

## **Fire and Rescue Service Procurement**

### **Purpose of report**

For discussion.

### **Summary**

Melanie Walsh, Head of Procurement at Devon and Somerset Fire and Rescue Service will be attending the meeting to discuss the report.

### **Recommendation**

Members are invited to become involved in this work to provide political support and local leadership for this sector-led collaborative approach towards procurement.

### **Action**

Officers to progress as appropriate.

**Contact officer:** Helen Murray  
**Position:** Head of Programmes  
**Phone no:** 020 7664 3266  
**E-mail:** [helen.murray@local.gov.uk](mailto:helen.murray@local.gov.uk)

## **Fire and Rescue Service Procurement**

### **Introduction**

1. There have been numerous attempts in the past to procure services and products collaboratively on behalf of the fire and rescue sector but these have often been driven by central Government rather than being initiatives led by the fire and rescue service (FRS). The previous Government set up an arms-length body, Firebuy, to deliver national procurement in 2006. However a National Audit Office report from 2010 found that only 5 out of 15 contracts Firebuy had developed were used by more than half of the sector, and that the set up costs had outstripped the savings made by the organisation as a whole. Overall the report stated that Firebuy was “not delivering necessary savings in Fire and Rescue Service procurement in a cost effective way”<sup>1</sup>. However, this process did bring more focus and professionalism into fire service procurement, though it was clear that a centrally prescribed model would not be effective.
2. Though Firebuy was disbanded in 2011, the issue of collaborative procurement has remained an ongoing one. In his report “*Facing the future: findings from the review of efficiencies and operations in fire and rescue authorities in England*” Sir Ken Knight called for greater collaborative procurement. He stated that this would generate financial savings through economies of scale as well as time savings by reducing the duplication of effort in designing, commissioning and evaluating products. He argued that FRSs should adopt the principle of never buying alone, and where they do buy alone, because they have driven a harder bargain and made savings, they should share their experiences so that other FRSs can benefit.
3. The Government has now published a research project into the procurement practices of the fire and rescue service, proposing a sector-led strategic approach to procurement, with the aim of joining up the FRS to procure together to achieve savings, share knowledge, resources and best practice.

### **The Fire and Rescue Procurement Aggregation and Collaboration Report**

4. In March 2014, DCLG published a research project into the procurement practices of the fire and rescue service. The *Fire and rescue procurement aggregation and collaboration* report examined the barriers and opportunities to procure more efficiently within the fire and rescue service (FRS) as well as exploring how this might be taken forward by the sector.
5. The report promotes a collaborative approach driven by FRSs joining up to procure more effectively. The research showed that there were sometimes significant differences in the prices fire and rescue services paid for equipment, with some FRSs paying over 200% as much for the same products as others. They identified that by collaborating on procurement, the sector could potentially save £18 million on a total

---

<sup>1</sup> National Audit Office: *Reducing the cost of procuring Fire and Rescue Service vehicles and specialist equipment* <http://www.nao.org.uk/wp-content/uploads/2010/07/1011285es.pdf> July 2010

spend of £127 million, and even more if the principles in the report were applied across all spend in the sector.

6. The full report can be found here: [www.gov.uk/government/publications/fire-and-rescue-procurement-aggregation-and-collaboration](http://www.gov.uk/government/publications/fire-and-rescue-procurement-aggregation-and-collaboration)

## Research

7. The research was undertaken by PA Consulting with support and commitment from CFOA's National Procurement Group and a pilot group of FRSs in England. The FRSs taking part in the project were:
  - 7.1. Cheshire
  - 7.2. Devon and Somerset
  - 7.3. Durham and Darlington
  - 7.4. Essex
  - 7.5. Greater Manchester
  - 7.6. Kent
  - 7.7. Lancashire
  - 7.8. London
  - 7.9. Merseyside
  - 7.10. South Yorkshire
  - 7.11. Tyne and Wear
  - 7.12. West Midlands
  - 7.13. Wiltshire
8. The project used data on spend from FRSs websites as well as information from the pilot group. They found that there were sometimes large variations in the amount paid by FRSs for the same equipment. This could even happen when using the same suppliers and the same contracts, and a lack of supplier management was contributing to these varying prices.
9. One particular case highlighted in the report, showed that even where the same contract was used by a number of authorities to buy the goods, there was still a significant range, for example one authority paid 66% more than another when buying a piece of Personal Protective Equipment (£220 - £366). There was little evidence of advance planning for equipment or services beyond, and in some cases within, individual FRSs, leading to duplication or no activity in smaller authorities.
10. The report explained that many procurement officers felt they had a little strategic influence within their Services to drive change, though many recognised the potential for further savings by using a collaborative approach. Many also felt there was a lack of recognition for their work, and that their skills were not being fully utilised in this area. Both these factors had diminished the possibility for further savings.

11. Finally, the report identified that there was a lack of resources to take forward coordinated procurement amongst the Fire Service. The report concluded that though there were some examples of good collaborative procurement practices, more could be done by the sector to achieve savings and procure better.

### **Report Recommendations**

12. The recommendations of the research were that FRSs should:
  - 12.1. Agree a common classification of goods and services and actively encourage the use of one common spend management tool. The report recommended the SpendPro tool;
  - 12.2. Build capability within agreed equipment and services, moving from over-reliance on frameworks to leveraging committed spend that drives down costs;
  - 12.3. Develop a dashboard showing prices paid on specific products so that FRSs can see what each other are spending and avoid paying more for the same product;
  - 12.4. Provide internal sponsorship, governance and any partnership arrangements to advance these projects and to make speedy and effective decision making;
  - 12.5. Exploit life time benefits through focussed central efforts in managing supplier relationship and contracts;
  - 12.6. Develop a strategy for buying non-fire common goods and services (eg energy, office supplies etc) together; and
  - 12.7. Develop a national procurement pipeline plan that documents existing contract start and finish dates, schedules tendering exercises and future, large-scale procurement opportunities.
13. The report noted that procurement in the fire service currently had a high level of customisation and identified that further standardisation of products would deliver greater savings by allowing collaborative procurement at greater volumes, with the potential for further savings in areas such as maintenance of vehicles and training.
14. The report outlines a number of suggested next steps for the FRS to consider taking forward to enable a more sector led approach to coordinate procurement and realise savings. The report says that fire and rescue services should look to:
  - 14.1. Form a group of willing FRSs to help show and realise the benefits of delivering collaborative procurement;
  - 14.2. Secure commitment from Chief Fire Officers/Chief Executives to contribute to the project equally for the overall benefit of the sector;
  - 14.3. Communicate with partners on the benefits of collaborative projects, showing the achieved savings and benefits of each project;

- 14.4. Secure agreement to commit expertise to contribute to the coordination of a procurement pipeline detailing future collaborative opportunities;
  - 14.5. Individual FRSs could be asked to specialise in specific procurement categories if they have staff with particular expertise;
  - 14.6. Use current FRS staff on a secondment basis to drive the project forward; and
  - 14.7. Commission procurement in tranches starting with the less complex areas eg Personal Protective Equipment and clothing, hoses, foam etc in order to prove the concept.
15. The report provides an interesting and timely look at procurement practices and promotes a sector-led approach with local buy as being best placed to make the savings.

#### **Role of Elected Members**

16. Members will be interested to see the potential scale of savings that a collaborative approach towards procurement could yield. Members been instrumental in leading the FRS towards greater collaboration in areas including control projects, co-location of services, co-responding with other blue light services, contingency arrangements and exploration of new organisational models. It is important, therefore, that Members are sighted on this work and are able to provide strong leadership in driving this work forward at a local level. Brokering agreements across FRAs and with other local partners remains challenging in some areas but is essential if this work is to maximise savings quickly.
17. The significant differences in costs to the FRS, and the need to provide excellent value for money to our communities at a time when budgets continue to decrease is an issue that will be of concern for Members.

#### **Local Government Productivity**

18. To help local authorities to make savings and achieve greater value for money the LGA has supported collaborative procurement as a part of our wider work on productivity. We have been working closely with local and central government, public, private and voluntary organisations and other bodies to help local government to deliver savings. The LGA has convened a National Advisory Group for Local Government Procurement (NAG4LGP or NAG for short). This is a national group of senior procurement officer leads who advise on and support the development of local government procurement. A representative from the Fire and Rescue Services, Mike Pearson, Director of Corporate Services at Devon and Somerset FRS, has just been appointed onto this body to ensure that the work of the Fire and Rescue Service is communicated to and linked up with the LGA's work on this area. He will be able to feedback and highlight good

practice in the fire and rescue service as well as influence national procurement policy for the sector.

19. Another part of our procurement work has been in collating a number of good practice case studies (**Appendix A**) showing how a collaborative approach to procurement can save councils money as well as deliver other benefits. These case studies illustrate that good collaborative procurement practice is already happening. Members may wish to explore how they can make use of the expertise already available in their home authorities, wider local government family and partner organisations, for example through sharing staff or joining some of the established procurement networks.

### **Next Steps**

20. Following the publication of the research the CFOA National Procurement Group has responded by developing a new draft Procurement Strategy. They are starting consultation now with Chief Fire Officers before finalising the document and member support to encourage new ways of working will be important.

## Appendix A

### Collaborative procurement – examples from local government

1. **Refuse vehicle procurement:** This project was led by Procurement Lincolnshire and involved the six Lincolnshire waste collection authorities and members of the York and North Yorkshire Waste Partnership in the procurement of their refuse collection fleets, associated refuse fleet management and maintenance. The objectives were to: standardise refuse collection vehicle specifications; identify a single method of vehicle acquisition; deliver appropriate provision of vehicle maintenance and use cumulative demand from all the councils to achieve greater value for money and other value added benefits. This led to savings of approximately £4 million, and helped to develop strong partnerships across the different councils involved.
2. **Creation of a North West asset management network:** The project was aimed at developing a more joined up approach to property asset management across the public sector in the North West and was led by Tameside Metropolitan Borough Council. Specific objectives included: greater collaboration across all public sector organisations within the region; achieving greater savings and efficiencies through joint procurement of property services; releasing assets no longer required and identifying new approaches to the delivery of efficiency savings. Initial project estimates show that a reduction of five per cent in total property costs could be delivered by implementing a more integrated approach across all the councils, totalling approximately £7.25 million per annum.
3. **Promotion of world class contract management:** The key objective of this project was to 'kickstart' a nationwide awareness of the benefits that can be achieved by the implementation of robust contract management practices and processes. Using its world class contract management toolkit as the basis for this work, Sheffield City Council took a number of councils from across England through an induction and demonstration process at a number of local and regional events. It took Sheffield City Council four years of development and investment to embed its contract management process across the council. Although it took time to deliver savings, the system now forms a key factor in Sheffield's efficiency programmes. Contract management has created annual savings for Sheffield of around £13.4 million. This is approximately 5 per cent of its overall major contract value. A further £9.5 million of savings have been achieved within the authority through savings in procurement and e-business.
4. Further examples can be found in our document *Procurement Category Management Projects: The story so far*:  
[www.local.gov.uk/documents/10180/11417/Procurement\\_category\\_management\\_projects.pdf/c1d088c1-5338-4b86-b2ab-84e7f36e7675](http://www.local.gov.uk/documents/10180/11417/Procurement_category_management_projects.pdf/c1d088c1-5338-4b86-b2ab-84e7f36e7675)