

WELSH FIRE AND RESCUE SERVICE PROCUREMENT STRATEGY

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Central Procurement Function

CHAPTER 1

Vision for the Fire and Rescue Service

On 10th November 2004, the Fire and Rescue Services Act 2004 was brought into force, which formally devolved the Fire and Rescue Service (FRS) in Wales to the National Assembly. In 2005 the Welsh Assembly Government (WAG) outlined its priorities and objectives for Fire and Rescue Authorities (FRAs) in its document 'The Fire and Rescue National Framework for Wales'. This promoted public safety as well as the economy, efficiency and effectiveness of Authorities. The Framework expects that FRAs :-

1. Ensure appropriate Wales-wide and cross-border collaboration in the future development of the service and in relation to the community fire safety agenda
2. Work to prevent fires and manage risk, including the development of an Integrated Risk Management Plan (IRMP) - now changed to the Risk Reduction Plan (RRP)
3. Ensure a professional and effective response to a range of incidents
4. Adapt and change as necessary, including developing the ability to respond to the terrorist threat and other major natural or man made disasters
5. Manage FRS staff in a fair and effective way, including the important issues of equality and diversity
6. Implement the RRP and training provision
7. Deal effectively with financial management and funding issues
8. Act in support of the Assembly's wider agenda including social inclusion, engaging with communities and youth work

It is essential that the procurement function within the 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 so that it can contribute fully to this work.

The recently produced draft Fire and Rescue Service National Framework for Wales 2008–2011 document includes reference to this Procurement Strategy and to the CFOA Wales Procurement Group as being the voice of Procurement in the FRS in Wales. This recognition by the Assembly of the role of Procurement

in the provision of an efficient and effective service is the first step in ensuring the delivery of this strategy in partnership with the Assembly.

CHAPTER 2

The context of the strategy

The importance of a strategic and collaborative approach to procurement across the public sector in Wales was recognised at the highest level with the publication of 'Making the Connections: Delivering Better Services for Wales' in October 2004 which identified '**Smarter Procurement**' as the key to releasing **£120 million** in value for money efficiencies.

A growing recognition of the impact of effective procurement in Wales has never been more evident and a combination of innovation, experience and resources is already delivering the kind of efficiency improvements that make a real difference to the bottom line and therefore the delivery of front-line public services.

This strategy document sets out how the Welsh FRS seeks to adopt a genuinely strategic approach to procurement which will underpin its efforts to unlock these efficiencies and achieve true value for money. In taking a holistic view and integrating the principles of sustainable development and e-procurement through all activity, the public sector can optimise the positive impact of responsible procurement, ensuring savings are equally about optimising whole-life costs.

CHAPTER 3

Where does the strategy fit?

The Welsh Assembly Government's 2004 report, Making the Connections: Delivering Better Service for Wales and its 2005 action plan Delivering the Connections: From Vision to Action effectively sets the strategy for public sector procurement in Wales for the five year period up to 2010.

In supporting the delivery of this strategy, Value Wales has produced a Welsh public sector strategic sourcing plan, "Smarter Buying – Sharing Success". The sourcing plan, which seeks to ensure a truly strategic approach to procurement, is adopted across the Welsh public sector, based on a commodity/portfolio approach.

Additionally, FireBuy has established a strategy for procurement of commodities that are specific to the Fire and Rescue Service.

This strategy seeks to align the Welsh FRS' procurement activities with both the Welsh Assembly Government (for commodities which are non-service specific) and FireBuy (for FRS specific requirements) strategies, ensuring that the contribution of strategic procurement is maximised.

CHAPTER 4

A definition of procurement

4.1 The definition of procurement in the National Procurement Strategy for Local Government to describe the wide range of business processes involved in procurement activities is:

*“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...”*

4.2 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.”

4.3 Thus, the functions of procurement are considered to be:

Identification of a business need

Procurement must have a key role in identifying the need for equipment, premises or services through Purchasing plans and the scrutiny of Revenue Budgets/Capital Payments.

Technical Services (previously referred to as research and development)

Including completion of risk assessments, a consistent approach to options appraisal, co-ordination and evaluation of trials promoting workforce engagement, production of supporting training materials and guidance notes. In this regard the Welsh F&RS's have agreed a common approach.

Purchasing and Contracting

Including strategic and routine procurement, issue of Official Journal of the European Union (OJEU) notices, tendering, contracts, legal and finance tasks and compliance with Standing Orders.

Commissioning

Including production of final safety and technical materials, training and distribution.

Contract management

Whole life costs, including maintaining the equipment, managing and monitoring 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 and ultimate disposal.

Sustainable procurement is a key principle to be imbedded in all the processes.

- 4.4 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.
- 4.5 Pure research and development is not viewed as part of the procurement function within the FRS but it is vital that the service maintains 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.
- 4.6 The ‘whole cycle’ of procurement begins at a higher level than described above with the various European Directives. From the Directives flow the many and varied harmonised European Standards. Almost without exception, key items of emergency response equipment, Personal Protective Equipment (PPE), Respiratory Protective Equipment (RPE) and fire vehicles are required to comply with one or more of the European New Approach Directives, e.g. the PPE Directive, Machinery Directive, Equipment and

Protective systems intended for use in Potentially Explosive Atmospheres (ATEX Directive) before they can even be brought to the market.

It is largely based upon such European Standards that user specifications are prepared. Such items as fire vehicles are also required to comply with UK legislation such as the Motor Vehicle Construction and Lighting Regulations.

4.7 It is in this arena that much 'research and development' is conducted and which, in essence, determines the major aspects of technical development and specifications driven as they are by European legislation. It is also here where industry liaises with its customers at a high level and where research and development activities influencing the future are progressed.

4.8 Research undertaken by "Firebuy" and neighbouring countries likely to inform the process with participation where applicable.

CHAPTER 5

A new collaborative approach

5.1 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 and non fire-specific procurement processes are handled and to the relationship of the Service with suppliers.

5.2 **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 and Gateway review where appropriate.

5.3 **Standardisation of output specifications**

In parallel with a technical services work stream, particularly in the fields of PPE/RPE and other emergency response equipment and vehicles, a common approach to the specification of fire vehicles and key items of emergency response 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, risk assessments and test data guidance notes.

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.

5.4 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. It is essential that this work is undertaken in collaboration with HMFSI and the National Procurement Board. The standardisation of technical, operational and training materials and relevant health and safety compliance will enhance training and safety standards and support more effective cross-border working. The willingness of nationally appointed representatives of the FRS representative bodies and workforce engagement to become involved in the TS process, particularly in regard to health and safety issues and innovation, will be central to effective delivery of this work stream.

5.5 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 and at European and International Standards level, 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.

5.6 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.

5.7 Efficiency gains and quality improvement

Cashable and non-cashable savings are expected to arise from aggregation of demand and the elimination of duplication in processes in the Welsh FRAs. Efficiency gains made by Fire and Rescue Authorities will be retained locally for re-investment in frontline service. 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. Value Wales will assist in this regard through access to their efficiency programme.

5.8 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

6.1 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 be appropriate regard for the need to comply with European Union (EU) procurement rules, the maintenance of competition in the market and the fact that it is not the function of the FRS to maintain in existence commercial undertakings that are not viable.

6.2 In order to identify those procurements that are appropriate for each level of aggregation, a Gateway exercise will be undertaken following a national supplier expenditure analysis exercise. This will inform the strategy. Those issues relating to collaboration are equally applicable to this section as regards regional or national contracts.

6.3 Generally, it is considered that maximum gain can be achieved by procuring at a regional, Welsh or UK national level and to a common output-based specification those items that are **service-specific** i.e. for which a consortium or buying group is otherwise unavailable. It is proposed that most other procurement issues be dealt with at a regional or local level to national standards or specifications, but still using frameworks where possible.

6.4 The arrangements and structures for co-ordinating procurement within the Welsh region is a matter for the CFOA Wales Procurement Group in liaison with the Welsh Assembly Government and Value Wales. This will mean different governance structures and a different perspective on the use of FiReBuy Ltd, where the government circular allows a judgement of Value for Money to be made. Whatever the structure, the role of the CFOA Wales Procurement Group in relation to procurement is to:

- contribute toward national procurement initiatives by undertaking activities to national standards
- identify, disseminate and promote procurement good practice guidance for those issues which fall within the remit of regional procurement
- ensure that procurement projects are undertaken within a recognised project management methodology and that project governance is conducted using the PRINCE2 methodology
- examine regional and cross border arrangements for the procurement, storage, distribution and maintenance of service-specific goods and services in line with good practice
- ensure that procurement decisions are in line with the Welsh FRS strategy and support or enhance other key service policy objectives
- ensure that evaluations and research projects are completed in line with the Welsh F&RS Strategy and submit them for inclusion on the national database
- establish and maintain strategic links with Value Wales, the Welsh Assembly Government, and other key public and private sector partners within the region
- 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 7

Procurement Objectives

Summary of Procurement Objectives

These are the objectives of the Welsh Procurement Strategy (WPS) 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.

WFRSP1 National procurement

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

WFRSP2 Wales procurement

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

WFRSP3 Training and development

To ensure a consistent approach to the training and development of staff that have a procurement role throughout the fire service in line with good practice, whether from professional bodies such as C.I.P.S., S.O.P.O., VW Procurement or the newly created A.P.P.F.S. Provide access to other Procurement tools e.g. Bluelight, Buy4Wales, Catalist, IDeA etc.

WFRSP4 Procurement performance and systems

To work together with IDeA, Wales Audit Office and the Welsh Local Government Procurement Performance Improvement Group to develop KPI's for WFRS's producing management information to aid decision making and improve procurement performance.

Informed procurement decisions cannot be made without access to good quality information. Management reporting systems and performance indicators need to be developed so that progress and performance of each Fire Service can be monitored.

Procurement Managers and Finance Managers need to work closely together to produce quality information that is readily available from the ledger systems. Performance indicators need to be agreed and consideration needs to be given

for investment in new technology that may be required dependant upon existing systems.

There is also need for a common database of all FRS contracts.

WFRSP5 Sustainability and diversity

To ensure that Fire and Rescue Service procurement activity makes a positive contribution toward social inclusion and minimises and actively engages with small and medium size enterprises (SME's) in promoting awareness of how they can become involved in supplying a service. By signing up to the "Opening Doors" charter each FRS is making this pledge.

In addition the Service needs to play its part, through careful procurement, in securing improvements to the social, economic and natural environment and minimizing any adverse impact it could have on these.

This can be done by adoption of the Value Wales Procurement Sustainable Procurement Tools (SPAF and SRA templates) to assess current position and prepare an action plan to achieve desired targets.

WFRSP6 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.

WFRSP7 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.

WFRSP8 Contract management and contract performance

To ensure that contracts are managed effectively and improve contractual performance

WFRSP9 Technical services

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

WFRSP10 e-Procurement

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

National Procurement

OBJECTIVE WFRSP1

It is possible for Fire and Rescue Services (FRSs) to 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 fire-fighters, 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 where value for money is demonstrated, 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

In Wales all Authorities already collaborate on joint procurement of corporate wear (not PPE) and appliances but even amongst these there can be significant variation in the goods procured as agreement on common standards and specifications has been difficult to achieve. The aim of the Integrated Clothing Project (ICP) is to secure a high quality national specification and identity for PPE and non-PPE for the Fire and Rescue Service (FRS). Supplies under the final contract are due to begin flowing during 2008.

A regional collaborative project for Respiratory Protective Equipment (RPE) has been undertaken in the East of England and work has commenced on a national RPE project, which is proposed will include the full spectrum of respiratory protection from dust masks, through Respiratory Protective Equipment to chemical protection suits. Possibly compressors and telemetry can be included within this project.

National resilience requirements have driven some national procurement for the FRS. CLG has, through its New Dimension programme, procured equipment to national specifications and delivered associated training to national standards. W.A.G. has funded this initiative in Wales.

KEY ISSUES

Firebuy has been funded up until 2008/09 and discussions are ongoing to identify a future funding mechanism including cost recovery.

Some long-term contracts are in place, which will tend to make delivery of nationally agreed solutions problematic in the short term. Welsh Authorities will assess whether to join the UK arrangements for certain equipment as their current commitments allow.

For certain contracts, 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. It will also help to ensure that all Authorities take appropriate account of the barriers to entry of more women and minority ethnic staff to the role of fire-fighter that existing fire vehicles and emergency response equipment can pose.

Individual Authorities have the duty to ensure that contracts represent best value and 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. All national projects should be supported by a sound business case and options appraisal.

A concentration of effort at both national and FRA level is needed to support the aims of this strategy. Authorities will need to pool their resources and draw on each other's relative strengths.

An annual Business Plan needs to be produced to identify the yearly actions required to support the delivery of the procurement strategy; this will be dependent upon the CFOA Wales Procurement Group and individual FRAs taking steps to identify and communicate their requirements.

FiReBuy Ltd have:

- Established formal regular links with key industries and commence regular industry briefing days.
- Collaborated with RMB's in England in the production of the Business Plan.
- Formed an alliance between FiReBuy Ltd and other organisations that purchase goods and services for fire-fighting and fire prevention (e.g. the Ministry of Defence).
- Worked with RMB's in England to ensure co-ordination of procurement nationally.

- Worked with FRA's and RMB's in England to establish national specifications for key items of operational equipment i.e. ladders, cutting gear, foam and hose.
- Let the Integrated Clothing Project (a national contract for PPE and non-PPE clothing).
- Let a national framework arrangement for pumping appliances to BS:EN-1846 standards.
- Let a national framework agreement for light and other Fire and Rescue Service vehicles.
- Developed an outline specification for a fully managed fire vehicle service.
- Established national contracts for key items of operational equipment i.e. ladders, cutting gear, foam, hose.
- Worked with CFOA to let a national framework contract for Respiratory Protective Equipment (RPE).
- Let a national framework arrangement for a range of aerial and other specialist appliances.

FiReBuy Ltd will:

- Work with FRA's to standardise contract documentation.
- Explore the introduction of an output based standard design brief for fire stations.
- Explore service options to reduce barriers to entry to the fire service market as appropriate.

Individual FRAs will:

- Consider FiRebuy Ltd and other regional or national frameworks where contracts show Value for Money utilising the whole life costing approach, taking into account tendering costs, timescales and management etc.
- Support the National Procurement Board through the CFOA Wales Procurement Group.

Wales Procurement

OBJECTIVE WFRSP2

For FRS procurement activity that doesn't lend itself to being undertaken at a UK level and where areas of work are more appropriately organised and managed at a regional or local level, Wales will initiate discussions through the CFOA Wales Procurement Group. This Group was established in November 2005 and is responsible for raising standards in procurement and for reducing duplication and rationalising management effort.

Key Objective:

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

WHERE WE ARE NOW

There is already a degree of collaboration at an all Wales F&RS level, evidenced by the corporate wear contract and the appliances collaboration. There are also a number of other liaisons locally with other organisations and FRS's use Value Wales and other regional and national contract frameworks. The "technical forum" under the Ops group has drawn up a common approach to technical evaluation which is implemented across the Welsh F&R Service. They are all also signed up to the Blue Light Database. CFOA holds regular meetings to consider procurement issues and the CFOA Wales Procurement Group is alert to minimising the workload and making full use of the work done elsewhere to promote enhanced collaboration and burden sharing.

Even within Authorities in Wales there can be considerable variation in the expertise of the staff involved in service-specific procurement.

KEY ISSUES

The CFOA Wales Procurement Group needs to take an active role in the scrutiny of procurement processes and monitoring of results across the region and will need access to professional procurement advice. It should 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 Value Wales.

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

TARGETS

The CFOA Wales Procurement Group will:

Identify procurement needs arising out of published Risk Reduction Plans (RRP's) of constituent Authorities

Review progress against the milestones in the Wales Procurement Strategy

Determine organisational arrangements for the delivery of the procurement function

Produce a rolling 3 year procurement plan setting out targets for each year including a timetable for the review and letting of contracts on a collaborative basis, having due regard for the targets in the Wales Procurement Strategy and nationally procured contracts

Establish levels of expenditure on procurement categories from constituent FRA's.

Review all storage, logistics and distribution arrangements

Individual FRAs will:

Establish levels of expenditure on procurement categories and report these to the CFOA Wales Procurement Group

Consider the procurement needs arising out of their RRP's and report these to the CFOA Wales Procurement Group.

Training and Development

OBJECTIVE WFRSP3

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 that have a procurement role throughout the Fire and Rescue Service in line with good practice, whether from professional bodies such as C.I.P.S., S.O.P.O., VW Procurement or the newly created A.P.P.F.S etc.

WHERE WE ARE NOW

The knowledge, skills and experience of staff involved in procurement in the FRS vary and there is no consistent or structured approach to procurement training. In the UK the Centres of Excellence have a key role in providing general advice on procurement training and development. Whilst there are no formal Centres of Excellence in Wales the Value Wales Procurement forum is seen as developing and promoting sound procurement practices. In addition the Wales Audit Office has identified some Unitary Authorities as examples of good practice.

KEY ISSUES

Individual FRSs often do not have sufficient procurement activity to warrant the employment of professionally qualified procurement staff. Whilst for some contracts FiReBuy Ltd will ensure the appropriate expertise is available at a UK level, Wales will develop staffing solutions at a local level to support constituent F&R Services.

Staff involved in procurement need to be provided with appropriate skills to enable them to participate in the successful delivery of procurement objectives and good practice requires that elected Members have appropriate training also. The F&RS's in Wales need to consider implementing training and development programmes. This can be done in conjunction with Value Wales, Improvement and Development Agency (IdeA), 4P's or one of the good practice Authorities in the Welsh public sector. The VW forum and network already provides this exposure through its training partner PMMS with IDEa providing specialist elements like the "Gateway" major project review.

In recognition of the fact that there was no collective body to advance and share professional procurement practice in the FRS the A.P.P.F.S. has now been set up. The aims of the Association are as follows:

- i) To promote procurement as a strategic professional function within the Fire and Rescue Service.
- ii) To provide a forum for the discussion of procurement issues within the Fire and Rescue Service.
- iii) To identify roles and responsibilities of procurement staff and provide advice on training and development.

- iv) To liaise as appropriate with procurement bodies, e.g.: CIPS, Society of Procurement Officers (SOPO), IDeA, on all procurement matters.
- v) To provide guidance on procurement matters as appropriate.
- vi) To ensure the Association of Procurement Practitioners for the FRS plays an active role within CFOA.
- vii) To provide excellence in procurement and related areas e.g. logistics.

TARGETS

WFRS:

- Development of the Professional Procurement Function.
 - Ensure that there are sufficient numbers of suitably qualified staff available.
 - To ensure a consistent approach to training and development of staff who have a procurement role throughout the F&RS.
 - Arrange for the completion of a training and skills audit of procurement staff, other staff with procurement duties and elected Members.
 - Arrange for the development, in conjunction with VW, IDeA, CIPS, SOPO and APPFS of appropriate procurement training.
 - Arrange for the development of a Procurement Training and Development Plan.

FiReBuy Ltd has established, together with CFOA an Association of Procurement Practitioners for the FRS (APPFS).

Individual FRS's will:

- Co-operate with development of the Procurement Training and Development Plan.
- Co-operate in the development and delivery of appropriate training.
- Co-operate with the completion of the training and skills audit.
- Work with CFOA to develop and support APPFS

Procurement performance and systems

OBJECTIVE WFRSP4

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. There is also a need for a common database for FRS contracts which could allow FRAs to access existing collaborative contracts that might have the potential to realise savings. This can be resolved by FRAs accessing the Blue Light Procurement Database (BLPD) This allows FRAs, together with other Emergency Services to store their own local, regional and collaborative contract details as well as allowing access to others.

Key Objective:

To work together with the Welsh Local Government Procurement Performance Improvement Group (WLGPPIG), IDeA and Wales Audit Office to develop KPI's for WFRS's producing management information to aid decision making and improve procurement performance.

Informed procurement decisions cannot be made without access to good quality information. Management reporting systems and performance indicators need to be developed so that progress and performance of each Fire Service can be monitored.

Procurement Managers and Finance Managers need to work closely together to produce quality information that is already available from the ledger systems. Performance indicators need to be agreed and consideration needs to be given for investment in new technology that may be required dependant upon existing systems.

There is also need for a common database for all FRS contracts.

WHERE WE ARE NOW

Currently there are only a limited number of generic key performance indicators (KPIs) that exist specifically for Wales, having been developed by the W.L.G.P.P.I.G. Only a few contracts issued by the FRS's contain the requirement for information that would allow FRS's to better complete KPI's.

Guidance is currently being developed by the Welsh Assembly Government for FRS's regarding Wales Programme for Improvement (WPI) efficiency targets of which 20% are expected to be provided by procurement efficiencies.

Good practice would require the implementation of some form of project management planning for major projects to be adopted by FRS's.

There is no National/Regional contract register so information on FRS contracts is not widely or easily available.

No consistent approach currently exists to gather management/procurement information nationally.

KEY ISSUES

The WFRS 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 introducing effective models to benchmark performance. 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.

There is need for a common database for FRS contracts which could allow FRA's to access existing collaborative contracts that might have the potential to realise savings. This can be resolved by accessing the Blue Light Procurement Database (BLPD). This allows FRS's together with other Emergency Services to store their own local, regional and collaborative contract details as well as allowing access to others.

TARGETS

WFRS will:

- Benchmark against public sector procurement operations.
- Make full use of Value Wales and participate in the various projects undertaken i.e. benchmarking club, sustainable procurement, e-procurement, fleet procurement etc.
- Ensure that KPI's are a feature of all relevant service based contracts.

- Consider local performance indicators for their purchasing, storage and logistical operations.
- Consider KPI's for the measurement of the Procurement function in the Welsh FRS's.
- Implement some form of project management planning within each FRS in Wales to include input from Procurement Officers.
- Sign up to the Bluelight Procurement Database (BLPD).
- Will utilise the BLPD and the Value Wales National “buy4wales” Website which will enable users to advertise contracts and source suppliers.
- Encourage key suppliers to adopt quality systems in their business by adopting ISO9000 or equivalent. Specific consideration to be given to individual circumstances of SME's.
- Use effective models to benchmark progress in Procurement

Sustainability and diversity

OBJECTIVE WFRSP5

The Fire and Rescue Service needs to ensure that it plays a pro-active part in ensuring that the equipment and clothing procured for FRS staff meets the needs of a diverse workforce and does not provide a barrier to entry to potential employees. It must actively engage with small and medium sized 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 diversity and minimises any adverse impact it could have on the environment. It should actively engage with small and medium size enterprises (SME's) in promoting awareness of how they can become involved in supplying a service.

In addition the Service needs to play its part, through careful procurement, in securing improvements to the social, economic and natural environment and minimizing any adverse impact it could have on these.

WHERE WE ARE NOW

The Fire and Rescue Service has targets to improve the recruitment of women and ethnic minorities, so that it better reflects and is more effectively able to help the communities it serves. FRS procurement policies require development in this area.

On the other social objectives of procurement, contracting in a way that helps encourage SME's and procuring environmentally friendly products, little information is available on the extent to which Welsh FRS's currently meet these objectives.

The Welsh Assembly Government launched the Welsh Charter for SME friendly procurement (Opening Doors) which is a voluntary non-statutory WAG initiative. All FRS's in Wales have now signed up to this Charter.

KEY ISSUES

The FRS must recognise the role that procurement plays in delivering FRS objectives and its contribution to workforce issues, diversity, equality and sustainability. The FRS must develop national and regional contracts while also ensuring that suppliers understand the key objectives of the service and can demonstrate their track record in achieving value for money through effective use of their supply chain to ensure that small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers are able to bid for business and that the market for environmentally friendly products is developed. The role of SME specialist suppliers in delivering elements of larger contracts and framework agreements is also critical.

TARGETS

WFRS will:

- Develop indicators to measure the % of business undertaken with SME's.
 - Consider the best way to encourage SME's to trade/do business with the Fire and Rescue Service e.g. website, procurement guides etc.
 - Ensure Equality Officers in each Fire and Rescue Service provide equalities training to procurement personnel.
 - Procure environmentally friendly products and reduce impacts on the environment, channelling this through the Sustainable Development Group in each Fire and Rescue Service.
 - Attend "Meet the Buyer" events.

- Actively pursue the ethos of the “Opening Doors” charter.
- Procurement Managers to work closely with Value Wales using the S.P.A.F. and S.R.A .models to develop a strategy on sustainable procurement.
- Ensure contracts include clauses to encourage suppliers to develop a proactive approach to equalities, ethical and environmental issues.
- Ensure that in the longer term Procurement Managers and Value Wales undertake an environmental risk impact analysis of products procured. An assessment will include its use and end of life disposal impact on the environment. Any product considered hazardous to the environment should not be procured. All products procured must be able to be recycled at the end of its life.
- Ensure procurement personnel undertake sustainability training not specifically on procurement but across a range of issues.
- Procurement Managers to draw up a list of approved suppliers assessed by questionnaire that will cover the following criteria, where relevant and appropriate:
 - Quality Assurance (ISO 9000) or equivalent/alternative
 - Race Relations/Equal Opportunities
 - Health and Safety Arrangements
 - Insurance Provisions
 - Environmental/Sustainable Development (ISO 14001) or equivalent/alternative
 - Give consideration to BIP, Constructionline and other relevant pre registration schemes
- Develop indicators to measure the % of environmentally friendly products procured. A clear definition of what is “environmentally friendly” requires to be established before products can be assessed.
- Ensure Procurement Managers liaise with Health & Safety Officers, Intervention Services and Training on full risk assessments for all new equipment/vehicle procurements to ensure manual handling issues are minimized.

Individual FRS's will:

Each develop a sustainable Procurement Strategy in line with this document and the action plan resulting from the S.P.A.F assessment.

Risk Management

OBJECTIVE WFRSP6

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 robust business continuity management arrangements in the event of disruption to key suppliers.

Key Objective:

To ensure that project, commercial, organisational 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. Risk Management should be imbedded in the procurement process.

WHERE WE ARE NOW

Currently risk assessments form part of the procurement process for vehicles and equipment, but they do not currently follow any common standard or methodology. Lack of standardisation of vehicles and equipment means that individual authorities can be vulnerable to loss of supply. Commercial risks are also not, on the whole, well 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. This could be overcome with the potential for accessing some of the Firebuy contracts. Additionally, in the event of appliance or equipment failure, standardisation of these resources will allow authorities to pool reserves, thus building resilience in an efficient and economic manner.

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

WFRS will:

- Consider 'buying in' to FiReBuy's products, including its available risk management plans where relevant and appropriate.
- For procurement projects using Welsh based providers, including small and medium enterprises, encourage the use of Value Wales' expertise.
- Ensure that all significant levels of procurement management include the Risk Management aspect to ensure service delivery and business continuity. This will compliment expectations from the Wales Audit Office and features strongly in the Welsh Assembly Government's recently published draft guidance on Risk Reduction Planning for FRS's in Wales.
- Conduct a Training Needs Analysis (TNA) of appropriate procurement personnel in the three F&RS's, ensuring risk management training is delivered as required. This TNA will complement that recommended in WFRSP5 – Sustainability and Diversity.
- Agree a common methodology for the procurement of fire appliances, determine a Wales policy, and an output based specification. There is a need to establish a risk register and associated control measures to protect this project.

Cost and efficiency savings

OBJECTIVE WFRSP7

The 'Making and Delivering the Connections' agenda and the Beecham report in Wales have underlined the potential role for Procurement in delivering cost and efficiency savings, particularly through collaboration. 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 measurable year-on-year savings from procurement activity through cost and efficiency improvements.

WHERE WE ARE NOW

Following the publication of the Making the Connections document in Wales, the Public Sector has been set a target of achieving £600 million efficiencies (cash or non cash) in the 5 years 2005 to 2010. FRA's targets for efficiencies have been allocated in line with County Councils as broadly 1% of their budgets per annum. These targets include savings from better procurement practices. Finding these efficiencies is not about cutting frontline services for users.

The aim of the efficiency target is to ensure that maximum use is made of the investment in both central and local government, including FRAs, provided by the annual Revenue Support Grant settlements.

The outcome should be to improve the quality and breadth of local fire and rescue services and most importantly to save more lives, while minimising the need for increases in local taxation. Efficiency gains made by Fire and Rescue Authorities will be retained locally for re-investment in front-line services.

KEY ISSUES

Gains have been difficult to quantify due to differing information systems and procedures. There has been inadequate information on current costs and insufficient consideration of alternative service delivery models.

TARGETS

WFRS will:

- Produce a single procurement policy, procedures and strategy that will compliment the National Procurement Strategy.
- Merge existing procedures, along with standing orders/financial thresholds on contracts and tenders. This work will also involve the Finance Managers in each Fire Service.
- Until such time that there is a unified procurement policy, award contracts on the following basis:
 - MEAT (Most Economically Advantageous Tender) principle.
 - Adopt whole life costing methodology
- Procurement Managers to agree on a methodology for recording savings and efficiencies achieved from procurement activity to include:
 - Cost Savings.
 - Efficiency Savings.

□ Service Improvements.

This will include consideration on the value of contracts to be assessed. When recording information, allowances need to be made for inflation and market forces.

- Develop common classification of expenditure in conjunction with Procurement Managers and Finance Managers from the three F&RS. Existing classifications will be examined and agreed.
- Conduct a review on each F&RS's procurement activity to measure performance. This will require benchmarking against other F&RS's and/or public bodies.
- Set up a separate steering group to investigate the challenges ahead.

Contract management and contract performance

OBJECTIVE WFRSP8

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 and improve contractual performance.

WHERE WE ARE NOW

In the past contracts negotiated by the FRS did not contain key performance indicators (KPIs) for contractors that would have allowed robust analysis of supplier compliance with the service levels that authorities were entitled to expect. Nor was it common practice to proactively manage contracts, supplier relationships or supplier development.

KEY ISSUES

Model suites of KPI's and contract management structures should be made available to all procurement departments whilst 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

WFRS will:

- Ideally ensure effective contract management arrangements that contain key performance indicators for contractors that will allow robust analysis of supplier compliance, although at present limited resources restrict progress in this area. The development of training in procurement is key to this aim.
- Develop and take part in Monitoring Performance Groups of major contracts. The group will consist of the originator (user) for the contract, representative of the Policy and Procurement Team, Procurement and the contractor (when appropriate). The service to be monitored at frequent intervals over the period of the contract. Poor performance that is reported will be investigated and taken seriously.
- Agree on a standard tender documentation approach to all contracts to ensure uniformity. All contracts tendered will ensure that the Fire Service is not exposed to any risk. Contracts to contain core conditions such as:
 - Health & Safety
 - Equality & Diversity
 - Freedom of Information
 - Data Protection
 - Standards
 - Indemnity & Insurance
 - Sustainability (Opening Doors Charter)

Legal Services should endorse the final documentation. For a merger of all procurement procedures there must be alignment with the contract procedures in each Fire Service.

Technical Services

OBJECTIVE WFRSP9

Technical services ensure that products are continually reviewed against innovation, improvement and technical developments in the market, whilst seeking continuous improvement and embracing new requirements identified as the role of the Fire and Rescue Service changes in the face of new and emerging challenges and threats.

Key Objective:

To adopt an all Wales F&RS approach to specifying, testing and acceptance activities through joint development of a national process, supported by a common database and nationally prioritised work.

WHERE WE ARE NOW

The Welsh F&RS have agreed a common “Technical Evaluation” process, for utilising generic templates for research and development. This common approach enables technical evaluation to be carried out by any one of the three F&RA’s on behalf of the other two.

The framework in place recognises that “Technical Evaluation” is an important part of the overall Procurement Process and is an attempt to overcome existing differences for the benefit of the three Welsh F&RA’s.

This “Technical Evaluation” allows for consideration of the Firebuy and other options where benefits can be demonstrated in terms of reduced timescales for procuring, technical evaluation, risk assessments or any of the other procurement framework advantages.

KEY ISSUES

The Welsh F&RS should develop an operational strategy prioritising operational issues and identifying a rolling programme of major expenditure.

There is a need for a collaborative approach to identify and prioritise expenditure on a rolling programme, year on year.

Collaboration is essential on major technical projects and joint procurement exercises from business case to disposal (whole life) in order to avoid duplicated research and development activity and make better use of specialist resources and development skills and expertise.

A clear definition is required of the Technical Services Specialism and the contribution it makes to the Procurement function.

Co-ordination of Welsh F&RS's technical development including possible collaboration with the rest of the UK F&RS is also required.

TARGETS

Welsh F&RS will:

- Set up an All Wales Technical Services forum.
- Provide strategic steer and review existing arrangements.
 - Draw up a programme of major technical expenditure.
 - Collaborate on major procurement projects and explore existing options e.g. Firebuy and other frameworks (Scottish framework).
 - Identify and prioritise work for the generic "evaluation" process and direct projects.
 - Move towards output based specification where applicable.
 - Ensure project based approach to T.S. using appropriate project management tools.
 - Liaise with CFOA to ensure that the National Procurement Board is established as 'intelligent client' for TS activities and support this development.
 - Liaise with appropriate national forums e.g. Firebuy and other relevant groups (e.g. T.O.G.) as and when required.
- Adopt whole life costing approach and identify project risk.

e-Procurement

OBJECTIVE WFRSP10

eProcurement can be defined as a range of tools that automate the procurement process – the selection of suppliers and the purchase of goods and services. Such tools also enable suppliers to transact online (receive orders, send invoices etc) as well as providing detailed management information.

Fire and Rescue Authorities can achieve efficiencies in the procure-to-pay cycle including acceleration of the financial settlement cycle and a reduction in transaction processing costs by conducting business electronically.

In Wales this is a major work stream for the Public Sector, cross cutting several functions. This is facilitated by the W.A.G. through the Value Wales (VW) Procurement team. The Steering Group has produced a discussion paper outlining the challenges faced, defining the means of electronic procurement likely to be achievable in Wales, setting out the strategic objectives and possible implementation plan. It quotes “a strategy is nothing without excellent implementation” as is very often the case where detailed strategies are written but fail to deliver for a variety of reasons.

The Welsh Assembly Government has established xchange Wales to ensure that the procurement and payment processes of the Welsh public sector, and its supply base, are modernised in the most effective and efficient way. This modernisation is a key way to deliver efficiency savings.

Xchange Wales is a new groundbreaking programme which will make Wales the first in the UK to deliver a modern electronic sourcing, ordering and payments system – eProcurement – which will deliver up to £200m savings for reinvestments into the Welsh Public Sector.

Xchange Wales is a collaborative “shared service” programme which will deliver best value contracts more effectively and efficiently through the use of electronic tools such as eTendering and eAuctions, reducing internal transaction costs for organisations and speeding up payments to suppliers. It will also include the Welsh Purchase Card as a payment method where appropriate.

It will provide suppliers with a single point of access to a variety of public sector buyers. For buyers it will deliver an Amazon-type shopping experience, enabling users to access electronic on-line catalogues and allowing invoices to be received and paid electronically.

Each year public sector bodies in Wales spend over £4.5bn on the procurement of goods, services and capital projects. This project has the potential to deliver an incredible £200m savings over the 5 year programme for reinvestment in the delivery of better citizen focused services. It will also have the knock-on effect of increasing efficiency, improving support for SME's, improving collaboration across sectors and reducing paper used.

It is clear that to enable participation in a mixed market place the ability to trade electronically is going to be a key element. Within the F&R industry opportunities to utilise the Firebuy framework and the Bluelight portal are all subject to electronic access to enable tenders to be placed and purchases to be made from call off contracts. In Wales the non-fire specific procurement is currently covered by the VW buy4wales portal and there is an expectation by the WAG that all sectors will utilise this facility. More and more major contracts have clauses asking for electronic trading facilities to improve contract management, benefit from the improved audit trail and prompt order raising, stock control, electronic consolidated invoicing etc, etc.

One of the main targets for e-procurement is to measure the progress made in achieving the percentage of goods and services to be ordered electronically. There are substantial savings to be made in trading electronically as opposed to manual processes.

E-Procurement is part of a suite of tools for delivering a strategic professional service for the benefit of all stakeholders. It may not be effective on its own unless it links into a strategy and compliments the other processes in place.

Key Objective:

To ensure the FRS is able to meet e-government targets in respect of procurement and that a consistent approach is taken on a national/regional basis with regard to the implementation of e-procurement within the service.

WHERE WE ARE NOW

VW have conducted a survey on e-procurement facilities across the public sector, although this was not obligatory. This was measured further recently through the Wales Audit Office (WAO) pilot Performance Indicator survey.

In the UK data has not been readily available on how many FRAs have access to electronic procurement systems. FRA web-sites have in the past tended not to offer a portal for e-procurement.

KEY ISSUES

The range, suitability and costs of the development of e-procurement business solutions for FRS requirements vary according to the demands of the FRA. It is often more effective to collaborate regionally with larger Councils and other public bodies, either directly or through VW, rather than with other FRAs, especially where existing financial systems are already being provided to the FRA.

E-Marketplaces should be developed to assist FRAs to collaborate so that they can access framework agreements and contracts, work with a common supplier base, share best practice and share risk.

There are benefits to FRA collaboration in electronic tendering as there are likely to be substantial potential efficiency savings from offering a common tendering platform, especially to fire specific suppliers. This would not only contribute towards electronic government and the overall e-government agenda, but also efficiency gains.

The 'Blue Light Portal,' a multi-service electronic tendering environment, is an example which enables participating Authorities to tender and seek quotations electronically. Currently this facility has over 800 fire-specific suppliers registered, along with many more non-fire specific suppliers. Whilst access to the system is free for suppliers there is a cost to those placing Tenders. The Dept. for Communities and Local Government (CLG) have agreed to pay the set-up cost for each region, but ongoing costs will have to be met either by the region or by individual Fire and Rescue Services if they wish to use it for contracts or tendering.

The basis for Wales is similar to the Firebuy arrangement whereby a shared subscription is offered on a regional basis. There is a need for a common database for FRS contracts, which could allow FRA's to access existing collaborative contracts that might have the potential to realise savings. This can be resolved by FRA's accessing the Blue Light Procurement Database (BLPD). This allows FRA's, together with other Emergency Services, to store their own local, regional and collaborative contract details as well as allowing access to others.

In Wales the position is slightly different in that the WAG is promoting the VW initiative and the whole public sector collaboration theme, with a similar approach to the above for non-fire and rescue sector specific procurement. There is an expectation that all public bodies will utilise the framework agreements in place and the buy4wales portal where suitable, and support the sustainability of the local economy.

Existing contracts are already exploiting segments of e-procurement in terms of on-line ordering and consolidated electronic invoicing detail, and framework contracts are becoming almost totally e-enabled from start to finish. Procurement systems software offers complete solutions from web based remote requisitioning, interfacing with key supplier sites allowing direct orders to be placed through to electronic payment facilities. This contributes to the efficiency programme requirements. The Wales Audit Office accepts for example that there is a £32 efficiency gain per transaction when using Procurement Cards as opposed to manual processes.

A mixed approach is therefore the most likely solution for the F&R industry in Wales, collaboration within the three FRA's, across the whole public sector through VW and for F&R's specific needs subscribing to the Firebuy and Bluelight portal as a minimum.

TARGETS

Wales:

Collaborate to move the e-procurement agenda forward within the F&RS.

Work with VW in support of its e-procurement objectives and adopting the principles and consider the exchange wales programme.

Collaborate on an all Wales basis across the Public Sector where suitable.

Consider carefully the FiReBuy option for operational procurement tapping into the national framework contracts, technical forum and other associated benefits and good practice.

Consider further adopting the Bluelight portal to advertise FRS specific contract opportunities.

If the above are considered it is then essential that the appropriate funding mechanism and arrangements are put in place.

Individual FRS's:

Give consideration to the VW portal for non-operational procurement notices, tenders, quotes etc and change procurement policy to enable this.

Review individual e-procurement activity.

Adopt the Bluelight portal for placing operational notices, tenders, quotes etc and change policy to enable this.

Consider the use of procurement cards as part of a strategy to achieve e-procurement targets. VW have a PC programme available and are able to support this process.

Ensure that any changes agreed are approved and reflected in policy and written into future contracts and ITT/N documents.

APPENDIX 1

Central Procurement Function in the English F&R Service

In order to deliver FRS procurement in England, the Secretary of State has established a body to drive the National Procurement Strategy forward. This body is called ***FiReBuy Limited***.

FiReBuy Ltd has been established as a company limited by guarantee. The guarantors as it moves into its early operational phase are anticipated to be each of the Fire and Rescue Authorities (FRAs) in England and the Secretary of State. In addition to having limited company status FiReBuy Ltd is established as a Non-Departmental Public Body (NDPB). As its remit will extend across England, the European System of Accounts should require it to be classified as a central government body.

This status means that the appointment of Directors has to be undertaken through a fair and open competition regulated by the Office of the Commissioner for Public Regional Management Boards will not each be able automatically to appoint a Director to the FiReBuy Ltd board. However, authority and RMB members will be encouraged to apply through the open competition.

To ensure that Fire and Rescue Authorities and Professional Officers and Local Government have a high level input into the management of FiReBuy Ltd, and to recognise the important role of elected members in ensuring the accountability of the board, we will be appointing as a board director with full voting rights the Chair of the LGA Fire Services Management Committee and a representative from CFOA and in recognition of the work they have undertaken in national procurement a representative of London Fire and Emergency Planning Authority will be appointed as a board director with full voting rights. As the holders of these posts rotate they would give up their directorship of FiReBuy Ltd in favour of their successor.

The Board will consist of:

- Chair appointed by open competition
- 6 directors appointed by open competition
- 3 ex officio directors (LGA, CFOA, LFEPA)

- Association of Procurement Practitioners in the Fire Service (APPFS)

In addition, the following observers attend the meeting of the board:

- the Chief Executive of FiReBuy Ltd
- the ODPM and more recently the Welsh Assembly Government have been invited to become observers

Membership of the Board is subject to the discretion of Ministers, who may increase or decrease it as its work dictates. The LGA and CFOA will be actively participating in the recruitment process which is overseen by an Independent Assessor approved by OCPA.

As is normal under UK company law, the obligation of the Directors will be to represent and protect the interests of the company generally rather than the interests of those who appointed them. Terms will be set out in the Members Agreement.

The governance arrangements above refer only to FRAs in England, FiReBuy Ltd's constitutional documents will allow the devolved administrations in Scotland, Wales and Northern Ireland to be offered observer posts without voting rights.

Accountability to all FRAs would be provided through the exercise of member rights. All FRAs will control a majority of the shares and make recommendations on the reappointment and performance of the directors.

CLG has met the costs of establishing and running FiReBuy Ltd; this includes £800,000 spent on the Integrated Clothing Project. CLG will work with FRAs and FiReBuy Ltd management team to identify a future funding mechanism including cost recovery.

The Chief Fire Officers' Association has responded to the proposed establishment of FiReBuy Ltd by setting up a National Procurement Board to act as 'intelligent client' for the key procurements being overseen by FiReBuy Ltd as well as providing a best practice and professional advisory forum for the FRS, including some of the devolved administrations.

To assist this process, there is a place on the Company's Board and management team for the Chief Fire Officers' Association. Equally CFOA has offered a place on the National Procurement Board to FiReBuy Ltd to encourage these links.

It will be important that FiReBuy Ltd maintains close links with industries providing goods and services to the Fire and Rescue Service. The establishment

of FIRESA, which represents fire service industries, encourages key suppliers and manufacturers to consider joining this organisation to facilitate dialogue between FiReBuy Ltd and industry.

The day to day management of the company will rest with the Chief Executive with major work streams managed by Unit Heads. The CEO and Unit Heads will form the Management Team.

FiReBuy Ltd will negotiate call-off contracts for FRAs and take the lead in subsequent contract management and service level monitoring. It will be a Contracting Authority for the purposes of the EU procurement rules but ultimately it will remain the FRAs who acquire the assets and matching liabilities.

The situation in relation to the Integrated Clothing Project (ICP) is expected to be different. Concerns have been raised about the feasibility of each FRA entering into a contract with the successful service provider. This arrangement would be overly cumbersome and unattractive to the commercial sector, a fact that was confirmed by ICP bidders during the consultation exercise.

A single entity could sign the contract with the service provider after binding subsidiary contracts have been put in place between that entity and the partner FRAs. Following consultation we have concluded that it is unlikely that any single FRA would be in a position to accept this responsibility on behalf of the FRS. The issue of the Invitation to Negotiate 2 (ITN2) document will be used to explore with bidders options for either a special purpose vehicle (SPV) or FiReBuy Ltd to fulfil this function.

FiReBuy Ltd will take 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 F&R Service, for those contracts utilised. A Technical Manager has already been appointed to undertake this work within the Fire Vehicles and Emergency Response Equipment work stream. An additional peer review process for the technical services element, possibly through an FRA or other body, would fulfil the need for this work to be appropriately strategic, scientifically based and validated.

While it is the duty of each FRA to carry out suitable and sufficient assessments of the risks involved in the deployment and use of items of equipment it is permissible for them to make use of generic risk assessments prepared by a third party. The Health and Safety Executive has advised that where such generic assessments are provided and are accompanied by training materials the duty on individual authorities is to ensure that the assessment and materials are appropriate for their specific circumstances and to make any necessary adjustments.

It is not considered necessary or even appropriate for an Authority to duplicate the work done in developing the generic assessment. CFOA have indicated their willingness to implement generic risk assessments developed in this way subject to the methodology being robust and well documented.

Best value has often been interpreted by Authorities as equating to lowest cost at the time of purchase. Responses to consultation showed that while FRAs claimed to understand the principle of most economically advantageous tender (MEAT) the experience of suppliers was that initial cost still tended to be the most important factor in procurement decisions. 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. The quality of financial data is often not sufficiently robust to allow calculation of true whole life costs. This reinforces the need for standing orders to ensure that Authorities consistently apply whole life costing principles.

Whilst FiReBuy Ltd are concerned that it is possible that suppliers who are unsuccessful bidders may attempt to pick off Authorities by offering loss-leading contracts, thereby possibly drawing volume away from successful bidders on the ICP contract, the Welsh FRSs have reservations regarding the monopoly effect of the ICP contract as there is only one supplier and would prefer therefore to keep an open mind. A decision will be made on this when the Services decide on collective contracts and that decision will be resolute.

In England Authorities will, if necessary, be required by s29(4) of the Fire and Rescue Services Act 2004 to use FiReBuy Ltd progressively as nominated areas of spend e.g. vehicles and PPE, fall within its remit and as their existing contracts expire. In respect of these areas of spend an FRA's duty of best value will be deemed to be met. As a company FiReBuy Ltd cannot be subjected to the statutory best value regime but its Articles and Memorandum of Association laid upon it a duty to operate a comparable (or suitably modified) regime.