power, skills and resources to procure those items that are service-specific. Collaboration on a national basis can help to raise standards of equipment for all firefighters, enable authorities to share reserves, reduce duplication in the field of technical services and save on the production of training material.

## Key Objective:

To ensure that a collaborative approach is taken on a national basis to the procurement of major items of service-specific spend such as vehicles, equipment and key services.

## WHERE WE ARE NOW

A number of authorities already collaborate on joint procurement of PPE and appliances, but even amongst these there is still significant variation in the goods procured as agreement on common standards and specifications has been difficult to achieve. This lack of co-ordination and agreement has led to confusion amongst the fire industry about the true needs of the Service. The concept of partnering and risk sharing is not widely understood.

LFEPa and its partner authorities have started the joint procurement of PPE and non-PPE for the Fire and Rescue Service through the Integrated Clothing Project with a phased entry to service during 2006. The majority of authorities in the UK are participating in the project and a bid for almost £68m of PFI credits for English FRAs is supported by ODPM.

A regional collaborative project for breathing apparatus (BA) is under way in the East of England and work has commenced on a scoping study for a national BA project.

National resilience requirements have driven some national procurement for the FRS. ODPM has procured the New Dimension fleet and Urban Search & Rescue Equipment to common specifications and delivered associated training to common standards. It is leading the project on regional control centres for which it will be purchasing national standard technology, with phased implementation during 2007/8.

## KEY ISSUES

Some £200,000 of funding is required during 2004/05 to undertake work preparatory to the commissioning of FiReBuy and to support existing work on the ICP and savings that can be generated through common insurance arrangements. ODPM has committed resources during 2004/5 to support these first steps.

In 2005/6 running costs for FiReBuy are estimated at about £1.2m, though this does not make allowance for the need to second a cadre of experienced staff into the Technical Services workstream. As it is the local government family that will reap the benefits of this collaborative endeavour, it is felt appropriate that, in general, these costs should fall to FRAs through an appropriate cost sharing arrangement. ODPM is aware that this may impose a funding “hump” in the first year as FiReBuy builds capacity and therefore proposes to provide some funding under the New Burdens principle during 2005/06. However, the FRAs who are partners to the ICP are likely to be faced with the costs of establishing a special purpose vehicle to move the project forward and that many of the costs that would be incurred would be similar to those needed to establish FiReBuy.

Authorities are already aware of the need to make contributions towards the shared procurement costs incurred by the ICP during 2005/06 and these are not defrayed by the ODPM funding, though a separate contribution of £150,000 in 2004/05 has already been made to project costs. In subsequent years it will fall to FRAs to meet the full costs of FiReBuy, possibly through a top-slicing arrangement. As authorities will, by then, have had the opportunity to streamline their own procurement and technical services functions it is considered that the New Burdens principle will no longer apply.

Some long-term contracts are in place, which will tend to make delivery of nationally agreed solutions problematic in the short term. Authorities will be required to join the national arrangements as their current commitments allow. The guidance given in FSC 11/2004 was designed to ensure that no new commitments were acquired by authorities where those might conflict with this strategy or would further delay the move to national standards and specifications. **With the publication of this draft strategy the timescales given in FSC 11 are withdrawn**; in their place authorities should have regard to the timescales described below.

The significant changes to procurement arrangements proposed by this strategy will require close contact with manufacturers to ensure that they are aware of both the substance of those proposals and the timescales for their implementation. Compliance with EU procurement rules and competition law will acquire a greater importance as demand is aggregated. Briefing days for individual industries are considered to be a good way of identify key market issues, as are opportunities to engage with industry representatives at trade exhibitions. Key industries, perhaps operating in consortia, will require a degree of encouragement to continue with their research programmes and maintain a commitment to product innovation.

Greater standardisation should lead to an enhanced capacity for inter-operability, increase the purchasing power of authorities and reduce the cost base of suppliers through a reduction in bespoke tooling and short production runs.

Individual authorities have duties to ensure that contracts represent best value and there is a possibility that unit costs for some authorities will rise as the quality of product purchased improves. However, the duty of best value does not require authorities to focus solely on cash but on the true economic cost of their decisions, taking account of purchase price, maintenance, durability, quality and the safety of their staff. We propose that the duty of best value will be deemed to be discharged through the compulsory FiReBuy arrangements.

The relative scarcity of professionally qualified and suitably experienced procurement staff suggests that a concentration of effort at both national and regional is needed to support the aims of this strategy. Authorities will need to pool their resources and draw on each other's relative strengths, setting aside the tendency to be self-sufficient.

An annual procurement plan needs to be produced to identify the yearly actions required to support the delivery of the procurement strategy; this will be dependent upon RMBs and individual FRAs taking steps to identify and communicate their requirements.

## TARGETS

### **ODPM** will:

- contribute resources of up to £200,000 during 2004/5 to assist in establishing FiReBuy, and provide further support during 2005/06; and
- continue to support the development of the ICP with policy and technical guidance.

### **FiReBuy** will:

- establish national output based specifications for appliances by end 2005;
- let a national framework arrangement for pumping appliances to BS:EN-1846 standards by the second quarter of 2007;
- let a national framework arrangement for the purchase of aerial and other specialist appliances by the fourth quarter of 2007;
- let a national framework arrangement for the purchase of light and other Fire and Rescue Service vehicles by the second quarter of 2008;
- establish formal regular links with key industries and commence regular industry briefing days by June 2005;
- standardise contract documentation by March 2006;
- establish formal regular national links with key industries by June 2005;
- collaborate with RMBs in the production of a national procurement plan for the FRS from April 2006;
- hold regular industry briefing days from June 2006 onwards;
- establish national specifications for key items of operational equipment i.e. ladders, cutting gear, foam, hose by September 2006 and national contracts by the third quarter of 2007;
- establish joint arrangements for insurance during 2006;
- develop a specification for a fully managed vehicle service during 2006;
- let a national contract for PPE and non-PPE clothing by the third quarter of 2006;

- let a national contract for breathing apparatus by mid 2007;
- explore service options to reduce barriers to entry to the fire service market as appropriate; and
- work with RMBs to ensure co-ordination of procurement nationally.

**RMBs** will:

- support the establishment of FiReBuy to drive national procurement strategy by April 2005; and
- collaborate with FiReBuy in the production of a national procurement plan for the FRS from April 2006.

**Individual FRAs** will:

- continue to support the ICP through appropriate cost sharing;
- support the funding of FiReBuy through top-slicing from April 2006; and
- collaborate with FiReBuy and their RMB in the production of a national procurement plan for the FRS from April 2006.

# Regional procurement

## OBJECTIVE FRSP2

Not all FRS procurement activity lends itself to being undertaken at a national level and a number of areas of work are more appropriately organised and managed at a regional or local level. From 1 April 2004, regional management boards were established and are responsible for introducing regional based procurement or procurement to national standards to reduce duplication and rationalise management effort.

### Key Objective:

To ensure that a structured and co-ordinated approach is taken to regional procurement.

### WHERE WE ARE NOW

There is already a degree of collaboration at regional level, evidenced most recently by the Eastern BA project, and examples of the consortium approach across disparate authorities through ICP and the FSPA vehicle arrangements. CFOA holds regular regional meetings to consider procurement issues, is alert to the need for a limited number of specification variations for genuine operational need and is keen to promote enhanced collaboration and burden sharing.

Even within authorities in a given region there can be considerable variation in the expertise of the staff involved in service specific procurement. However, CIPS qualified staff remain the exception rather than the rule with a number of FRAs failing to benefit from employing professionally qualified staff.

RMBs were established in April 2004 and local government Centres of Excellence were announced for each region in February 2004.

### KEY ISSUES

RMBs need to take an active role in the scrutiny of procurement processes and monitoring of results across their region and challenge the prevailing culture of self-sufficiency. Each region needs access to professional procurement advice; RMBs must identify existing expertise, deploy it to best effect and agree on how constituent FRAs will manage any skills gaps identified for the benefit of all in the region. In doing so they should have regard to the possibility of enlisting the assistance of the regional Centres of Procurement Excellence.

Priority needs to be given to regional contracts that can achieve greatest gains most quickly

A consistent approach to regional procurement issues needs to be taken across all regions, as does a review of regional stores and distribution arrangements, with the aim of identifying economies of scale.

## **TARGETS**

### **RMBs will:**

- consider procurement needs arising out of the Integrated Risk Management Plans of constituent authorities by June 2005;
- review progress against the milestones in the National Procurement Strategy for Local Government in December each year;
- determine organisational arrangements for the delivery of the procurement function by December 2004;
- produce a 3 year procurement plan by December 2004 setting out a timetable for the review and letting of contracts on a regional basis, having due regard for nationally procured contracts;
- establish levels of expenditure on procurement categories from constituent FRAs by January 2005;
- prepare an annual procurement plan with targets and savings by March each year for implementation during the following financial year, commencing 2005; and
- restructure stores and distribution arrangements on a regional basis once a national PPE/non-PPE contract is awarded.

### **Individual FRAs will:**

- consider the procurement needs arising out of their Integrated Risk Management Plans and report these to RMBs; and
- establish levels of expenditure on procurement categories and report these to RMBs by April 2005.

# Training and development

## OBJECTIVE FRSP3

For the FRS to implement a procurement strategy successfully it requires people who have the appropriate skills to enable them to provide professional input into procurement processes. Training and development must be provided at a level commensurate with the frequency and complexity of the procurement activity undertaken by individuals. Thus, training needs can range from a formal procurement qualification to a working knowledge of key procurement techniques.

### Key Objective:

To ensure a consistent approach to the training and development of staff who have a procurement role throughout the Fire and Rescue Service in line with the principles of IPDS (Integrated Personal Development System).

### WHERE WE ARE NOW

The knowledge, skills and experience of staff involved in procurement in the FRS vary greatly and there is no consistent or structured approach to procurement training. Significant officer time and effort is spent resolving procurement-related problems arising out of decisions or actions taken in good faith by inexperienced staff. The proposed Regional Centres of Procurement Excellence (CPEs) will establish a number of programmes and activities to provide support to FRAs and enhance their ability to meet the objectives in this strategy.

### KEY ISSUES

Individual FRAs often do not have sufficient procurement activity to warrant the employment of professionally qualified procurement staff but this will not be the case at the national and regional levels. FiReBuy will ensure that appropriate expertise is available within its own staff and RMBs are charged with developing staffing solutions at the regional level to support constituent authorities.

Staff involved in procurement need to be provided with appropriate skills to enable them to participate in the successful delivery of procurement objectives and the National Procurement Strategy for Local Government requires that elected Members have appropriate training. CPEs, together with IDeA and 4Ps, have been given the task of developing training and development programmes across local government in England.

## **TARGETS**

### **ODPM** will:

- work with FRAs and RMBs to develop role maps based on IPDS principles for procurement staff by June 2006; and
- work with all FRS stakeholders to develop a Procurement Training and Development Plan by December 2005, drawing on the expertise of the Fire Service College in developing the IPDS.

### **FiReBuy** will:

- co-operate with development of the Procurement Training and Development Plan.

### **RMBs** will:

- arrange for the completion, by March 2005, of a training and skills audit of procurement staff, other staff with procurement duties and elected Members;
- work with FRAs and ODPM to develop role maps based on IPDS principles for procurement staff by June 2006;
- co-operate with development of the Procurement Training and Development Plan; and
- arrange for the development, in conjunction with CPEs, IDeA and CIPS, during 2005/6 of appropriate procurement training and its delivery no later than June 2006.

### **Individual FRAs** will:

- co-operate with RMBs in the completion of the training and skills audit;
- work with ODPM and RMBs to develop role maps based on IPDS principles for procurement staff by June 2006;
- co-operate with development of the Procurement Training and Development Plan; and
- co-operate with RMBs in the development and delivery of appropriate training.

# Procurement performance and systems

## OBJECTIVE FRSP4

Informed procurement decisions cannot be made without access to good quality information. It is essential that key performance indicators are produced as appropriate to monitor progress and improve performance.

### Key Objective:

To develop performance management information to aid decision-making and improve procurement performance.

### WHERE WE ARE NOW

No national key performance indicators (KPIs) on procurement exist and few contracts issued by the Fire and Rescue Service contain KPIs for contractors. New BVPIs relating to procurement have not been proposed as part of the latest BVPI consultation because Government, working with the IDeA, 4ps and SOPO have introduced a voluntary set of KPIs for incorporation into the Library of Local Performance Indicators. These indicators can be found at <http://www.local-pi-library.gov.uk>.

The National Procurement Strategy for Local Government requires the Gateway process of formal reviews of major projects at key stages to be adopted by local authorities.

There is no national contract register or regional contract registers, so information on FRA contracts is not widely and easily available.

### KEY ISSUES

The FRS needs to improve the information available to it so that it makes better decisions on procurement and is able to measure improvements in its performance. This can be done by developing and including KPIs in all supply or service based contracts, whether national or regional, and the introduction of a procurement excellence model. The Service should also give serious consideration to the introduction of the Gateway review process for major projects.

There is the potential for significant efficiency gains and quality improvements through the introduction of standardised terms and conditions for common contracts as well as a common approach to tendering and delegated authority levels.

## **TARGETS**

### **FiReBuy** will:

- draw up a suite of KPIs for the measurement of procurement in the Fire and Rescue Service by June 2005, based on the Library of Local Performance Indicators;
- draw up a central contracts register based on the regional registers by autumn 2005;
- benchmark the FRS against other emergency services by March 2007; and
- advise the regions on developing robust contract management systems by September 2005.

### **RMBs** will:

- ensure that KPIs are a feature of all service- based contracts issues from June 2005 onwards;
- develop and implement the use of the “Gateway” process and PRINCE 2 methodology in procurement projects by April 2005 (appropriate to the size and complexity of the project);
- review service delivery options for all key procurements;
- establish a contracts register for each region by December 2004;
- use the Procurement Excellence model as a benchmark of progress in procurement from April 2007; and
- ensure the principles of relevant EU Procurement Directives are adhered to.

# Sustainability and diversity

## OBJECTIVE FRSP5

The Fire and Rescue Service needs to ensure that it plays a pro-active part in ensuring that the vehicles, equipment and other items it procures do not act as barriers to recruitment of either women or ethnic minorities. It must actively engage with small and medium enterprises (SMEs) in promoting awareness of how they can become involved in supplying the service. In addition, the Service needs to play its part through careful procurement in securing improvements to the environment and minimising any adverse impact that its activities may have.

### Key Objective:

To ensure that Fire and Rescue Service procurement activity makes a positive contribution toward social inclusion and minimises any adverse impact it could have on the environment.

### WHERE WE ARE NOW

The fire and rescue service has targets to improve its recruitment of women and ethnic minorities, so that it better reflects and is able more effectively to help the communities it serves. Currently a number of items of operational equipment present difficult manual handling issues, particularly for staff of smaller stature, and this may be a barrier to recruitment. It is one of the objectives of the Integrated Clothing Project to ensure that clothing provided does not act as a barrier to recruitment from target groups.

On the other social objectives of procurement, contracting in a way that helps encourage SMEs and procuring environmentally friendly products, no information is available on the extent to which current procurement meets these.

### KEY ISSUES

The FRS must develop national and regional contracts while also ensuring that suppliers understand the key objectives of the Service and tailor their products accordingly, that SMEs are able to bid for business and that the market for environmentally friendly products is developed. The Service must also ensure that the equipment and clothing procured for FRS staff meets the need of a diverse workforce and does not provide a barrier to entry to potential employees.

## **TARGETS**

### **FiReBuy** will:

- ensure the ICP project delivers clothing that does not act as a barrier to the recruitment of women and ethnic minorities;
- ensure from June 2005 that full risk assessments are undertaken for all new equipment/vehicle procurements to ensure manual handling issues are minimised;
- develop standard contract clauses by March 2006 to encourage suppliers to develop a pro-active approach to equalities and environmental issues;
- develop indicators by March 2006 to measure the % of environmentally friendly products purchased and % of business undertaken with SMEs;
- develop “how to do business” guides for SMEs wishing to work with the Fire and Rescue Service and promote this work on e-fire web site by December 2005;
- undertake an environmental risk/impact analysis of products procured by the Fire and Rescue Service by Sept 2005;
- provide environmental/equalities procurement training to procurement staff by April 2006 onwards;
- develop a sustainable procurement strategy by Mar 2006; and
- incorporate guidance from CFOA/FSPA report regarding Vehicles and Equipment for a Diverse Workforce.

### **RMBs** will:

- implement the guidance above as it becomes available.

# Risk Management

## OBJECTIVE FRSP6

The Fire and Rescue Service does not have a common methodology for risk assessing vehicles and equipment before their entry into operational service. Commercial risk management is not well understood, and the Service needs to develop better contingency planning in the event of disruption to key suppliers.

### Key Objective:

To ensure that project, commercial and health and safety risks are considered in all key procurements, that suitable contingency plans are in place for key products and that all those in project management roles have appropriate skills and experience.

### WHERE WE ARE NOW

Currently risk assessments form part of the procurement process for vehicles and equipment, but they do not follow any common standard or methodology. Lack of standardisation of vehicles and equipment means that individual authorities can be vulnerable to loss of supply, and commercial risks are not, on the whole, understood in the Service. These risks would be reduced if there were a co-ordinated approach to the specification and design of key equipment, and of purchasing.

### KEY ISSUES

Whilst all authorities carry out risk assessments of equipment being procured, they do not necessarily apply common standards. Authorities need to be able to identify the ownership of commercial risks in key procurements, which can be done through a risk matrix methodology, and to assess risks to projects proceeding.

### TARGETS

**FiReBuy** will:

- agree a common methodology for carrying out risk analysis for the procurement of vehicles and equipment in the Fire and Rescue Service by June 2005;
- prepare a risk matrix for all major procurement projects to ensure appropriate risk transfer takes place from April 2005;
- prepare a projects risk register for all major procurement projects from April 2005;
- produce national contingency plans for key procurement items; and
- introduce the use of Gateway reviews.

# Cost and efficiency savings

## OBJECTIVE FRSP7

Successive reports have underlined the potential savings to be made in procurement through the sorts of arrangements now proposed. However, the processes and systems in place are not such that these savings can be measured effectively and a general improvement in efficiency measured.

### Key Objective:

To ensure that procurement procedures are as effective as possible and that the Fire and Rescue Service achieves year-on-year savings from procurement activity through cost and efficiency improvements.

### WHERE WE ARE NOW

The FRS procedures are not generally efficient, and the Service is not making the savings that it could. The extent to which brigades currently take account of whole life costing when awarding tenders is unclear, and economies of scale in procurement are not being widely used. With a few exceptions, the procurement function is not involved at the early stages of best value reviews (as recommended in the National Procurement Strategy for Local Government)

### KEY ISSUES

Due to a lack of robust management information systems and procedures, gains can be difficult to quantify. There is often poor information on current costs and little consideration of alternative service delivery models.

### TARGETS

**FiReBuy** and **RMBs** will:

- adopt the “MEAT” (Most Economic Advantageous Tender) principle for national contracts in the FRS from January 2005 and regional contracts from April 2005;
- adopt the whole life costing methodology to be adopted for national contracts from January 2005 and regional contracts from April 2005;
- record savings and efficiencies achieved from procurement activity from April 2006 to include cost savings, efficiency savings and service improvements; and
- develop common classification of expenditure by October 2005.

**RMBs** will:

- ensure that procurement is involved at the outset in best value reviews from April 2005; and
- measure improvement against existing baselines.

# Contract management and contract performance

## OBJECTIVE FRSP8

A professionally procured contract will only remain a good contract if it is professionally managed throughout the lifetime of that contract. This requires a structured approach to planning and reviewing performance monitoring as well as effective management of the supplier relationship.

### Key Objective:

To ensure that contracts are managed effectively to maintain and improve contractual performance.

### WHERE WE ARE NOW

Few contracts negotiated by the FRS contain key performance indicators (KPIs) for contractors that would allow robust analysis of supplier compliance with the service levels that authorities are entitled to expect. Nor is it common practice to proactively manage contracts, supplier relationships or supplier development. Where it exists, good practice is not widely shared with other authorities.

### KEY ISSUES

Once fully established, CPEs should provide the model for a Fire and Rescue Service centre of excellence to facilitate the sharing of best practice. Continuous learning requires the establishment of a focal point to gather lessons learned and to ensure feedback into model contract management systems.

Model suites of KPI's and contract management structures should be made available to all procurement departments while the tailoring of KPI's and contract management arrangements should feature as an integral part of all major procurements from start up. High standards of contract management will assist contractors to maintain and continuously improve levels of performance and service delivery.

### TARGETS

**FiReBuy** will:

- as appropriate, establish centralised contract management arrangements for national contracts, including staff consultation, establishing user groups and contract review meetings;

- develop and disseminate model suites of KPI's and contract management structures by June 2005;
- ensure that all contracts it lets contain appropriate contract management arrangements, including KPI's; and
- develop proposals for contract management strategic reporting within the governance structure by September 2005.

**RMBs** will:

- ensure that all contracts let after July 2005 contain effective contract management arrangements, including KPI's where appropriate.

**Individual FRAs** will:

- ensure that all contracts let after July 2005 contain appropriate contract management arrangements, including KPI's.

# Technical Services

## OBJECTIVE FRSP9

Technical services ensure that products are continually reviewed against technical developments in the market and new requirements identified as the role of the Fire and Rescue Service changes in the face of new challenges and threats.

### Key Objective:

To adopt a national approach to specifying, testing and acceptance activities through the development of a national process, supported by a national database and nationally prioritised work.

### WHERE WE ARE NOW

Specification, test and acceptance projects with very similar user requirements and deliverables are often undertaken simultaneously by authorities across England because of a lack of co-ordination and a commitment to self-sufficiency. The outcomes and benefits of such technical services activities are intangible outside the authorities in which they occur, involve a significant duplication of effort and a corresponding waste of resource. Project elements such as whole life costing and project risk are often not clearly understood by the technical services staff. Thus, they are not able to contribute to the procurement process to their full potential, to the potential detriment of the project.

The success of the New Dimension programme in the specification, test and acceptance of equipment, the production of appropriate reference and training guides and the delivery of common user training demonstrates the significant economies that can be generated through a co-ordinated and coherent approach across the FRS.

### KEY ISSUES

The fragmentation of the procurement function and the supporting Technical Services (TS) specialism tends to present manufacturers with a multiplicity of views on the performance of equipment currently in service and the likely future needs of the FRS. Coupled with the failure to leverage the benefits of aggregation of demand with the FRS this has tended to result in limited product development by manufacturers and a particularly cautious approach to investing in innovative solutions to fire and rescue problems.

A clear and common definition of the TS specialism and the contribution it makes to the procurement function is needed. In tandem with this, there is the need to rationalise the resource deployed in TS and co-ordinate TS activities across the country, ideally through the establishment of an expert hub, using where possible existing skills within the FRS. The FRS should expect to see the development and implementation of

common standards and guidance for delivering TS outputs, application of appropriate project design and management skills and the clear delineation of delegations and responsibilities.

Over time, the TS expert hub should develop into the focal point for contact between the FRS and key industries in relation to specification, test and acceptance as well as informing the industry's research and development programmes.

## **TARGETS**

**ODPM** will:

- by April 2005, consider the practicalities of establishing the TS expert hub at the Fire Service College.

**FiReBuy** will:

- ensure that requirements are developed in output based terms;
- ensure that requirements take into account genuine operational and regional variations;
- by September 2005, co-ordinate the creation of a national database of technical services projects and activities using an appropriate programme management methodology and manage on an on-going basis;
- by December 2005, establish processes for specifying, testing and acceptance in terms of the outputs required from projects;
- by April 2006, develop appropriate methods for measuring TS costs; and
- from April 2006, fulfil an "intelligent client" for the FRS in respect of TS activities and provide a link to key industries to inform development of the market.

**RMBs** will:

- from January 2005 and pending any decision on the development of a TS expert hub, ensure that all TS projects within their region use appropriate project management tools, e.g., PRINCE2;
- from January 2005 and pending any decision on the development of a TS expert hub, work with their constituent authorities to rationalise TS activities within their region; and
- co-operate with and support FiReBuy in delivering its targets.

**Individual FRAs** will:

- co-operate with and support FiReBuy and their RMB in delivering their targets.

# E-Procurement

## OBJECTIVE FRSP10

The e-government strategy and Implementing Electronic Government Statement (IEG) discusses the way forward for e-procurement systems. A Fire and Rescue Service strategy for e-procurement will ensure that the Service is able to gain the benefits associated with e-procurement, such as improved management information, reduced cycle times and reduced transaction cost. It will also enable the Service to achieve the Government targets for the percentage of goods and services to be ordered electronically. A national strategy is needed to help address the varying levels of e-procurement that exist within the Service.

### Key Objective:

To ensure the Fire and Rescue Service is able to meet e-government targets in respect of procurement and that a consistent approach is taken on a national/regional basis to the implementation of e-procurement in the fire service.

### WHERE WE ARE NOW

- Data is not yet available on how many fire authorities have access to electronic procurement systems but it is believed that many rely on manual based systems.
- Some authorities are already using procurement cards.
- Most authorities have established web sites but these do not offer a portal for e-procurement.
- There are a large number of e-procurement solution providers.

### KEY ISSUES

- The requirements of public sector procurement regime on aspects of e-procurement (e.g. EU procurement regime on e-tendering).
- Many authorities are not accounting for low value/high volume items.
- There are often unfounded concerns surrounding the use of procurement cards.
- There are legal, security and accountability issues around electronic tender lodgement, accepting tenders electronically e.g. electronic signatures and electronic tender opening.
- Range and suitability of e-procurement business solutions for Fire and Rescue Service requirements.

- The costs of the development of e-procurement systems.
- The extent to which suppliers are e-enabled and their readiness to communicate electronically.
- The varying levels of existing IT infrastructure within individual authorities and the extent to which existing business processes need to be re-engineered.

## **TARGETS**

### **RMBs will:**

- survey those fire and rescue authorities using procurement cards to identify opportunity to extend contracts nationally/regionally by June 2005.

### **Individual FRAs will:**

- order 100% of goods and services electronically by end of 2005;
- identify appropriate e-tendering system including bid evaluation tools for national or regional contract to be let by December 2005;
- publish details of contracts on local/regional or national Fire and Rescue Service web sites by June 2005;
- implement systems to allow a third party secure internet site to allow organisations to trade electronically by June 2005;
- identify e-sourcing solution to integrate with IT infrastructure for national/regional implementation by December 2006;
- implement a supplier and contract management system by Jan 2007 (If the system has only low level functionality not requiring back office integration then this should be completed by June 2006);
- electronic procurement systems to provide full 'procure to pay' cycle solutions by March 2008; and
- identify item and develop standard specification for contract to be tendered using reverse auction to be carried out by December 2007 (subject to compliance with EU directives and Public Procurement Regulations).

# APPENDIX A

## Summary of Key Targets

### **DURING 2004**

#### **ODPM**

to contribute resources of £200,000 to assist in establishing FiReBuy.

#### **RMBs**

*by December*

to determine organisational arrangements for the delivery of the procurement function;

to produce a 3 year procurement plan setting out a timetable for the review and letting of contracts on a regional basis, having due regard for nationally procured contracts.

### **DURING 2005**

#### **ODPM**

*by April*

to consider the practicalities of establishing the Technical Services expert hub at the Fire Service College.

*by December*

to provide further resource support to FiReBuy;

to work with all FRS stakeholders to develop a procurement training and development plan.

#### **FiReBuy**

*by April*

to prepare a risk matrix for all major procurement projects to ensure appropriate risk;

to prepare a project risk register for all major procurement projects;

FiReBuy & RMBs "MEAT" (Most Economic Advantageous Tender) principle to be adopted for national contracts in the FRS from January and regional contracts from April;

FiReBuy & RMBs Whole life costing methodology to be adopted for national contracts from January and regional contracts from April;

FiReBuy & RMBs Procurement to be involved at the outset in best value reviews.

***by June***

to establish formal regular national links with key industries and commence regular industry briefing days;

to draw up a suite of KPIs for the measurement of procurement in the Fire and Rescue Service, based on the Library of Local Performance Indicators;

to ensure that full risk assessments are undertaken for all new equipment or vehicle procurements to ensure manual handling issues are minimised;

to develop and disseminate model suites of KPI's and contract management structures;

to agree a common methodology for carrying out risk analysis for the procurement of vehicles and equipment in the Service.

***by September***

to advise the regions on developing robust contract management systems;

to undertake an environmental risk/ impact analysis of products procured by the Service;

to develop proposals for contract management strategic reporting within the governance structure;

to co-ordinate the creation of a national database of technical services projects and activities using an appropriate programme management methodology and manage on an on-going basis.

***Autumn***

to draw up a central contracts register based on the regional registers by autumn.

***by December***

to establish national output based specifications for appliances;

to establish processes for specifying, testing and acceptance in terms of the outputs required from projects;

to provide environmental/equalities procurement training to procurement staff;

develop "how to do business" guides for SMEs wishing to work for the Fire and Rescue Service and promote this work on e-fire web site by December 2005.

***RMBs******by January***

to establish levels of expenditure on procurement categories from constituent FRAs.

***from January***

Pending any decision on the development of a Technical Services expert hub, RMBs to work with their constituent authorities to rationalise TS activities within their region and ensure that all TS projects within their region use appropriate project management tools from January.

***by March***

to prepare an annual procurement plan by March each year with targets and savings for implementation during the following financial year;

to arrange for the completion, of a training and skills audit of procurement staff, other staff with procurement duties and elected Members.

***by April***

to support the establishment of FiReBuy to drive national procurement strategy to develop and implement the use of the “Gateway” process and PRINCE 2 methodology in procurement projects;

to ensure that procurement is involved at the outset in best value reviews;

to establish a contracts register for each region.

***by June***

to ensure that KPIs are a feature of all service-based contracts issues;

to consider procurement needs arising out of the Integrated Risk Management Plans of constituent authorities;

survey those fire and rescue authorities using procurement cards to identify opportunity to extend contracts nationally/regionally.

***by August/September***

RMBs and FRAs to ensure that all contracts let after July contain appropriate contract management arrangements, including KPI's;

***by October***

to develop common classification of expenditure.

***December***

review progress against the milestones in the National Procurement Strategy for Local Government annually.

**FRAs**

***by April***

to establish levels of expenditure on procurement categories and report these to RMBs.

***by June***

to publish details of contracts on local/regional or national Fire and Rescue Service web sites and implement system to allow a third party secure internet site to allow organisations to trade electronically.

***by December***

to identify appropriate e-tendering system including bid evaluation tools for national or regional contracts;

to order 100% of goods and services electronically.

**During 2006****ODPM*****by June***

to work with FRAs and RMBs to develop role maps based on IPDS principles for procurement staff.

**FiReBuy*****by March***

to standardise contract documentation;

to develop standard contract clauses to encourage suppliers to develop a pro-active approach to equalities and environmental issues;

to develop indicators to measure the % of environmentally friendly products purchased and % of business undertaken with SMEs;

to develop a sustainable procurement strategy.

***from April***

to collaborate with RMBs and FRAs in the production of a national procurement plan for the FRS;

to record savings and efficiencies achieved from procurement activity from April 2006 to include cost savings efficiency savings and service improvement;

to develop appropriate methods for measuring TS costs.

***by April***

to fulfil an “intelligent client” for the FRS in respect of TS activities and provide a link to key industries to inform development of the market.

***from June***

to hold regular industry briefing days.

***by September***

to establish national specifications for key items of operational equipment i.e. ladders, cutting gear, foam, hose.

***by December***

to establish joint arrangements for insurance;

to develop a specification for a fully managed vehicle service;

to let a national contract for PPE and non-PPE clothing.

**RMBs**

***from April***

to collaborate with FiReBuy and their RMB in the production of a national procurement plan for the FRS;

to record savings and efficiencies achieved from procurement activity from April 2006 to include cost savings efficiency savings and service improvement.

***by June***

**to work with FRAs and ODPM to develop role maps based on IPDS principles for procurement staff.**

***June***

to arrange for the development, in conjunction with CPEs, IDeA and CIPS, during 2005/6 of appropriate procurement training and its delivery no later than June.

**FRA's**

***from April***

to support the funding of FiReBuy through top-slicing.

***by June***

to work with RMBs and ODPM to develop role maps based on IPDS principles for procurement staff.

***from December***

to identify e-sourcing solution to integrate with IT infrastructure for national/regional implementation.

**DURING 2007****FiReBuy**  
***by March***

to benchmark the FRS against other emergency services.

***by June***

to let a national contract for breathing apparatus.

***by September***

to let a national framework arrangement for pumping appliances to BS: EN-1846 standards.

***by December***

to establish national contracts for key items of operational equipment i.e. ladders, cutting gear, foam and hose by the third quarter..

**RMBs*****from April***

to use the Procurement Excellence model as a benchmark of progress in procurement.

**FRAs*****by January***

to implement a supplier and contract management system.

***by December***

to identify item and develop standard specification for contract to be tendered using reverse auction.

**DURING 2008****FiReBuy**  
***by March***

to let a national framework arrangement for the purchase of aerial and other specialist appliances.

***by September***

to let a national framework arrangement for the purchase of light and other Fire and Rescue Service vehicles.

**FRAs*****by March***

Electronic procurement systems to provide full “procure to pay” cycle solutions.