

<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>COMMUNITY SAFETY AND PROTECTION COMMITTEE</b>		
<b>DATE:</b>	<b>30 JANUARY 2024</b>	<b>REPORT NO:</b>	<b>CFO/04/24</b>
<b>PRESENTING OFFICER</b>	<b>DIRECTOR OF FINANCE AND PROCUREMENT – MIKE REA</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>DIRECTOR OF FINANCE AND PROCUREMENT - MIKE REA</b>	<b>REPORT AUTHOR:</b>	<b>HYWYN PRITCHARD</b>
<b>OFFICERS CONSULTED:</b>	<b>STRATEGIC LEADERSHIP TEAM</b>		
<b>TITLE OF REPORT:</b>	<b>AMAZON DIGITAL MARKETPLACE – 1142</b>		
<b>APPENDICES:</b>	<b>APPENDIX A:</b>	<b>AMAZON BUSINESS FAQ'S</b>	
	<b>APPENDIX B:</b>	<b>AMAZON'S ECONOMIC IMPACT IN THE UK – INCLUDING MERSEYSIDE</b>	

### **Purpose of Report**

1. To inform Members that the YPO, a public buying organisation of which MFRA is an Associate Member, has concluded a framework agreement with Amazon Business for a Digital Marketplace.
2. Owing to the potential value of the contract during its term being greater than £300,000, this report seeks Members' approval to award a contract to Amazon Business.

### **Recommendation**

3. It is recommended that Members approve the award of a call-off contract with Amazon Business until the 23<sup>rd</sup> of January 2027.

### **Introduction and Background**

4. Amazon's digital marketplace provides UK businesses, small and large, with the opportunity to access public sector ad-hoc expenditure. The framework agreement is designed to support public sector customers that have a requirement for procuring day-to-day products that fall below procurement tendering thresholds and require transparent and controllable expenditure. Amazon's digital procurement solution would provide greater visibility of ad-hoc transactions, as well as the opportunity to manage spending compliantly with local providers.
5. On the 18<sup>th</sup> of September 2023, the Authority's Procurement Team attended a virtual presentation about YPO's Digital Marketplace for Public Sector with Amazon Business. The Team's collective view was that the framework was

worth pursuing as there were cost and efficiency savings that could be made over and above the fees quoted.

6. A further meeting was held at MFRA Service Headquarters on the 1<sup>st</sup> November 2023 with representatives of Amazon Business as well as Finance officers and Procurement officers. The view of the officers present following the meeting was that the framework could be adopted and allow for more efficiencies within the organisation.
7. The stated benefits of using the framework agreement are:
  - A compliant method of managing tail spend
  - Authorisation levels to reduce maverick spending
  - Analytics to make informed decisions on future spend
  - User configured product restrictions
  - Wide range of products
  - Fast delivery
8. Amazon's economic impact in the UK can be viewed at the following location <https://www.aboutamazon.co.uk/impact-hub> which contains an interactive map. The map provides detail for Merseyside and this information has been summarized in Appendix B.
9. The adoption of the marketplace could prove transformative for the way MFRA purchases goods as it would literally become an 'Amazon-like' purchasing experience. Being a global leader in electronic commerce, the supplier is well placed to integrate with financial applications such as the one operated by MFRA. The potential is for still greater efficiencies and control using such integration often referred to as 'punch-out'.
10. The term of the contract would be up to a maximum of 3 years up until 23<sup>rd</sup> January 2027 with an anticipated cost of up to £300,000 per annum.

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### **Equality and Diversity Implications**

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11. There are no equality and diversity implications as the marketplace is for the purchase of goods as required by all departments.

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### **Staff Implications**

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12. As this is a familiar marketplace that reduces the complexity of buying for work, officers can spend less time on purchasing and more time on service delivery.
13. Additionally, staff time within the enabling departments will also be saved by having:
  - a) fewer new supplier forms
  - b) fewer credit card applications and
  - c) fewer terms and condition to review

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**Legal Implications**

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14. The route to market is compliant with the Public Contracts Regulations 2015.

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**Financial Implications & Value for Money**

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15. YPO framework users have access to a discounted rate for Business Prime Unlimited. It is expected that the free of charge delivery offer with Prime will recoup this fee as well as avoiding costs for goods usually provided on an ex-works basis.
16. Using a marketplace is designed to keep purchasing costs low with easy access to competitive pricing, so improving cash flow with more flexible payment options including Pay by Invoice.
17. 'Tail spend' by the Authority is of the order £300,000 annually for goods services and works as provided by some 400 or so suppliers. The marketplace would target low value, low risk goods and so has potential to deliver price savings on existing such expenditure as well as efficiency savings due to improved supplier management.

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**Risk Management and Health & Implications**

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18. Having MFRA's lower value expenditure consolidated in a single multi-user account avoids the risk of non-compliance with MFRA's contract standing orders. This would be achieved by limiting the marketplace to suppliers that can submit invoices through the Invoice By Amazon facility.

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**Environmental Implications**

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19. Amazon Business is committed to sustainable growth and 'use our infrastructure and operations to drive a zero-emissions, zero waste, tech-driven operating model'. This could assist with the Authority's own carbon reduction journey as deliveries would be made using electric vehicles.
20. More about the supplier's sustainability policies can be seen at <https://sustainability.aboutamazon.com/> and Climate Pledge Friendly Product Certifications can be viewed at <https://www.amazon.com/b?ie=UTF8&node=21221608011>

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**Contribution to Our Vision: *To be the best Fire & Rescue Service in the UK.***

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**Our Purpose: *Here to serve, Here to protect, Here to keep you safe.***

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21. The use of the Amazon Digital Marketplace would save officers' time so allowing them to concentrate their efforts on delivering our purpose and realising our vision.
22. Cost savings derived from competitive pricing would clearly contribute to an improved budgetary position.

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## **BACKGROUND PAPERS**

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**NONE.**

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## **GLOSSARY OF TERMS**

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**MFRA**            **M**erseyside **F**ire and **R**escue **A**uthority

**YPO**            **Y**orkshire, **P**urchasing **O**rganisation