



South East Fire Improvement Partnership

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**Ref: South East Regional response to the National Procurement Strategy 2008-11  
Consultation Document.**

Below is the regional response to the National Procurement Strategy 2008/11 Consultation Document. As agreed with the SE RMB and SE CFOs we have only concentrated on the key strategic questions and responses raised by SE FRAs. The questions we have concentrated on are questions 5, 6, 7, 8, 9, 21, 22, 27, 28, 29 and 30. It is expected that all SE FRAs will be submitting their own full reply to CLG on this consultation document.

**In Summary:**

Question 5:

- All FRA should have flexibility and choice in purchasing the products and services they require dependent on best value.

Question 6:

- A business case will normally be required for any major procurement to ensure best value and part of any audit trail. This could be picked up by the audit commission to determine that a best value approach has been taken. Therefore it is not seen as necessary to present a separate business case to CLG.

Question 7:

- Options one, three and four in descending order are the preferred options.

Questions 8&9 combined:

- All the SE FRAs believe the governance structure needs to be reviewed and restructured. It's difficult to comment on the outcomes until the review has been done.

Questions 21&22 combined:

- We regard this as a fundamental role of a national procurement body.

Questions 27, 28, 29&30 combined:

- We agree with the concept of a centrally provided procurement function being funded by CLG, and income generation.

## **Detailed Responses to the above questions:**

*Q5. Should there continue to be a requirement to use national contracts and if so under what circumstances?*

**HFRS** believe that they should have flexibility and choice in purchasing the products which they need. This would involve looking at all framework options from a variety of sources that would allow a best fit scenario to be achieved.

We embrace the responsibility to demonstrate best value in exercising this flexibility and are always prepared to review such arrangements from all sources in such a way that can demonstrate a clear understanding of why certain options are taken.

We believe that compulsion is not the way forward and believe that, if national contracts speak for themselves in terms of value and quality, they will be attractive to FRAs anyway and compulsion ought to be superfluous. In any other case compulsion would only drive ineffectiveness.

**OFRS** strongly opposes the continuation of compulsion via the NPS or any other mechanism. Best value must prevail.

**RBFRS** believe that FRAs should retain flexibility and choice in purchasing the products which they need. FRAs should have the flexibility to choose either, national contracts, regional contracts and/or the use of SME's ensuring that local needs are met to deliver best value for money. It should not be prescriptive.

Too much emphasis is placed on cost saving efficiencies being made on national contracts, which by and large relate to Metropolitan brigades, whilst ignoring smaller Shire Authorities. Large national contracts do not always deliver best value. Special deals and promotions do exist which should be used as long as it is comparing like for like.

ICP being an example, where the costs to this Authority increase rather than decrease, therefore this is not best value or value for money.

We support the responsibility to demonstrate best value in exercising that flexibility and where national contracts appear to demonstrate best value, it is reasonable for FRAs to develop and demonstrate clear understanding of why this may not be the case for themselves, if we choose to procure by an alternative route. However, we do not support that this should be a separate discussion with CLG in advance of any procurement, but should be part of the Business Case to procure the item, which forms part of the Audit trail.

**ESFRS** this really depends on the structure proposed and whether it has overall cost savings to the Authority. Would be unlikely to support and fund an organisation that wouldn't be able to deliver financial benefits. Would wish to retain the flexibility of choice to suit the needs required.

**KFRS** as indicated in the NPS there may well be some key areas where the use of national contracts are necessary but, in general terms, individual FRAs should be given the responsibility/flexibility to assess the most appropriate procurement solution to meet their business case.

**SFRS** Surrey Fire and Rescue Service should retain flexibility in purchasing the products which they need based on determining whether the national contract(s) demonstrate value for money and offer improved interoperability.

*Q6. If there is no longer a requirement should FRAs still make a business case to go outside national arrangements and, if so, to whom should the case be made (Communities and Local Government, CFOA NPB, other)?*

*Note: Responses covered this question in 5 as well*

### **Review of FireBuy Ltd (2.3.13–2.3.14)**

*The options for the future delivery of the FRS national procurement function as identified through the Review1 were:*

- **Option 1** – FireBuy Ltd continues with modified structure and Communities and Local Government funding: a sub-option being to maximise income

*generation with Communities and Local Government covering any funding gap*

- **Option 2** – The national procurement function is subsumed into a national body for the FRS or into Communities and Local Government

- **Option 3** – The national procurement function is transferred to an existing (non-FRS) procurement body

- **Option 4** – The national procurement function is transferred to the FRS; either collectively via CFOA/LGA or through lead FRAs

*Note: Combined answers to both questions*

*Q7. What is your preferred option and why?*

**HFRS** believe that compulsion is not the way forward and believe that, if national contracts speak for themselves in terms of value and quality, they will be attractive to FRAs anyway and compulsion ought to be superfluous, in any other case compulsion would only drive ineffectiveness.

Most contracts are pursued through various value for money criteria so the need to then justify these decisions to CLG would maybe counteract the flexibility and confidence that CLG have in the fire services progressing contracts.

The strategy does however recognise the value of using frameworks through various bodies and that this needs to be pursued and advertised.

HFRS supports **option 1**, but with the amendment that CLG should directly fund FireBuy Ltd with that funding offset by maximisation of income generation rather than the other way around.

**OFRS Option 3** is supported with FireBuy and possibly their staff transferring into the Office for Government Commerce as a specialist fire cell. Why?

The fire market is not considered sufficiently large enough to justify and fund a stand alone procurement body – synergies must be identified and OGC's size and expertise are considered to be an ideal partner. It is accepted that there may be some difficulty in setting up effective stakeholder engagement processes but these can be overcome. It is proposed that CFOA

collectively provide the stakeholder reference group with other ex officio members as appropriate.

**RBFRS** this should be measured by the Audit Commission whether best value is being achieved by each FRA.

We support **option 1**, with CLG directly funding FireBuy Limited. We do not support the sub option within option 1. FireBuy should concentrate on the core business and not income generation.

However, if FireBuy is subsumed into OGC as a fire specific section, this result in costs savings for running costs (**some support for option 3**)

**ESFRS** funding is quite clearly a major issue and unless it is proven that Authorities will make a saving they would be very unlikely to fund an organisation that would be cost prohibitive.

If FireBuy would make significant savings for Authorities, this would probably the best **option (1)** otherwise **(4)**

**KFRS** in the absence of the requirement to use national contracts the need to make a separate business case seems to be a redundant exercise. However, there should be an expectation that all procurement decisions would be based on a process of robust options appraisals which would include the use of national framework agreements. These could be reviewed as part of the Audit Commissions Use of Resources assessment.

Given the time and effort which has been expended on the creation of FireBuy the Authority would favour **Option 1**, subject to an appropriately modified structure which addressed the specific criticisms raised under the review. However, if the credibility of a fire specific national procurement function is seen as irrevocably damaged then **Option 3** would be the Authority's second preference

**SFRS** As part of Surrey Fire and Rescue Service's existing procedures aligned to it's performance management arrangements, the Service undertakes the business case regime. This is to enable the Service to provide evidence when the recommended value for money option (includes whole life costing, Equality Diversity impact assessment, Health and Safety, Sustainability) has been determined.

The requirement to undertake a business case should remain to provide audit trail as part of the Service's Performance Management Framework. Perhaps there are some cases should be made to the respective Regional Procurement Board and/or the National Procurement Board instead of CLG.

Supports **Option 4**, as the national procurement strategy may still be driven by the CFOA National Procurement Board via the Regional Procurement Managers. The responsibility of the national contracts may be aligned to the appropriate Regional Procurement Manager based on dedicated category basis. Appropriate communication protocol (consultation and reporting) can be implemented with the FRAs, the CFOA's workstreams e.g. South East regional interoperability group, TOG, LGA, CLG, CFRAU and possibly FIRESA.

The Regional Procurement Managers would still deliver the National Procurement Strategy whilst the category profile would be based on strategic Supplier sourcing and understand the customer's priorities. This removes the costly overheads within the national procurement body.

*Q8. Are there any other options or approaches not covered above that you think should be considered?*

*Q9. Do you feel that changes are necessary to the current FireBuy governance arrangements?*

*Note: Combined Answers to questions 8-9*

**HFRS** believes that the governance model should be reviewed and that changes are necessary to engage the wider FRS with the national procurement function.

**OFRS** is not envisaged that there would still be the need for a formal Board as it would be an OGC issue to ensure strategic leadership and governance. However, the stakeholder group would perform a scrutiny function and it is envisaged that RMB's would have a function representing the FRAs. This is particularly important if some national procurement functions for resilience projects becomes the responsibility of FireBuy as these contracts have been created on a regional model.

**RBFRS** believe that the governance model should be reviewed and that changes are necessary to engage the FRS with the national procurement function. Until governance arrangements are reviewed and recommendations made, the options above may not be relevant, it may be that the NPS function should be subsumed within CLG.

**KFRS** would wish to see some changes to the governance arrangements surrounding FireBuy.

*Q21. What are your views on the development of the current national procurement function/role to take on identified national contract management etc. equipment for the resilience programme?*

*Q22. What role might FireBuy Ltd undertake for the Firelink/FiReControl projects?*

*Note: Combined answer to questions 21-22*

**HFRS** believe that it is fundamental to a national procurement body to be responsible for the management of national contracts as part of a central function.

**OFRS** as access to the centrally let contracts for Firelink and FiReControl are not available to individual FRS's it is not possible to comment with any authority on the opportunities for FireBuy to fulfil any functions in this area. FireBuy may have a role in centrally procuring ancillary items that fall outside the scope of supply e.g. alerting equipment for retained staff, fire ground radios etc.

**RBFS** there was no end user engagement on this as far as we were aware. Lack of information and accelerated procedures did not help the process.

Equipment for both Firelink and FireControl will normally be purchased from the catalogue provided by the projects. Alternative equipment with the same functionality could be provided through other suppliers under FireBuy. However, whether this is catered for under either contract is not clear.

**KFRS** a co-ordinated approach to national, common requirements for resilience is welcome. Subject to the suggested changes to FireBuy's governance arrangements, it would be useful if it could assist in the development of procurement solutions to the common aspects of these projects.

*Q27. Do you agree in principle that a national procurement function should be funded via a mixture of Communities and Local Government/FRS funding and other income generation?*

*Q28. Do you agree with the principle of a management charge? If so, how and where should this be introduced?*

*Q29. Under what conditions would a management charge be acceptable to the users of national contracts?*

*Q30. What other means of income generation are there to support a national procurement function and how should these be pursued?*

*Note: Combined answers to questions 27-30*

**HFRS** in principal HFRS agree with the concept of a centrally provided procurement function being funded by CLG, and income generation, based on FireBuy supplying improved and beneficial contracts to the service.

Recent experience of the application and effect of management charges leads us to conclude that it is not a workable solution for either the suppliers or the FRAs, these charges will often undo the benefits negotiated within the contracts. Therefore the take up will be low on these contracts and will not allow income generation for FireBuy.

**OFRS** FireBuy as part of OGC would be expected to reduce its overhead substantially, reducing the need for income generation. The concept of a range of funding sources is supported with all parties contributing. The principle of a management charge is considered feasible, but only subject to the expectation that the benefits of procuring via FireBuy, with a management charge delivers best value overall.

**RBFRS** in principal we agree with the concept that a centrally provided procurement function be funded by CLG, and from income generation.

We do not support the funding by FRAs and do not support this suggestion. We do not believe that this is a workable solution for either the suppliers or the FRAs.

The purpose of collaborative or national procurement is to drive efficiency. These efficiencies are part of whole government accounting and as such the cost of generating them should be met by the government as an offset of the overall efficiency achieved.

The effectiveness of purchasing through national contracts will only be assured by direct funding of the functions by CLG.

Any Income generated by FireBuy Ltd could be offset against its running cost.

Consideration could be given to research and development projects via FRAs, NPB or CFOA. Training and Audits as potential income generators.

**ESFRS** management charges or reduction in grants are inappropriate ways of funding, bodies such as FireBuy and the OGC should be funded from the savings authorities will reap from large contracts i.e. smoke alarms.

**KFRS** the Authority supports the principle of funding the national procurement function from a variety of sources. The principle of a management charge is not supported as FRAs will view

this as an additional cost and as such will avoid participation in activities which attract the charge. The management charge might be acceptable in circumstances where there are clearly demonstrable savings or where the activity is of such a unique nature that such a charge could be justified.

It may be possible to generate income from other sources by engaging with other public sector organisations which are procuring fire specific goods and services such as the Ministry of Defence. There may also be opportunities within the EU when emerging countries are seeking to train and develop existing fire services.

**Surrey:** If the National Procurement function is to continue then the Service would support that this should be funded by CLG and not by FRAs because this would be seen as an additional cost and therefore, would remove potential efficiencies.

This would be seen as an additional cost to FRA and therefore, may remove potential efficiencies. It is not a workable solution for the Suppliers and the national procurement function itself, for its long term stability. This may have implications on the national procurement function's ability to deliver its business plan.

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