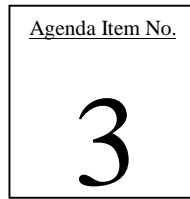


# HERTFORDSHIRE COUNTY COUNCIL

**CABINET**  
**MONDAY 22 APRIL 2002 AT 2.00PM**



## **BEST VALUE REVIEW OF FIRE SERVICE PROCUREMENT**

### Report of the Chief Fire Officer

Author: Jim Wallace Tel: 01992 507508

Executive Members: Gerald Game and Bernard Lloyd

#### **1. Purpose of report**

To consider the recommendations arising from the Best Value Review of Fire Service Procurement, set out in paragraph 4 of the report.

#### **2. Summary**

2.1 In addition to undertaking a comprehensive review within a five year period of all its functions, the Fire Service has to undertake three Best Value Strategic Reviews, namely:

- Communications and Control - to be completed by 31 March 2001 (subsequently deferred to 31 March 2002)
- Procurement - to be completed by 31 March 2002
- Training - to be completed by 31 March 2003

2.2 It was agreed through the East of England Forum that these reviews would be conducted on a collaborative basis through an East of England Best Value Unit based at Bishops Stortford. The Procurement Review is the second to be undertaken through a collaborative approach and, once again, Hertfordshire has involved members through the Best Value Review Group throughout the process.

#### **3. Conclusion**

Cabinet is asked to consider whether to adopt the recommendations of the review.

## **Background**

### **4. Consideration by the Best Value Review Group**

- 4.1 Eight options (shown in Appendix 1) have been considered, ranging from maintaining the existing procurement arrangements through to outsourcing all or part of the procurement function. In considering these options, the Review Group were mindful of the need to be consistent with the recommendations made following the Hertfordshire County Council Best Value Review of Procurement.
- 4.2 The Review Group recognised that there would still be a need for collaborative approaches to procurement to be undertaken between Fire Brigades within the East of England and further afield if appropriate. However, it appeared that many of the functions currently being undertaken on procurement within the Fire and Rescue Service were duplicating that which already operate on a larger scale in County Supplies and Contract Services (CSCS).
- 4.3 Whilst this arrangement appeared to have evolved on a historical basis, the expertise which CSCS could provide was clearly not present within the Fire & Rescue Service. A great deal of the goods and services procured currently by the Fire & Rescue Service was done through CSCS. A breakdown of the Service's expenditure on procurement is shown in Appendix 2, totalling almost £1.8m. Of this, 75% (£1.3m) is already procured through County Supplies or corporately negotiated contracts such as gas, electric, Serco vehicle maintenance. The remaining £0.5m could quite legitimately be packaged for transfer to CSCS.
- 4.4 Set against this background, and following discussions with the Head of CSCS, there appeared a minimum number of barriers in transferring the Fire Service procurement function to CSCS. What will be required is for the Service to decide what, if anything, remains a Fire Service function. For example, are there specific pieces of Fire Service Equipment such as Road Traffic Accident equipment which need to remain within the specific control of the Fire & Rescue Service? How is 24 hour access to pieces of emergency equipment/Personal Protective Equipment to be arranged?
- 4.5 Whilst issues of this nature are not insurmountable, careful consideration needs to be applied when dealing with the operational requirements of the Service. The Head of CSCS suggested that one of the first pieces of work to originate from here would be for his Process Cost Reduction Team to take a look at the cost and volume of our transactions at the current time (an approach which is again consistent with how the Best Value Review of Corporate Procurement was undertaken).
- 4.6 Much of this information will be readily available and there are economies of scale and efficiencies to be made by moving closer to the CSCS function.
- 4.7 As with any corporate contract, the plan would be to establish a Service Level Agreement through County Supplies (or any provider) to ensure that the Fire & Rescue Service receives a level of service which is considered appropriate. In addition, debate would have to be undertaken regarding contracts already in being, for example Personal Protective Equipment, Breathing Apparatus, Road Traffic Accident equipment.

- 4.8 Again, CSCS have indicated that these contracts could be transferred and managed by them but discussions would have to take place regarding the practicalities of such an arrangement.
- 4.9 Clare Kaye, the Assistant Chief Executive has offered support from the Centre to assist with the work which will need to be undertaken in preparation for any transfer of responsibilities. Implications for staff already within the organisation will have to be mapped out and discussions/consultations undertaken with the appropriate representative bodies. The Fire Service stores operation currently employs 4 full time personnel.
- 4.10 Whilst difficult to estimate when such an arrangement could be put in place, discussions between the Service and CSCS suggest that the end of September 2002 is a reasonable target to be aiming for.

## **5. Recommendations**

- 5.1 That the Fire & Rescue Service and CSCS work together in producing an implementation plan which allows for the transfer of the Fire & Rescue Service procurement function to CSCS, by 30 September 2002.
- 5.2 That the Fire & Rescue Service considers what areas, if any, of procurement they would seek to retain within the organisation because of the specialist nature of the goods and/or services.
- 5.3 That a comprehensive business case be prepared which demonstrates the advantages/deficiencies in moving towards any new arrangement.
- 5.4 That the Fire & Rescue Service and CSCS work together on producing a Service Level Agreement based on the new arrangement.
- 5.5 That the CSCS explore the potential of marketing their procurement capabilities with other Fire Authorities.

- Option 1: Maintain the existing procurement arrangements
- Option 2: Address the need for a skilled and trained workforce
- Option 3: Improve information systems to gather information necessary for the strategic management of the function, to measure performance and to provide for comparison with others.
- Option 4: Develop and invest in electronic systems of procurement to reduce cost and streamline performance.
- Option 5: Evaluate the necessity of maintaining a stores facility.
- Option 6: Extend collaboration with other Brigades and/or emergency services in procurement initiatives, e.g. research, joint procurement etc.
- Option 7: Outsource all or part of the procurement function.
- Option 8: Develop and implement a comprehensive strategy for the procurement function. This may include all or some of the foregoing options. It should take account of the guidance offered in the Audit Commission document *A Uniform Approach*, and the recommendations contained with the report produced by Sir Ian Byatt *Delivering Better Services for Citizens*.

**Fire and Rescue Service - Procurement Expenditure 2001/2002**

|                         | <b>£</b>         | <b>Notes</b> |
|-------------------------|------------------|--------------|
| Premises                | 390,000          | (i)          |
| Transport               | 800,000          | (ii)         |
| ICT                     | 298,000          | (iii)        |
| Operational Equipment   | 100,000          | (iv)         |
| Establishment Expenses  | 88,000           | (v)          |
| Printing and Stationery | 63,000           | (vi)         |
| <b>TOTAL</b>            | <b>1,739,000</b> | <b>(vi)</b>  |

- (i) Includes spending under Corporate Utilities Contracts such as Gas, Electricity, Cleaning Contracts.
- (ii) £332,000 of this is for the Vehicle Maintenance Fixed Charge for SERCO. Included are costs for charges under HCC Car Leasing Contracts.
- (iii) More than 50% of expenditure is spent on maintenance of Command and Control facility. Corporate Telephone and Computer Contracts are already utilised.
- (iv) Includes Breathing Apparatus (already contracted out) and Rescue/RTA Equipment.
- (v) Furniture and Fittings and Office Equipment are mainly procured through HCC Contracts.
- (vi) Printing and Stationery also uses corporate contracts and approved contractors.