

Firebuy – future fire procurement

Purpose of report

To seek the Committee's agreement on a new joint LG Group/CFOA approach to Firebuy.

Summary

Within the context of the wider piece of work for the LG Group/CFOA partnership around the delivery of a range of national functions, Lead Members tasked officers with providing a draft alternative procurement model for Firebuy. This is now attached for consideration.

Recommendation(s)

Members are asked to consider the draft position set out at **Appendix A**

Action

Officers to incorporate Members' comments.

Contact officer:

Paul Johnston / Trish O'Flynn

Position:

Senior Policy Consultant, LGA

Phone no:

020 7664 3129

E-mail:

trish.o'flynn@local.gov.uk

Firebuy – future fire procurement

Background

1. Lead Members of the Fire Services Management Committee recently met the CFOA Presidential team to discuss possible joint work on a range of national functions within the fire and rescue service sector.
2. One of the outcomes of this meeting was, as part of the wider work examining national functions, to develop a joint LG Group / CFOA position on national procurement in the light of the potential demise of Firebuy Ltd.

Firebuy Ltd.

3. Firebuy Limited was established in 2006 to deliver English FRS procurement at a national level. It is a Non-Departmental Public Body (NDPB) and its aims are:
 - To drive the National Procurement Strategy forward;
 - To negotiate call-off contracts for Fire and Rescue Authorities (FRAs) and take the lead in Contract management; and
 - To take a lead role in testing and acceptance activities
4. A recent report, published in July this year, by the National Audit Office suggests that Firebuy has only had limited success in achieving these aims with the report stating that “the continued operation of Firebuy in its current form represents poor value for money.” The report suggests that the national framework contracts developed by Firebuy allow for too wide a range of equipment specifications which, along with the inclusion of many suppliers within the frameworks, “works against achieving high volume orders and discounts from suppliers, and allows FRSs to continue unnecessarily expensive bespoke procurement.” The report also criticises the current running costs of Firebuy, which are relatively high in comparison with commercial counterparts, and suggests that the methodology for identifying and measuring savings generated is inadequate.
5. CLG have also been criticised in the report for not having exercised sufficiently clear leadership, direction and oversight of Firebuy to ensure it achieved its original objectives. Firebuy is now being considered as part of a review of NDPBs and in response to the Government’s policies on localism.

LGA / CFOA joint model of procurement

Item 5

6. The guiding principle for this work is that the FRS should, either singularly or collectively or with other partners, establish their contractual obligations directly with third party suppliers. This would allow for greater local determination over local requirements and procurement routes.
7. The model, attached as **Appendix A**, would see the role of the CFOA National Procurement Board enhanced to deliver on four key workstreams as detailed within the appendix. The LG Group involvement through Local Partnerships would be secured through membership of the Board.
8. We are expecting the Government to take the decision to discontinue with Firebuy and this will provide a good opportunity to change arrangements and realize greater savings. Responsibility for the management of the maintenance contracts for the Fire and Resilience Programme, e.g. FiReControl and FireLink will need to be reviewed, as it was intended that Firebuy take on this role. The LG Group / CFOA consider that there would be merit in considering an approach whereby the sector, either in the form of a lead authority or local authority company, could provide the management and governance of such contracts. Clearly, given the uncertain future of both FiReControl project and Firebuy, this would be a matter for further discussion.

Conclusion and next steps

9. Members are asked to consider and comment upon the LG Group / CFOA joint model attached.

Financial Implications

10. Though there are no financial implications arising directly from this report, it is envisaged that the FRS will realise significant savings as a result of the move away from national framework contracts provided by Firebuy.
11. The proposals as set out above are dependent on a transfer of resources from CLG / Firebuy to the sector. Further financial implications will be identified and addressed in further discussions with partners.

Contact officer: Paul Johnston / Trish O'Flynn
Position: Senior Policy Consultant, LGA
Phone no: 020 7664 3129
E-mail: trish.o'flynn@local.gov.uk

Firebuy – joint LG Group / CFOA approach

The guiding principle behind this is that fire and rescue service should, either singularly or collectively or with other partners, establish their contractual obligations directly with third party suppliers. This allows for local determination over local requirements and procurement routes. Accordingly, the model envisages the management of the 14 framework contracts currently let by Firebuy being devolved to individual fire and rescue services or groups of FRAs to deal directly with the suppliers.

The model also recommends a reconfigured CFOA National Procurement Board (to include LG Partnerships) to take a more prominent role on behalf of the sector at the national level, with responsibility for four key functions:

1. **Coordination role for any FRSs experiencing difficulties with the delivery of contracts to FRSs currently managed by Firebuy.** The Board would have a role as liaison point between FRSs and suppliers in negotiating any contractual disputes or difficulties. The large majority of the existing contracts have a latest end date of no later than early 2014.
2. **Coordination role for FRSs in negotiating new contracts.** The Board would act as a central point for FRSs to establish shared procurement requirements and to facilitate collaborative procurement.
3. **Collection and dissemination of good practice.** This would include disseminating information on procurement practice, spending, suppliers and equipment from FRSs and the wider local government sector.
4. **Strategic development and innovation.** There is potential for savings through driving out duplication of effort on research and development and make the link to operational policy. The Board would also look to challenge and stimulate suppliers to innovation and improved products.

The LG Group and CFOA recognise the specialist skills required for effective procurement and contract management and support the work of the Association of Procurement Practitioners in the FRS, which has a valuable role to play in securing the aims set out in 3) and 4) above.

Other national contracts

The Government was planning for responsibility for the management of the maintenance contracts for the Fire and Resilience Programme, e.g. FiReControl and FireLink to be passed to Firebuy. Clearly given the uncertain future of both FiReControl project and Firebuy, this would be a matter for further discussion.