

Hampshire Fire and Rescue Authority

Finance and General Purposes Committee

Item: 7

11 April 2014

Procurement Developments

Report by the Chief Officer

Contact: Andy Chapman, Head of Facilities, Telephone 023 8062 6847

1 Summary

- 1.1 This paper updates Members about the involvement of HFRS in regional procurement activities and reports progress with actions relating to ethical procurement. The timing coincides with the publication by DCLG of a joint research project with the Chief Fire Officers Association (CFOA) entitled *Fire and Rescue Procurement Aggregation and Collaboration*.

2 Recommendation

- 2.1 That the Committee notes the content of this report, the regional procurement activities, and the changes to the organisational structure which will impact upon future strategic procurement activities.

3 Introduction

- 3.1 In January 2007 a South East Regional Procurement Manager was appointed on a two year fixed term contract which was subsequently extended in January 2009 and again in 2011. This appointment was in response to the 2005-2008 National Procurement Strategy for the Fire and Rescue Services
- 3.2 Although there was a Regional Procurement Group in place, there was no formal structure in the way collaborative/regional procurement was carried out. The collaborations tended to be on a sub-regional level, usually with one FRA taking the lead role. Of these procurements most were reactive and almost all local procurement tended to be transactional based, tactical day to day requirements of the individual FRAs.
- 3.3 The appointment coincided with the establishment of Firebuy and various spend analysis projects were funded, with the intention of putting in place national contracts for fire use based upon the spend data. However even with full time procurement staff Firebuy did not deliver the expected outcomes and has since been closed down.

- 3.4 Towards the end of 2012 the nine members of the SE Regional Procurement Group decided not to extend the contract of the SE Regional Procurement Manager but to continue the activities of the group with individual FRAs taking the lead on specific procurement categories.
- 3.5 In February 2014, HFRS procurement staff were transferred to the joint procurement team of H3 and co-located with that team in Winchester. This team will undertake all strategic procurement activities on behalf of the three partner organisations.

4 Regional Procurement Activities

- 4.1 HFRS are involved in many regional procurement activities, the most visible being the Networked Fire Control partnership with Wiltshire, Devon and Somerset, and Dorset FRS which is funded by a central government grant. In its initial phase this project is forecast to deliver annual savings of more than £275k. The procurement was led by Devon and Somerset with the support of the HFRS Procurement and Contracts Manager.
- 4.2 The fleet maintenance partnership with Royal Berkshire FRS has removed the need for Berkshire to re-procure what was an outsourced service. The advice of a public sector procurement specialist was used to inform the partnership legal agreement and this procurement is forecast to benefit the public purse by £173k per annum.
- 4.3 HFRS have led the procurement of the SE Regional Uniform Contract and will continue to manage the framework through the joint procurement team. This currently involves the exit arrangements for the incumbent supplier and the transfer of stock to the successful bidder.
- 4.4 Other regional activities include a framework for personal protective equipment; a collaborative contract for driving license verification; various training contracts; bench marking of lease cars and light commercial vehicles; and engagement with external groups including CFOA, who are leading another national initiative to adopt a common spend management tool.
- 4.5 The SE Regional Procurement Group is currently chaired by Royal Berkshire FRS and will shortly meet to review their terms of reference and objectives. Regional collaboration remains high on the agenda as does the management of standard specifications with stakeholders and specifiers.

5 The Wider Environment

- 5.1 The DCLG and CFOA report *Fire and Rescue Procurement Aggregation and Collaboration* demonstrates a clear rationale for collaborative procurement and a compelling case for change across the sector. It challenges the sector to produce annual collaborative savings of £18 million from a spend of £127 million.
- 5.2 The report argues that efforts to identify collaborative opportunities have been thwarted by the absence of information about fire and rescue authority collective spend. CFOA have proposed the adoption of a common spend management tool

called Spend Pro, which will standardise the categorisation of spend and allow cross-fire data to be effectively analysed. HFRS are currently evaluating this proposal and reviewing the DCLG report.

6 Ethical Sourcing

- 6.1 Since a paper to this Committee in October 2013, the joint procurement team has undertaken research on this subject, including actions taken by other Authorities. Potential outcomes include an ethical procurement policy statement, additional questions to be included in prequalification documents and extra clauses to be included in standard forms of contract.
- 6.2 The next stage is for the joint procurement team to consider how ethical sourcing could be embedded into their policies and to make recommendations to the relevant governance bodies of the three partner organisations.
- 6.3 The HFRS resource in this team is currently seconded to the Integrated Business Centre Fire and Police project, which is scheduled to go live in August. In the meantime an implementation programme for ethical sourcing will be pursued with the H3 Head of Procurement.

7 Supporting our corporate aims and objectives

- 7.1 The creation of the joint procurement team brings together best practice of the three partner organisations, which will result in improved quality and performance, resilience and capacity, efficiency and cost reduction; all of which will support the 2013 -2018 Service Plan

8 Risk analysis

- 8.1 There are no significant risks arising from the content of this report.

9 People Impact Assessment

- 9.1 The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.

10 Resource implications

- 10.1 The Fire and Police category of the joint procurement team will continue to resource regional and ethical procurement activities.

11 Background papers

- 11.1 The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

Note: The list excludes: (1) published works; and (2) documents that disclose exempt or confidential information defined in the Act.