

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	MERSEYSIDE FIRE & RESCUE AUTHORITY ANNUAL GENERAL MEETING		
DATE:	26 JUNE 2014	REPORT NO	CFO/049/14
PRESENTING OFFICER	JANET HENSHAW		
RESPONSIBLE OFFICER:	JANET HENSHAW	REPORT AUTHOR:	SHARON MATTHEWS
OFFICERS CONSULTED:			
TITLE OF REPORT:	AGGREGATION AND COLLABORATION IN PROCUREMENT		

APPENDICES:	APPENDIX A:	FIRE & RESCUE PROCUREMENT AGGREGATION AND COLLABORATION – DCLG, MARCH 2104
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Purpose of Report

1. To provide an overview of the Department for Communities and Local Government (DCLG) report 'Fire and Rescue Procurement Aggregation and Collaboration' attached under Appendix A to the Authority.

Recommendation

2. That Members note the contents of this report.

Introduction and Background

3. In November 2012, DCLG approached the Chair of the Chief Fire Officers Association (CFOA) National Procurement Group (NPG) to see what assistance they could provide in identifying collaborative procurement opportunities in the fire sector. This approach came at a time when the NPG were considering how to collaborate more widely and what tools would be needed to facilitate this.
4. Following lengthy discussions regarding DCLG's expectations and funding issues, DCLG engaged PA Consulting to undertake a piece of work with the NPG. A pilot group of 13 authorities provided data to inform this report – 4 authorities in the North West participated: Merseyside, Lancashire, Cheshire and Greater Manchester.
5. The data provided from the authorities was used to identify where opportunities for savings could be made, and what procurement strategy was most appropriate to deliver these savings. In addition, PA Consulting supplemented

ongoing work from the NPG to review different spend analysis tools. The final report was published in March 2014.

6. The report identified potential savings from collaborative procurement over a range of commodities including personal protective equipment, uniform, breathing apparatus, cutting equipment and ICT equipment.
7. The report identifies that lack of standardisation across the sector impedes collaborative procurement and that opportunities are lost as result. This builds on previous reviews of the fire sector which has reported similar issues and is often a real barrier to collaboration.
8. The report's key recommendations for the NPG and individual authorities are :
 - a. To agree a common classification of goods and services for all 46 authorities, and actively encourage the use of one spend analysis tool.
 - b. To build capability within agreed equipment and service lines – to move from over reliance on frameworks to leveraging committed spend that drives down costs
 - c. To develop a dashboard indexing prices on specific products so authorities can see what others are paying for goods and services to determine the market rate
 - d. To provide internal sponsorship, governance and partnership arrangements to facilitate collaborative procurement
 - e. To have a focused effort to supplier and contract management
 - f. To develop a strategy for buying non fire specific goods and services
 - g. To develop a national procurement pipeline which identifies opportunities for future collaboration
9. In respect of these recommendations, the North West's current position is outlined below :

a. Common classification of goods and services / use of spend analysis tool

- i. The NW already uses a common spend analysis tool (Spendpro) and has been for a considerable period of time. It is this tool that PA Consulting has recommended for use in the sector.

b. Leveraging committed spend

- i. The NW already seeks to do this wherever possible, when tendering as a group or using a framework. For example, when procuring thermal imaging cameras via the Consortium framework the team undertook a single mini competition using 1 specification and committed volumes. This resulted in the authorities procuring the right product at a very competitive price with demonstrable added value (e.g. Extended warranties)

c. A price indexation dashboard

- i. The NW doesn't currently have a price indexation dashboard, however pricing and commercial information is widely shared among the group where this is appropriate.

d. Internal Sponsorship, governance and support for collaboration

- d. It should be noted that some of the key findings will not apply to the authorities in the North West (NW) as there is already a great deal of collaborative procurement taking place. For example, the report notes '*Some authorities pay over 200% as much for their products as others. One authority paid £125 for a pair of fire fighting trousers while another paid £274*'. In the North West the authorities paid £177.46 so will never leverage the kind of savings suggested. In addition, the benchmarking data is not 100% accurate but was PA Consultings 'best estimate' based on the data submitted by authorities. This data was collected within a very short time frame and the data requested was open to interpretation by the responding authorities.
12. Finally, the report recommends that 2 full time resources are employed to co-ordinate and encourage collaboration in the sector for a 3 year period. The report estimates the total cost of this resource to be circa £120,000 per annum. To date, there is no indication where this cost would be met from.
13. Despite these limitations, the report did highlight scope for possible improvements within the sector. It is anticipated that Anne Millington (Chief Executive of Kent Fire & Rescue Authority and Chair of the CFOA Asset Management Board), will be writing to Chiefs to ask for support in driving the recommendations of this report forward. As a region, the NW has representation on the NPG and is content to work with the rest of the group to determine priorities and devise work plans for implementation if this is acceptable to Chiefs in the region.

Equality and Diversity Implications

14. No EIA has been completed as this report is outlining the recommendations from the DCLG report, and no immediate action will be taken as a result.

Staff Implications

15. There are no immediate staff implications. However, to deliver some of the recommendations in the report there may be resourcing requirements for participating authorities. At the current time it is estimated that these will be contained within existing resources.

Legal Implications

16. There are no immediate legal implications arising from this report. If collaborative procurement does expand on a national level, there will be implications arising from a) utilising national agreements and/or b) letting contracts on behalf of the sector. These implications will be considered as sector plans develop.

Financial Implications & Value for Money

17. There are no direct financial implications. The authority has a duty to obtain best value, and will continue to work with the rest of the sector to drive improvements in procurement wherever this is possible.

Risk Management, Health & Safety, and Environmental Implications

18. There are no risk, health and safety or environmental implications arising out of this report. Any project specific implications will be considered as part of that particular piece of work.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

19. Effective aggregation and collaboration can deliver cost savings and efficiencies for all participating authorities.

BACKGROUND PAPERS

NONE

GLOSSARY OF TERMS

CFOA	Chief Fire Officers Association
DCLG	Department of Local Government
EIA	Equality Impact Assessment
NPG	National Procurement Group
NW	North West