

AGENDA ITEM:

REPORT TO:	MERSEYSIDE FIRE & RESCUE AUTHORITY MEETING
DATE:	16TH DECEMBER 2010
REPORT NO.	CFO/208/10
REPORTING OFFICER:	ASSISTANT CHIEF EXECUTIVE & TREASURER
CONTACT OFFICER:	SHARON MATTHEWS, DIRECTOR OF PROCUREMENT, EXTN. 4556
OFFICERS CONSULTED:	
SUBJECT:	NATIONAL PROCUREMENT ARRANGEMENTS

THERE ARE NO APPENDICES TO THIS REPORT

Purpose of Report

1. Following the Public Bodies Reform, and the announcement that Firebuy is to close in Spring 2011, this paper is presented to inform Members of the imminent changes to national procurement arrangements and the potential role that the NW Region can take in managing legacy Firebuy framework agreements.

Recommendation

2. That Members note the report.

Executive Summary

On 14th October Department for Communities & Local Government (CLG) announced the closure of Firebuy with effect from Spring 2011. At the same time, CLG wrote to all FRA's to invite expressions of interest to take over the frameworks contracts which Firebuy let.

On 16th November the NW Region (incorporating Cheshire, Cumbria, Greater Manchester, Lancashire & Merseyside) & West Midlands FRA submitted an expression of interest in respect of all of the 17 framework contracts.

Key Findings

3. Following a review of Arms Length Bodies across Government, Ministers announced the closure of Firebuy on 14th October 2010. As it is envisaged that Firebuy will cease trading in Spring 2011, alternative arrangements will need to be put in place. CLG invited interested parties to submit expressions of interest to take over the framework contracts that have been let and managed by Firebuy to date.
4. As the timeline is necessarily short, the deadline for submission of any expressions of interest was 16.11.10. Despite a lack of data available from CLG and Firebuy, and following discussions with colleagues in the Region it was agreed that the NW Region would submit an expression of interest to manage these framework contracts. West Midlands FRA also requested to be included in this bid and the expression of interest was subsequently updated to reflect this. All parties are clear that this submission will be withdrawn at a later date if it is appropriate to do so.
5. CLG anticipate that the following tasks will be required to manage the frameworks:
 - Supplier analysis
 - Obtaining and producing management information
 - Supplier relationship management
 - Customer satisfaction monitoring
 - Dispute resolution
 - Marketing the framework
 - Contract administration
 - Tracking and recovering income
 - Re-procurement
 - Technical equipment support
 - Working with the sector to organise trials of new equipment
6. The expression of interest has been submitted because the NW Region has significant experience in letting and managing framework contracts from concept and specification through to contract award, and ongoing supplier management. The Regional Framework agreements for Personal Protective Equipment (PPE) are good examples of this work and have provided all Authorities in the Region with high quality, excellent value PPE.
7. If this bid is successful, representatives from the Region will be invited to CLG to discuss the proposals in more detail. The expression of interest has advised CLG that we would propose a full due diligence exercise to ensure that the risks, costs and benefits are transparent and fully understood by all parties in order that a decision can be made whether to progress or withdraw the bid at that time.

Business Risk

8. The closure of Firebuy currently poses a business risk to the Authority. A number of commodities, most notably fire appliances are purchased using the Firebuy framework agreements. If this route to market is not maintained the Authority will have to make alternative arrangements in respect of these commodities. (A full list of Firebuy framework contracts affected form Appendix 1 to this report)
9. There are also a number of risks if the Region associated with managing the current Firebuy frameworks on behalf of FRA's nationally. These are outlined below :
10. TUPE – CLG have not released information relating to staff affected by the closure of Firebuy, therefore it is not possible to ascertain how many staff are affected, what their costs are or what skills and experience they have.
11. Resource & Skills – The 5 Authorities in the Region and West Midlands FRA currently have more than 20 procurement staff. These staff range from experienced CIPS qualified professionals to administrative support staff. It is anticipated that this group of staff could incorporate the Firebuy framework contracts into existing arrangements, if existing Firebuy staff are also utilised. Clearly, until more information is provided by CLG we can't confirm that this is the case.
12. It should be noted that Technical Officers would also be affected if the framework contracts are novated to the Region.
13. Liabilities/Warranties – It is recognised that the Authorities in the Region would seek to be fully indemnified in respect of liability. The proposed due diligence exercise would explore this more fully.
14. Support from other FRA's – To manage the framework agreements successfully support from colleagues in other FRA's is essential. A full stakeholder engagement plan would need to be developed to facilitate this. Without the required 'buy in' the framework contracts will not be successful.

Equality & Diversity Implications

15. There are none arising from this report.

Financial Implications & Value for Money

16. Financial implications are unknown at the current time. It is anticipated that this would form part of the due diligence exercise proposed. However CLG have made it clear that they expect FRA's to recover costs from users of the frameworks and/or efficiency savings.

Health & Safety and Environmental Implications

17. There are none arising from this report.

Contribution to Achieving Our Purpose:

“To Make Merseyside a Safer, Stronger, Healthier Community”

18. By pro actively seeking to take a leading role in the discussions regarding national procurement, MFRS are working to achieve the best outcomes for the communities of Merseyside.