Department for Communities and Local Government

Fire and rescue procurement aggregation and collaboration

Joint research project with Chief Fire Officers Association

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Contents

Foreword

Brandon Lewis MP

Like the rest of the public sector fire and rescue authorities are redesigning their services, and grasping opportunities to deliver world class public services. We all need to make a contribution to delivering efficiencies - including leading innovation, trying new models of delivery, joining up with others and driving transformation. Procuring smarter is a key part of that - this research shows that fire and rescue authorities can save time, money and achieve better operational and commercial outcomes.

This research looks at current spend data, price benchmarking and strategic future plans. It also shows that whilst there are pockets of good practice, fire and rescue authorities have tended to buy on their own or within limited collaborative contracts. Within fire and rescue authorities, there is a small and reducing number of skilled, professional procurement staff but their capacity and ability to influence change for the better has been limited.

In particular, the findings of the research are that:

- The size of the opportunity - fire and rescue authorities are currently spending an estimated **£600 million** a year on total goods and services

- There are substantial savings to be made - on the specific products that were studied in this research alone, there are possible savings of **£18 million** on a total spend of **£127 million**. The savings could be even greater if this was applied across the piece on spending and if products were more standardised

- It sets out a high level plan to help the fire and rescue sector deliver these savings, and to procure in smarter ways. Working together is not always straightforward and the report highlights some issues and ways of improving this

The **case for change is compelling**. It is now up to the fire and rescue sector to capitalise on the opportunities that this research suggests are achievable - and I will expect to see significant progress in procurement savings as a result. I encourage fire and rescue authorities to work with the wider public and private sector procurement community to share experience and learn from skills, expertise and economies of scale to achieve the significant savings that are available. It is also vital that the importance of effective procurement is recognised within fire and rescue authorities and that it is supported from the top down.

Fire and rescue authorities no longer have the luxury of being able to buy alone - they need to work together to deliver the best value for money, as well as share resources, knowledge and best practice. Ultimately, avoiding duplication and buying better is vital to help the public sector deliver its services.

Tax payers are right to expect the most cost effective processes and will rightly hold fire and rescue authorities to account if they fail to make the necessary changes to drive better procurement.

I would like to thank all the fire and rescue authorities that participated in this project and in particular members of the Chief Fire Officers Association National Procurement Group led by Mike Pearson.

1. Executive summary

This research project has been commissioned, through PA Consulting, to identify how fire and rescue authorities currently procure, where there are opportunities to buy more efficiently and how these may be taken forward.

Across the 46 fire and rescue authorities in England the picture is one of decentralised and disparate decision-making on an estimated spend of nearly **£600 million**. The top **21** spending authorities account for over **80%** of fire and rescue authorities spend, with London representing **22%** of total spend.

There is a clear case for collaborative procurement. The pilot work found savings of up to 200% and above are available. On the specific products that was studied in this research alone, there are possible savings of **£18 million** on a total spend of **£127 million**; and if this was applied across all spend (£600 million) the savings could be even greater.

These findings were arrived at by using the available spend data which fire and rescue authorities currently publish. One key issue is that this is spread across various websites, and is of very varying quality. So, one of the recommendations in this report is that fire and rescue authorities should start to use a single tool to track expediture by supplier and category – this would make it much easier in the future for them to identify savings opportunities.

This data was built on with the help of a pilot group of 13 fire and rescue authorities representing over **50%** of national spend to identify and analyse how fire and rescue authorities bought, what prices were paid for which items under which terms. PA Consulting then validated these findings.

Key findings include:

- **Some authorities pay over 200% as much for their products as others**. One authority paid **£125** for a pair of firefighting trousers while another paid **£274**
- **Even where fire and rescue authorities buy from the same supplier there are significant variances**, for example the price for similar firefighting helmet from the same company varied by **25%**: between **£105** and **£131**
- Where **the same contract was used by a number of authorities to buy the goods there is still a significant range**, for example one authority paid **66%** more than another when buying a structural coat (**£220 - £366**)

From discussion with uniformed officers and leading procurement staff within the pilot group it was found that:

- **Procurement frameworks are common place and lack of coordination can often lead to duplication across fire and rescue authorities for similar items**

- **While procurement staff recognised the commercial levers needed to improve outcomes, their influence at a strategic level was limited** They saw operational and financial benefits that would come from working across fire and rescue authorities more - from tendering, driving prices through increased competitive tension, a standardised set of specifications and taking a single approach to leasing or purchase – but didn't have the influence at a senior level to take these improvements forwards.
- **One size does not fit all**. There was all-round recognition that collaborative procurement needed to work differently for different goods and services – sometimes by geographic location, sometimes on volume, sometimes through better commissioning and sometimes through leverage on existing infrastructures
- **Procurement staff did not think they were ultimately recognised as a source of savings**. Investment in procurement staff has been cut back over the last three years and articulating the business case for commercial skills in the face of technical and operational pressures has become increasingly difficult
- **Co-ordinating procurement between 46 different bodies needs resource that is not currently there**. The increased coordination required for collaboration could not be resourced as there was no spare procurement capacity and the increased complexity and risk needed new skills
- **Management of common suppliers was not coordinated and it was usual to see varying prices from the same supplier**. There was little evidence of advance planning for equipment/services beyond individual fire and rescue authorities, leading to duplication or no activity in smaller authorities
- **Ultimately, there are some pockets of positive collaborative procurement within fire and rescue authorities – but it is limited at the moment, much more can be done**

It is likely that, standarisation or products will deliver even greater savings and with the greater volumes through collective procurmement, this could add to the wider economies of scale. For example if more fire and rescue authorities bought the same vehicles then they would not only save on the vehicles themselves, but also on the parts, maintenance and training. Collaboration means the same procurement is not repeated time and time again in different services – saving time as well as money. All of these findings make the case for collaborative procurement stronger than ever. It sets out the strategic plans for fire and rescue authorities to deliver new, meaningful and sustainable savings.

The fire and rescue sector is not alone in this challenge. Local authorities and other public sector bodies are facing similar challenges – and they have useful procurement resources (tools, systems expertise etc) that fire and rescue authorities could benefit from. By working together with other partners beyond the fire and rescue sector, the benefits can be taken further and deeper.

Summary of specific recommendations:

It is recommended that fire and rescue authorities, supported by the Chief Fire Officers Association, should **seize the opportunity to deliver these significant potential savings by:**

- Agreeing a common classification of goods and services for 46 fire and rescue authorities and actively encourage the use of one common spend management tool
- Building capability within agreed equipment and services, moving from over-reliance on frameworks to leveraging committed spend that drives down costs
- Developing a dashboard indexing prices paid on specific products so that fire and rescue authorities can see what each other are spending and avoid paying more for the same product
- Providing internal sponsorship, governance and any partnership arrangements to expedite these projects and to make speedy and effective decision making
- Exploiting life time benefits through focussed central efforts in managing supplier relationship and contracts.
- Developing a strategy for buying non-fire common goods and services (energy to office supplies etc) together. There are questions to be answered in doing this. Where should individual fire and rescue authorities aggregate these demands? Should this be with local authorities, with the fire and rescue sector or with other sectors?
- Taking forward the high level plan in this report, and developing a national procurement pipeline plan that documents existing contract start and finish dates, schedules tendering exercises and future, large-scale procurement opportunities

The following figure illustrates the different range of prices for Personal Protective Equipment which shows the scale of the opportunity on offer.

The image is provided by Bristol Uniforms Ltd PPE, supplied by ICP. The prices shown are "for illustrative purposes and the prices relate to equipment supplied by many firms and contracts"

2. Background

There are 46 fire and rescue authorities in England that procure fire specific equipment based on their operational needs and local integrated risk management plans with some being part of wider County Council purchasing arrangements. In the past fire and rescue authorities have tended to procure on their own and while there are increasing examples of collaboration and partnering, they are at different stages of development. Further efficiencies/savings can be made through smarter procurement practices and by greater collaboration and transparency at a very early stage in the procurement process. There are also opportunities to join with other emergency service providers and/or other purchasers when procuring similar or generic equipment.

There is no mandate for fire and rescue authorities to procure nationally but with reducing budgets there is now increasing pressure on all authorities to make greater efficiencies. In 2010 the National Audit Office[1] considered that fire and rescue authorities "*spent between them about **£120 million each year** on specialist equipment, such as fire engines, protective clothing and breathing apparatus. Better procurement practice including standardised equipment specifications and more collaboration could significantly reduce these costs without affecting the service to the public."*

Evidence from previous procurement research and existing transparency data has highlighted areas where there is scope for savings/efficiencies for fire and rescue authorities. This includes:

- Using common classification for procurement categories
- Using standard specifications except in exceptional circumstances
- Reducing the need for bespoke equipment
- Active management of major/common suppliers
- Build higher volume of orders to reduce supplier prices
- More coordinated and future procurement planning
- Putting information onto the procurement pipeline at a very early stage in the process
- Reducing the high number of low value invoices
- Reducing costs of processing transactions

[1] http://www.nao.org.uk/report/reducing-the-cost-of-procuring-fire-and-rescue-service-vehicles-and-specialist-equipment/

Responsibility for procurement and delivering a good service lies with the local fire and rescue authorities. Like all public services, fire and rescue authorities must meet the expectations of tax payers and the government for continued improvement and value for money.

To help the fire and rescue sector map out the current situation and future possibilities the department has undertaken a joint research report with the support and commitment from the Chief Fire Officers Association's National Procurement Group and a pilot group of fire and rescue authorities in England. Following a tender process an external organisation, PA Consulting, was appointed to undertake the research. The aim of this was to identify opportunities for, and obstacles to, collaborative procurement and produce a high level plan of where fire and rescue authorities could make the most savings through buying together or in different ways.

The department agreed to provide funding for this work since it was best placed to have the strategic oversight on procurement issues and to help demonstrate its support for fire and rescue authorities during budget reductions.

Through the Chief Fire Officers Association's National Procurement Group the following fire and rescue authorities volunteered to take part in this project: Cheshire; Devon and Somerset; Durham and Darlington; Essex; Greater Manchester; Kent; Lancashire; London; Merseyside; South Yorkshire; Tyne & Wear; West Midlands and Wiltshire.

The pilot group did not include any representatives from County fire and rescue authorities as they tend to be already part of wider County Council purchasing arrangements. However many of the findings and recommendations will still be applicable both to them and other public sector organisations.

3. Overview

A key feature of the current fire and rescue sector in England is its disparate nature. It exhibits considerable variations in size, structure and capacity. When coupled with local autonomy in 46 fire and rescue authorities (which operate from the local government remit), there is sizable scope for variations in approach and internal structures. The varying size of these authorities means that they utilise different levels of spending power and have procurement functions that differ in capacity and capability.

The localised nature of buying, in part, leads to fire and rescue authorities procuring equipment for the same purpose in a different manner, and often to different specifications, compared to other authorities. During this project, it was observed and reported that there is a high incidence of fire and rescue authorities developing different product and service requirements and buying bespoke goods as a result. Interoperability and British, International and European Standards create certain levels of standardisation in some areas, but in many other areas there appears to be little attempt or appetite to develop common specifications and fire and rescue authorities continue to 'do their own thing'. **This lack of standardisation clearly impedes collaborative procurement and may ultimately impede operational efficiency in collaboration**.

In addition to forgoing the benefits of economies of scale, the current environment means that there is, "widespread duplication of effort in the design, commissioning and evaluation of fire specific products."[2] **There are clearly benefits available from 'buying once'** in terms of time spent at each authority, which includes procurement as well as operational staff, who regularly undertake evaluations and repeat product testing that has already been undertaken in other authorities.

In compiling data for benchmarking – and through discussing spend management tools with fire and rescue authority representatives – it was clear that different services have different levels of maturity in their use of procurement systems. The availability and detail of spend data varies depending on the service. The requirement for usable data across fire and rescue authorities is driving efforts to employ a spend management approach, however currently there is little business intelligence with which to make decisions about collaboration, as well as to manage spend individually.

Collaboration and aggregation

The past decade has included a number of catalysts for change in the fire and rescue sector, including:

- Numerous external reviews and reports including National Fire Procurement Strategies (2005 to 2008 and 2009 to 2012)

[2] Facing the Future - 2013. Sir Ken Knight.

- The modernisation agenda (including the New Dimension Programme, FireLink, FiReControl and the Emergency Services Mobile Communications Programme)

- Reducing budgets, in particular since the 2010 Spending Review

The recent merger of both the Police Force and the Fire Service in Scotland – itself a response to a requirement to avoid duplication of activity – also provides a blueprint for organisations looking to share services or amalgamate.

A number of these impetuses have encouraged collaboration in terms of sharing resources, back office services, sharing lessons, experiences and even, in one case, wholesale amalgamation. Despite this there continue to be calls for greater collaboration in procurement both externally and internally from some fire and rescue authorities and central government.

The idea of greater collaboration in the fire and rescue sector is not new. The previous National Procurement Strategies (2005-08 and 2009-12) have referred to the benefits of greater collaboration. The National Audit Office has specifically suggested that in specialist fire equipment better value for money could be achieved through "standardised equipment specifications and more collaboration"[3]. Aggregation and collaboration has been recommended in various other independent reviews of the fire and rescue sector and interviews with partners clearly demonstrate that this is an agenda that has been discussed, encouraged and, to a limited extent, adopted over the past decade.

Some initiatives, such as the FiReControl Programme included a central mandate to foster greater collaboration and to share business functions. Others were specifically designed to encourage greater collaboration and aggregation in fire and rescue procurement. In 2006 Firebuy, a national procurement capability, was established and began to develop and manage frameworks to provide fire and rescue authorities with a route to market and to encourage greater procurement collaboration. Firebuy was subsequently closed and the live framework contracts novated to Wiltshire County Council in 2011 with The Consortium for Purchasing and Distribution Ltd managing these on the Council's behalf.

Other projects have, in addition to aggregating demand, included attempts to standardise requirements. The Integrated Clothing Project attempted to establish a standard specification for clothing and Personal Protective Equipment and is still in use in a number of the fire and rescue authorities – but has failed to achieve the uptake that was originally estimated.

It would not be accurate to say that there is no current collaboration in fire and rescue authorities. This project has observed:

- Local incidences of collaborative procurement between different fire and rescue authorities

[3] Reducing the cost of procuring Fire and Rescue Service vehicles and specialist equipment, 2010. NAO

- Collaboration with local authorities. Due to the proximity of fire and rescue authorities to their local authority – in both geographical and organisational terms – it is not surprising that many non-fire specific goods and services are being bought alongside other local public bodies. This analysis supports the view that the best point of aggregation for many non-fire specific goods will be with other larger local public bodies. However this approach is not employed universally and incidences of fire and rescue authorities buying generic products alone do exist

- Collaboration with other public organisations. London Fire and Emergency Planning Authority, for example, is part of the Greater London Authority and there is often an impetus for them to aggregate with bodies within that group, such as the Metropolitan Police and Transport for London

While examples of collaboration exist they are localised and tactical in nature, rather than strategic national approaches to collaboration.

These experiences, over the past decade, suggest that locally owned collaborative projects can be successful but will always lack the 'whole fire and rescue sector' approach required to leverage significant savings. Centrally-driven initiatives have had some success but none have proved to be – and some have not tried to be – the silver bullet that proves the case for collaborative procurement and gets the entire fire and rescue sector buying together.

The reasons for the limited impact include some specific issues with certain initiatives, such as long or inflexible contracts and single supplier arrangements. These specific and tangible problems can be addressed in future aggregation plans. Other reasons for limited success are, however, more difficult to address as they relate to reluctance on the part of various groups to engage with the agenda for reasons that are less specific and often political at a local level. Some examples were identified in discussions with various partners as part of this research:

- There may be some concern about the implications of collaboration for individual fire and rescue authorities including a lack of impetus from authority Members to push the collaboration agenda or, even, overt hostility to some standardisation of products. In some cases this might be driven by fears that it will be the 'thin end of the wedge' that ends in mergers between fire and rescue authorities

- There is suspicion about standardisation – which will often go hand in hand with aggregation – from firefighters, who associate it with downgrades to the equipment that they are using. It is possible that standardisation could involve assessments of whether equipment specifications need to be at existing levels - however examples of collaboration in other sectors have included specification upgrades for some participants. It was suggested that this assumption motivates some Chief Fire Officers/Chief Executives to oppose greater collaboration. Other interviews suggested Chief Fire Officers were reluctant because, as (almost exclusively) ex-firefighters themselves, they each have preferences for the equipment they buy and feel that standardisation will inhibit their control

- The supply market for certain goods and services sometimes deploys a ‘divide and conquer’ strategy. It is likely that, while some suppliers would welcome aggregation as it brings with it higher value contracts, in some areas suppliers consider that aggregation might bring heightened competitive pressure

- Centrally driven projects or collaboration (e.g. Firebuy) have not been popular. Initiatives that have been run centrally have not been owned by the fire and rescue sector and there has been a reluctance to engage where there is a perception that something is being imposed on the local services

- The need to consider local risk planning within context of national interoperability

In conducting this project, the team has been keen to understand the various forms and motivations behind opposition to collaboration as well as the reasons for successes and failures of previous efforts

While it is important to be aware of these factors it should be remembered that this project cannot – and has not attempted to – find solutions to the deeper issues that have limited the success of similar initiatives previously. The conclusion of the independent review Facing the future, conducted by Sir Ken Knight, with regard to forgoing customisation of products and services in the fire and rescue sector was that “fire and rescue authorities are not yet prepared to take this step – but I hope that the future holds greater pragmatism.”[2]

This project has, above all, sought to find practical, workable recommendations that can be implemented within the current environment in the short term - and at the same time findings that contribute to the shift in perception necessary to overcome barriers to collaboration in the medium and long term.

4. Data validation and analysis

This sections sets out how the research was undertaken – specifically how the data was validated and analysed. It also reports on the whether SpendPro, the spend analysis tool being considered by the Chief Fire Officers Association, is fit for purpose and how its use can be supported and optimised. The rapid review of available market tools concludes that there is immediate value to be generated from wide use of this tool and identifies steps that need to be taken in order to encourage deployment and increase impact from its use.

Transparency data analysis

In order to conduct an analysis of spend data across the fire and rescue sector the department collated published spend data from each fire and rescue authority for the most recent completed financial year (2012/13). This included all transparency spend data for transactions above **£500**. This gave a good indication of the top suppliers and categories of spend across fire and rescue authorities in a typical year. There were, however, various limitations to the data, including:

- Although most fire and rescue authorities do publish their transparency data a few do not and some publish it amongst the local authority spend information, which makes isolating fire and rescue authority spend impossible. Overall around **78%** of the total data sets were used in the transparency data analysis
- No consistent data file format to enable data manipulation. In some cases the data was unusable
- Some data lines did not have sufficient descriptions or had no descriptions
- There are likely inconsistencies in whether the data is gross or net of VAT
- Inconsistencies in the inclusion of capital expenditure
- There were instances where spend lines were entered multiple times. Where this was obvious and material the lines were removed

Given that the transparency data provides a single year sample and contains various limitations it cannot be used to provide very specific conclusions on the total spend on certain products or with specific suppliers. It has been used to provide broad analysis and to identify possible areas of collaboration, which can then be tested with fire and rescue authority representatives.

The fire and rescue procurement aggregation project team analysed the data by undertaking the following steps:

- The supplier list was cleansed, removing duplications and applying consistent names to suppliers

- The ProClass category structure was applied and the fire and rescue category was used. However, the ProClass sub-categories were too broad in some instances, and so appropriate sub-categories were created to cater for the data. Priority was given to the largest areas of spend when categorising the data, which allowed over 90% of the data to be categorised

- Non-influencable and hard-to-influence spend was identified (e.g. tax)

- Contract data was added where it was available (from contract registers, Tenders Electronic Daily, The Consortium)

This approach allowed the fire and rescue procurement aggregation project to analyse spend across fire and rescue authorities, by category (and sub-category) and by supplier. The key conclusions were:

- London Fire and Emergency Planning Authority has a materially larger spend than any other fire and rescue authority (around **£90m**) and makes up approximately one fifth of the spend data available. This is followed by a group of larger fire and rescue authorities that together spend **£15m-£20m**, and then a tail of fire and rescue authorities which spend **<£15m** (Figure 1)

- The supplier profile is typical, with the vast majority of the spend being incurred with a relatively small number (500) of suppliers (Figure 2)

- Around half of the 50 largest suppliers (worth **>£200m**) are used by a number of fire and rescue authorities, suggesting that there may be opportunities to procure together from those suppliers

- Initial analysis of the transparency data, in additional to historical knowledge of the fire and rescue sector, suggested that there is scope in fire and rescue authorities to pursue collaborative savings

Figure 1 Annual spend by service

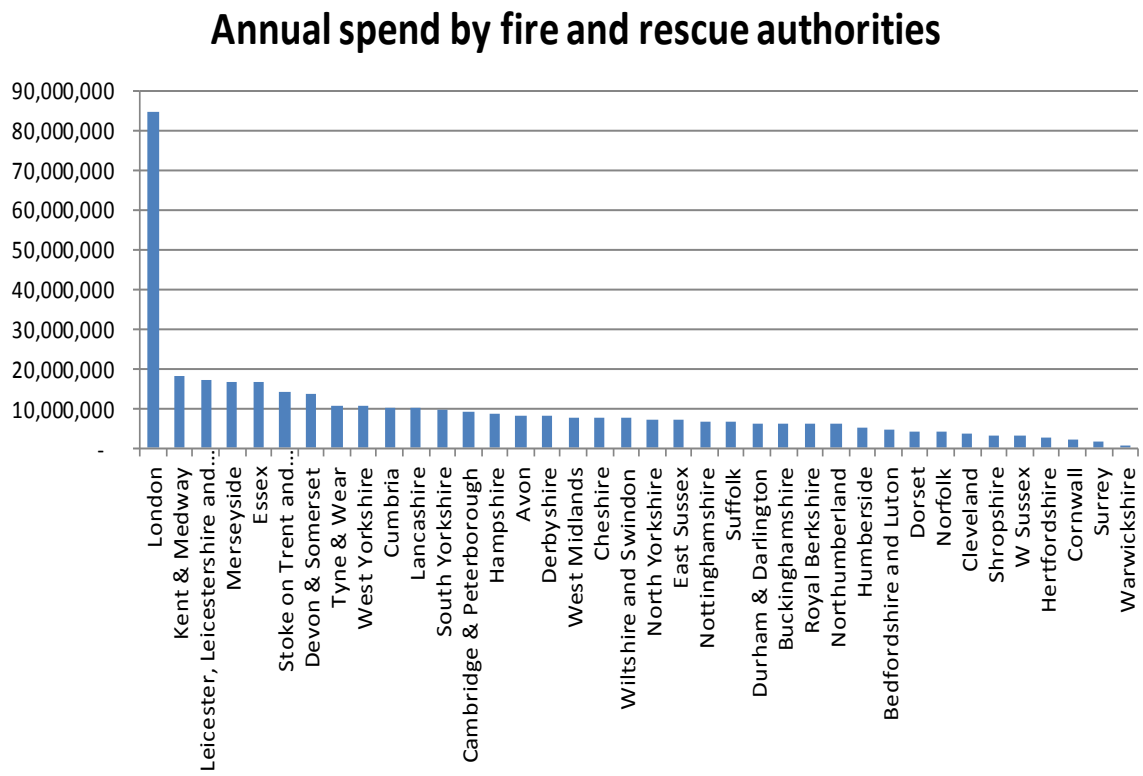
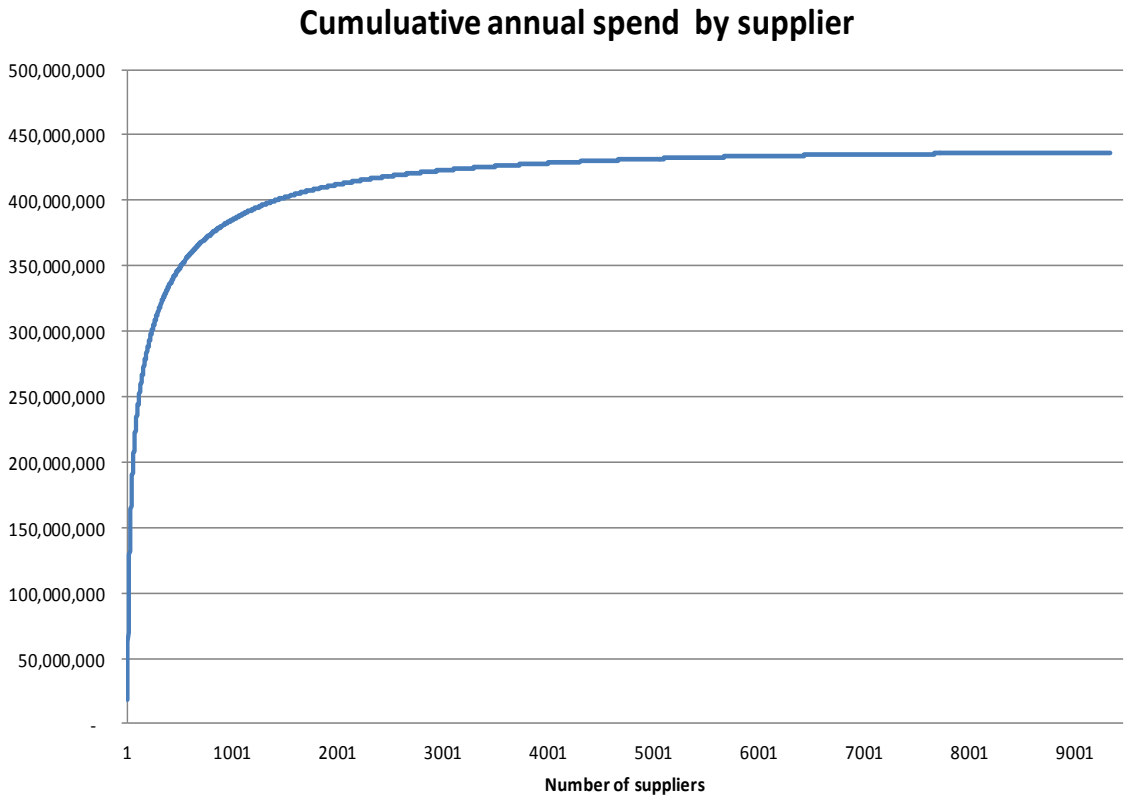


Figure 2 Cumulative spend by supplier



Assessment of SpendPro

Consistently it has been found that information on fire and rescue authority collective spend is unavailable, or lacks common definitions and systems to allow the identification of collaborative opportunities (this was evident during the consultation for the National Procurement Strategy for the Fire and Rescue Service 2009 -12, and within the strategy document itself). The absence of useable consistent spend data continues to stagnate efforts to identify collaborative opportunities – particularly in fire specific goods. The Chief Fire Officers Association has therefore been working to encourage the adoption of a common spend management tool within fire and rescue authorities that will standardise the categorisation of spend and allow cross-fire data to be analysed effectively.

SpendPro was selected after a review of the available market tools by the Chief Fire Officers Association's National Procurement Group. SpendPro is already in a number of local authorities – emanating from the Association of Greater Manchester Authorities – and NHS organisations.

The Chief Fire Officers Association's intention is to support and encourage deployment of SpendPro more widely across fire and rescue authorities to improve visibility and opportunities for spend analysis and savings, although decisions regarding commissioning SpendPro reside with the individual fire and rescue authorities themselves.

As part of the fire and rescue procurement aggregation project, an independent assessment of this position was made alongside recommendations to ensure that any implementation is successful. **Appendix A** provides a rapid assessment of SpendPro capabilities against fire and rescue authority requirements and compares the tool with alternative tools in the market.

The assessment found no compelling reason not to continue with the proposal to encourage the use of SpendPro in fire and rescue authorities. SpendPro will not in itself identify opportunities to aggregate or show instances where some fire and rescue authorities are paying more than others, and regular analysis will be required; however it will present a common approach to categorisation and analysis.

Next steps

Representatives of the Chief Fire Officers Association's National Procurement Group have taken the lead to work with Association of Greater Manchester Authorities to deploy SpendPro. In autumn 2013 fire and rescue authorities received templates outlining what would be required of them both in terms of initial effort to input data into the tool and on-going requirements to regularly load data. This includes an outline of the activities required to deploy the tool and an estimate of the time commitment required per fire and rescue authority for each task (totalling 5 working days of up front effort, which may vary depending on the authority and the systems involved).

Deploying SpendPro will require some initial outlay from the fire and rescue authorities to:

- Produce a data file mapping their GL codes to the ProClass structure

- Develop a process to extract data from the fire and rescue authorities systems, providing the information required in a specific format

- Identify any information that should be excluded from the regular data loads

- Extract a previous historical set of data (12 months) and – once this has been loaded into the tool – test the system and quality assure the information

- Finally extract and load live data, using the new processes established, for inputting into SpendPro

Following the initial outlay, the team that manage SpendPro in the Association of Greater Manchester Authorities Procurement Hub (the SpendPro team) recommend data is received on a monthly basis. However, data can be loaded quarterly if monthly uploads are too onerous. The data can be analysed collectively and at individual authority level and a dashboard of core reports produced, including a view across categories, geographies and common suppliers as well as bespoke reports as required.

During this project, the majority of fire and rescue authorities understood and agreed that having collective data across fire and rescue authorities would be beneficial. However, a consistent concern from fire and rescue authorities was the time commitment required of them both initially and on an on-going basis to load data into the tool. There is no single solution to this problem and it is true that deploying SpendPro will involve additional work for the fire and rescue authorities and potentially additional, initial cost (staff time, amendments to finance systems, SpendPro subscription). However, it is highly likely to deliver benefits that outweigh these costs and these benefits could be realised in the medium term if engaging the already stretched resources can be achieved in the short-term.

It is proposed that the Chief Fire Officers Association and, where appropriate, the SpendPro team, should:

- **Emphasise the importance of up front effort to 'get it right the first time'**, which will limit the onerousness of the on-going task. For example getting the extraction report right initially will avoid regular manual adjustments and providing company numbers for as many suppliers as possible with enable the tool to intuitively identify suppliers in the future

- **Encourage fire and rescue authorities to employ an automated process for regularly uploading the information.** It is likely that in many instances additional reports will need to be written to export data from their finance systems in the required format. In some cases fire and rescue authorities share their financial management system with their local authority and changes cannot be made unilaterally. Given this there will be a temptation to manually manipulate data exports. This has the potential to introduce errors, will not reduce the regular requirement and increase the likelihood that fire and rescue authorities do not continue with data uploads

- **Seek a firm commitment from fire and rescue authorities as to whether they will deploy the tool.** This will act as a catalyst to bring out any issues that will prevent them from engaging. The SpendPro team has issued a FAQ document and offered help to authorities; however it is likely that some fire and rescue authorities will not deploy the tool out of misconceived preconceptions about the amount of resource it will require

Deploying a standard and simplified category schema

Classifying products and services into groups that can easily aid the identification of opportunities for both savings and collaboration is valuable both for individual fire and rescue authorities and the fire and rescue sector as a whole. A balance needs to be struck between providing in the schema appropriate categories to cater for a necessary detail and maintaining a manageable set list. The critical success factors for developing a schema include:

- Where possible the schema should align to existing standards that are proactively maintained

- The categories should ensure that as little of the spend as possible is categorised to ‘catch all’ and miscellaneous categories and minimise both overlap and ambiguity, which would result in users being unsure which category to use and potentially lead to difficulties understating spend

- Categories should largely face-off to the market that they relate to

- Additional analysis will always be required on category data; therefore the categories should be ‘pitched’ at a level that allows enough similar information to be entered within them. Attempts to introduce too much detail, in order to facilitate easier analysis are likely to result in too many categories, which goes hand-in-hand with increased incidence of mis-coding by users

- Categories should be set out at a level that generates cost benefit return – perhaps using as a starting position the areas identified for further analysis within this research. Where it is concluded that good practise and low prices are currently secured the benefit of collating this data now is less than for categories where savings can be realised. The data can be incrementally built on over time if that helps manage the initial impact to input data

The SpendPro tool employs the ProClass system of product and service classification, which has been developed within local government. ProClass is periodically updated as additional classifications are required or to reflect necessary changes. The management and maintenance of ProClass is undertaken by Coding International Ltd, who encourages users to propose and discuss changes to the classification via their website.

The most up to date version (C13.1) of ProClass includes an emergency services element and a fire and rescue category within it. This, however, only caters for five dedicated level two categories (plus an additional category for all items that do not fit into the five). The terms and conditions for the licence to use ProClass state that

uses may not “make alterations to, or moderations of, the whole or any part of ProClass.”[4]

The current fire and rescue sub-categories are:

- Breathing Equipment
- Foams (intended to include all firefighting materials)
- Specialist Equipment
- Specialist Services
- Specialist Vehicles
- Not Elsewhere Classified

It is likely that the breathing apparatus and foam categories are useful in terms of providing the right level of information for analysis purposes. The specialist equipment, services and vehicles act as ‘catch all’ categories and – though they would provide improved management information compared to the current situation – they are likely to amalgamate disparate goods and services.

Currently there are a number of fire and rescue authorities that use SpendPro. It is proposed that representatives from the Chief Fire Officers Association **review the spend data that has been coded to these categories during the last financial year**. In doing so they should consider the total spend and types of goods and services bought, in order to address whether breaking them down into further sub-categories is required.

Following this assessment, if it is decided that the schema needs to be augmented to provide additional granularity then additional sub-categories should be proposed to Coding International and entered into their website forum.

In advance of agreeing any changes to the schema – or if agreement is not given –it is technically possible for the SpendPro team to add additional sub-categories to the functionality in the tool. Given the previously mentioned stipulation that users should not make amendments to the coding without knowing whether this contravenes ProClass terms and conditions **it is recommended that further investigation and discussions take place on this matter with Coding International.**

[4] ProClass terms and conditions

5. Business case

This section sets out the case for change, supporting the need for greater consistency in collating and analysing fire and rescue spend data and identify some key fire and rescue sector benchmarks that illustrate the scale of savings potential. It concludes by identifying an initial set of products that should be considered for spend aggregation planning.

Methodology

Following the initial transparency data analysis and discussions with various interested partners a long list of potential opportunity areas was identified.

These opportunities were tested with a pilot group[5] at a series of workshops designed to identify the product and service areas that should be assessed in more detail through price benchmarking. The pilot group provided hugely valuable steers to the project and demonstrated high levels of capability. It should be remembered, however, that this group – which consisted of individuals that volunteered to contribute to the project and shares a significant crossover in membership with the Chief Fire Officers Association's National Procurement Group – is likely to be made up of the fire and rescue authorities (and individuals) that have the willingness, capacity and capability to contribute.

The focus of the fire and rescue procurement aggregation project was on fire and rescue specific items. However, given the significant spend in some non-fire specific areas it was agreed that some data gathering activity would be spent on more generic items.

Following the steer from the pilot group, where a number of opportunities were introduced and some were removed, the fire and rescue procurement aggregation project team worked with one fire and rescue authority to prepare a list of more specific products and services that would provide a benchmarked price between fire and rescue authorities and/or more detail on how they bought the product and service.

A data gathering template was issued to the pilot group that requested information by product or service for financial year 2012/13 on:

- Total spend
- Number of units bought per annum
- Unit price (where appropriate)

[5] The Pilot Group consisted of the following Fire and Rescue Authorities: Cheshire; Devon and Somerset, Durham and Darlington; Essex; Greater Manchester; Kent; Lancashire; London (limited data); Merseyside; South Yorkshire; Tyne and Wear; West Midlands and Wiltshire

- Suppliers
- The sourcing approach (e.g. whether it was via a framework, locally sourced etc)
- Contract details and dates
- Any other pertinent notes about the product or service

Some products and services were included to identify a benchmark on a very specific specification, some provided a sample of products that would allow the fire and rescue procurement aggregation project to identify possible savings that could be applied to the total spend in that area and some were included to understand more about how the product / service was bought. **Appendix B** shows the individual products and services that made up the data gathering template. It also shows the product / service grouping that the list was divided into.

Fire and rescue authority data returns

Given the localised nature of the service, the lack of whole fire and rescue authority spend data, the frequency of bespoke equipment specifications, and capacity constraints in the fire and rescue sector, it was known that to compile data in all areas would not be possible. The project approach was to specify goods and services in a manner that was broad enough to allow most fire and rescue authorities to contribute and then use supplementary questions to clarify any details once the an initial review of the returns had taken place.

The fire and rescue procurement aggregation project team and the department worked with the pilot group to offer support in completing the data gathering exercise, including reviewing specifications and supplier documents, prioritising the template, granting additional time to allow some fire and rescue authorities to contribute and removing products where initial analysis of the returns suggested that they would not be progressed to aggregation planning.

The majority of the pilot group were able to return the template, however – as was expected – not all of the products and services are used by all fire and rescue authorities and therefore there is varied coverage of returns between the different line items. The amount and quality of information returned varied between authorities and there are two key factors that caused this:

- Capacity constraints on the part of fire and rescue authorities meant that they were unable to provide information on some of the products and services. This was caused by the demands of their business-as-usual activity, large scale procurements that coincided with this project and industrial action, which drew necessary resources away from the project. Despite efforts to support the fire and rescue authorities some were unable to prioritise the time of procurement (and other) colleagues necessary to complete the task totally, or, in some cases, at all
- A paucity of spend data in some areas made extracting it challenging. In some instances the fire and rescue authorities were able to provide total

annual spend for some items, which is of some value, but struggled to provide numbers of units bought, making benchmarking problematic

Despite these limitations the data gathering exercise provided useful information that allowed the project to benchmark various products – with a particular focus on fire specific equipment – and gather data about how other products and services are bought. This reinforces the need for comparative spend data in the future.

Calculation of spend and savings

Following the return of data the fire and rescue procurement aggregation project team:

- Reviewed any differences in the way that data was supplied, cleansed the information and made it consistent (e.g. removing all VAT)
- Identified significant outliers that appeared anomalous and removed them
- Calculated the estimated size of national size of spend on the particular product, service or group items. This was done by using one, or more, of:
    - The transparency data, which was particularly important where the benchmarking represented a sample of a wider group (for example Personal Protective Equipment)
    - An extrapolation from the spend provided by the pilot group. In this case the amount spent on an item was prorated, using the number of firefighters in the authority compared to the total number of firefighters in England, to provide a national picture
    - Volumes on existing frameworks, in particular the ex-Firebuy frameworks, where the total amount spend (by authority) on specific goods and services was supplied
- Calculated a potential saving opportunity percentage by one, or more, of the following:
    - Charting the range of unit costs paid per item and calculating the reduction if all fire and rescue authorities paid the minimum price. It is likely that – through pursuing collaborative projects – it is possible to achieve lower prices than the minimum found but, for prudence, the minimum current unit price was used
    - Reviewing percentage discounts offered on existing frameworks, e.g. the Firebuy framework for foam offers discounts based on bulk orders
    - Using previous experience of collaborative procurements for similar products and services to arrive at an estimated percentage

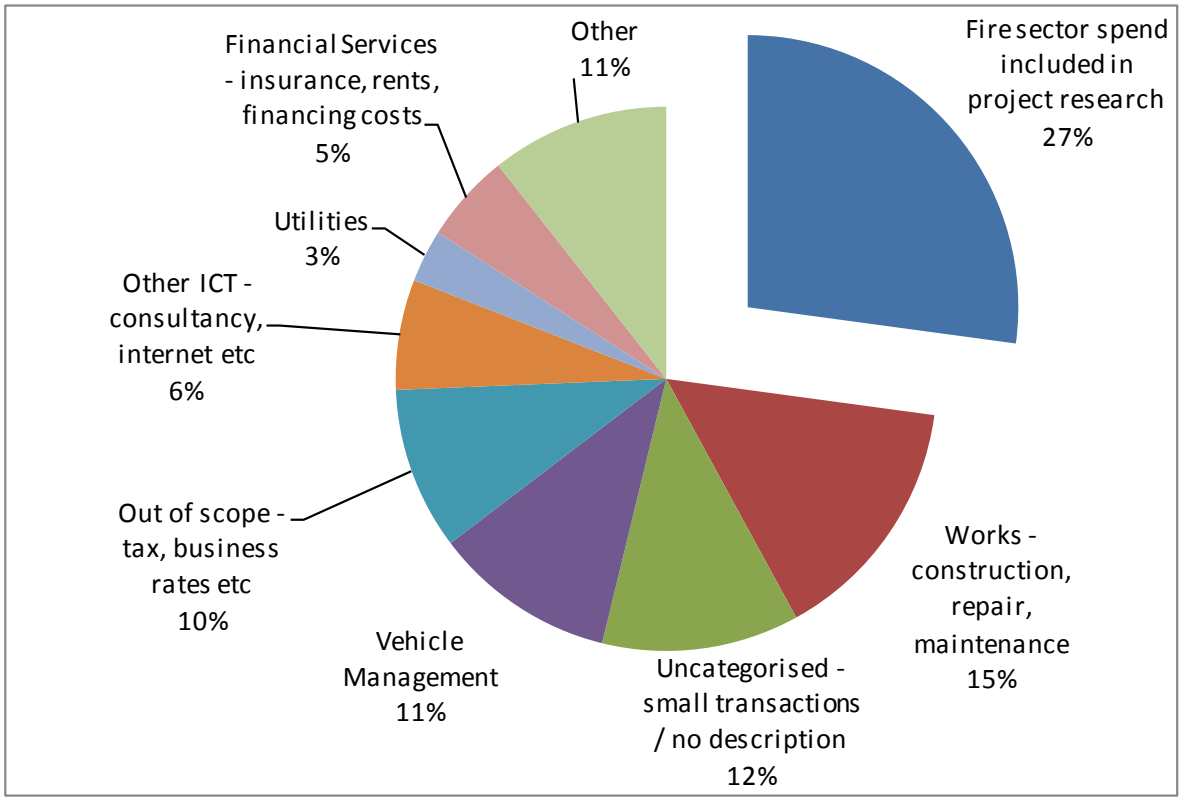
Benchmarking and saving opportunities

The fire and rescue authority spend for 2012/13 available in the transparency data was **£483m** of a total non-pay spend of **£587m**. This **£104m** (22%) difference is largely because of the fact that some fire and rescue authorities did not publish their spend data at all and other authorities omitted to publish some months. In order to reflect this omitted data in the analysis the project pro-rated all numbers to extrapolate a national picture based on the assumption that missing information would broadly follow the same pattern (in categories, suppliers, etc) as the information that was available. This is a reasonable assumption for the purposes of identifying an estimated a total national picture.

As discussed the project focussed on fire and rescue specific products and services but did cover some non-fire categories where they were deemed to represent opportunities. The following table and chart show the proportion of the annual spend that was covered in the benchmarking exercise.

Category	£ms	Category content
Category Spend included	159.3	The product / service groups that were included in the benchmarking
Works - Construction, Repair & Maintenance	87.4	Includes new building works, construction, refurbishments, structural maintenance etc
Uncategorised	69.2	Very small transactions and lines with insufficient descriptions to categorise
Vehicle Management	63.8	Parts, workshop costs, specialist vehicle repairs
Out of scope	56.8	Tax, business rates, pensions and other non-influencable spend
Other ICT	38.5	ICT consultancy, maintenance and support, internet provider costs, fixed line telecoms
Utilities	18.4	Water rates, gas, electricity
Financial Services	31.2	Insurance costs, financing costs, rents
Other	62.6	Other smaller categories including stationery, sports equipment, HR costs, furniture
Total	**£587.0**	

Figure 3 Proportion of annual fire and rescue authority spend included in the fire and rescue procurement aggregation project



Benchmarking

The benchmarking exercise demonstrated that fire and rescue authorities regularly pay different prices for similar products. Obtaining good benchmarks in disparate fire and rescue authorities which have regular incidences of bespoke specifications alongside different ways of procuring and financing is challenging. There are some products, however, that offer a good comparisons particularly where safety standards or interoperability means that fire and rescue authorities are unlikely to be buying wildly different products. Personal protective equipment provides a good example of products that must require a minimum level of quality. Figure 4 illustrates ranges in prices paid for different equipment.

While the project found ranges in prices paid for equipment that was the same brand and probably identical it is likely that there are subtle differences between items of equipment in these ranges. It is reasonable to consider whether fire and rescue authorities have achieved a worse deal or whether they are choosing a higher specification. Both of these reasons should be open to challenge as they represent opportunities to save public money.

Figure 4 – Personal protective equipment price ranges

The image is provided by Bristol Uniforms Ltd PPE, supplied by ICP. The prices shown are "for illustrative purposes and the prices relate to equipment supplied by many firms and contracts"

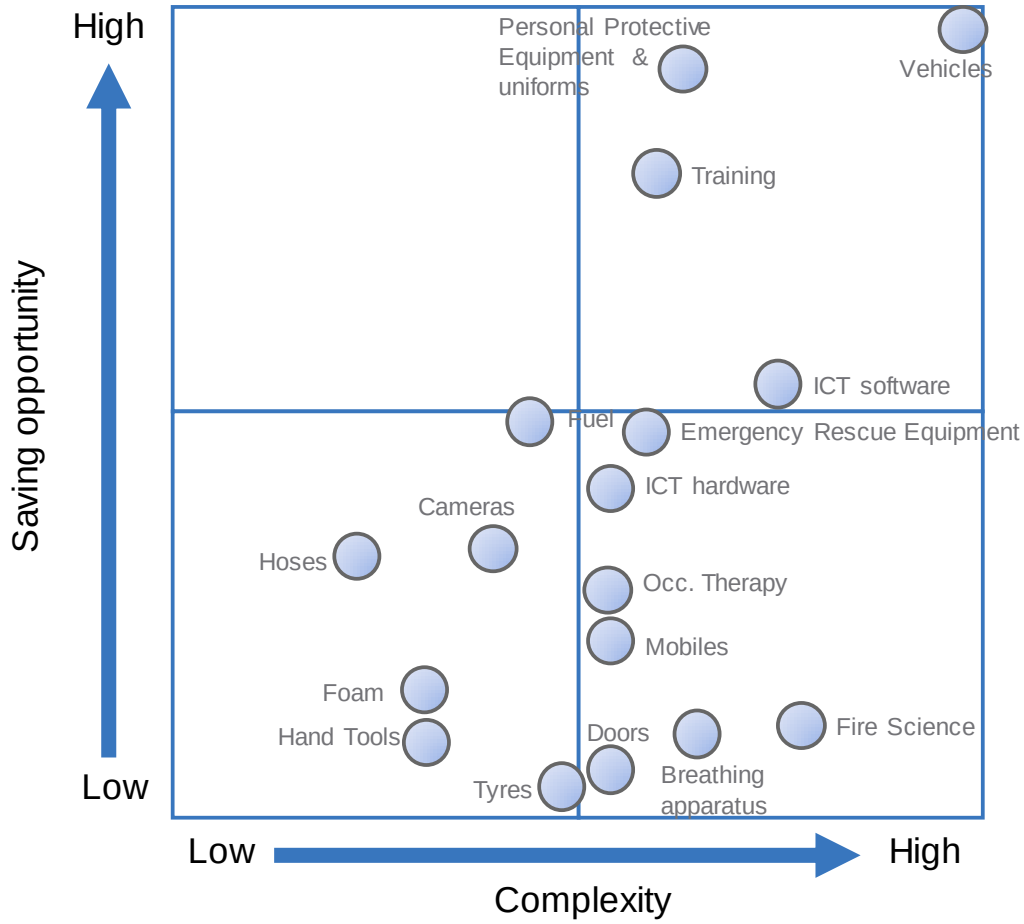
Savings opportunities

As outlined above, one of the methods to calculate savings opportunities is to normalise the cost per unit to the lowest available price, which assumes that, through a combination of specification standardisation and gaining economies of scale, all the rise and rescue authorities can achieve the best price. Whilst this is an entirely reasonable assumption it must be remembered that the full benefits of economies of scale are only realised if the market has confidence in the amount of business that they will receive. Past experience in the fire and rescue sector and elsewhere demonstrates that frameworks - because they do not represent guaranteed volumes of work - regularly do not offer the best prices available.

Appendix C outlines the estimated annual spend per product group and a percentage saving opportunities using the methods previously outlined. Saving opportunities do not include the ancillary benefit of reducing the time required for procurement and operational staff through buying once, rather than repeating similar procurements across the fire and rescue sector.

During the workshops the project investigated the complexity of achieving savings in each product group, outlined in **Appendix D**, and the probable approach to making savings in each group, outlined in the project content section in **Appendix E**. The size of opportunities has been mapped against their relative complexity to identify the projects that represent a reasonable return on investment. Where a reasonable estimate of the saving percentage cannot be made or where the saving is particularly low, groups have not been mapped to the following diagram.

Figure 5 – Summary of complexity vs savings opportunity



Recommended products to take to aggregation planning

Following the above assessments of the savings, content and complexity of each product / service group they have been distributed into one of the following groups:

- Products / services that warrant an aggregation project, particularly focussed in the fire and rescue sector and on larger local and national collaborations
- Products / services where aggregation presents opportunities, however the point of aggregation is likely to not be fire and rescue specific, therefore on-going effort to sign-post fire and rescue authorities to other public bodies is recommended. Some local authorities are already disaggregating their spend, meaning it will be even more important that fire and rescue authorities are able to identify appropriate points of aggregation
- Products / services where efforts to build a market and collectively negotiate with a small number of suppliers should be made
- Products / services where aggregation opportunities exist at a local level and/or where further discussions within specific geographies, with fire and rescue authorities not represented in the fire and rescue procurement aggregation project, are recommended

- Products and services that do not, at this stage, appear to present opportunities for further work

Groups to take to aggregation planning	Groups for sign-posting	Market making and collective negotiation	Groups presenting local aggregation opportunities	Groups not progressed to aggregation planning
Personal Protective Equipment and clothing	ICT Hardware	Fire science	Occupational therapy	Breathing apparatus
Vehicle purchase and leasing	ICT Mobiles	Training	Fire station doors	Healthcare consumables
Emergency rescue equipment	Tyres	ICT Software	Hand tools	Compressors
Hoses	Fuel			
Foam	Cleaning			
Thermal imaging cameras	External audit			
	Grounds maintenance			
	Temporary staff			

6. Aggregation planning

Within this section the ways of working and protocols are outlined that will enable fire and rescue authorities to: realise savings; develop a proposed aggregation plan for the products that have been progressed from the business case stage of this report; and provide high level category strategies for the particular product and service groups that have been proposed previously.

Ways of working

This section outlines the:

- Critical success factors for collaborative projects and the key challenges facing fire and rescue projects.
- The proposed protocols for collaborative projects.
- A summary of the approach.

Critical success factors and key challenges for fire and rescue authority projects

In addressing how projects will be successfully delivered consideration must be given to what principles lead to cost savings in collaborative projects (in the fire and rescue sector and elsewhere) and what factors ensure that such projects will get to market.

As discussed previously there are incidences of successful collaborative projects both within fire and rescue authorities and with other public bodies and there are examples where projects have not delivered significant savings and – more fundamentally – where they have fallen apart before getting to market. During the fire and rescue aggregation project discussions were held with central government partners, fire and rescue authority representatives and suppliers to identify the key factors that have contributed to successful outcomes and conversely those that did not. In addition, the fire and rescue procurement aggregation project has drawn on previous experience of successful collaborative projects. This assessment suggests that:

- Locally driven projects are more effective than central initiatives and past attempts to impose mandated collaboration have not won ‘hearts and minds’. It is possible that sufficient government commitment and will to impose collaboration would drive through the agenda; however, this would require a significant appetite on the part of central government to support as well as mandate these projects. Without this level of commitment the appropriate course of action is to ensure projects have local fire and rescue authority backing

- Collaboration between fire and rescue authorities with similarities, including size, requirements, demographics and back office functions has worked well. Where they share similar characteristics there is less need for compromise to ensure the project is a success

- Collaboration that is built on existing relationships between the procurement staff and other interested partners is more effective. This has sometimes meant that collaboration between fire and rescue authorities which are geographically and or statistically close has been more fruitful

- Getting commitment from all relevant partners to source together is paramount. In the past some fire and rescue authorities have, after the procurement process, opted out of contracts that they were initially committed to. This opens them up to commercial risk and undermines suppliers' confidence in further collaborative contracts

- Providing indicative volumes provides the supply market with a level of confidence about the amount of business they can expect. However, **providing guaranteed minimum volumes delivered the best possible prices**. Individual fire and rescue authorities would not be likely to accept the risk that comes with guaranteeing volumes but collectively this risk can be significantly mitigated

- Transparency and early awareness of forthcoming procurements help both fire and rescue authorities and suppliers to plan and manage capacity. Fire and rescue authorities should post opportunities onto the procurement pipeline (www.contractsfinder.businesslink.gov.uk/) at a very early stage in the process

Proposed protocols

In addressing the critical success factors the fire and rescue procurement aggregation project has identified particular areas that will benefit fire and rescue authorities in taking this work forward. These are:

Build on current momentum of the pilot group to form a coalition of the willing to scope, shape and drive the benefits of delivery for their authorities.

It is proposed that all initial projects secure a manageable group of fire and rescue authorities who are able to work together in the first instance. This will, where possible, gear off fire and rescue authorities with existing relationships (previous collaboration) or similarities (similar locality, size and back office processes).

The projects will be initiated on the basis that it is 'big enough' – rather than waiting to secure interest from additional fire and rescue authorities. Experience of collaborative projects suggests that once a project has clear timescales and momentum other organisations will express an interest in becoming involved.

Secure up front commitment from Chief Fire Officers/Chief Executives

A vital protocol that fire and rescue authorities will need to sign up to, at a senior level (likely to be Chief Fire Officer/Chief Executive) will be that they will make best endeavours to contribute equally even where benefits may be accrued unequally as fire and rescue authorities overall will benefit.

This requires a spirit of compromise where necessary in order to get a solution that is right for the group recognising that different members of the group will accrue different benefit levels at varying points in time. The department and the Chief Fire Officers Association both have a role in facilitating such principles, working with fire and rescue authorities whose representatives are considered not to be honouring this commitment.

Proactively market the benefits of collaborative projects to key partners

Projects that are not as complex in terms of collaboration should be commissioned first so that early success can be marketed to key partners. Taking this incremental build approach will secure engagement and confidence through benefits delivery provided that it continues to secure the deeper and greater benefits over time

It is proposed that a significant amount of the work to coordinate the projects is spent on marketing. The benefits of the project will be clearly communicated within fire and rescue authorities and with other partners. Savings and, importantly, an assessment of the quality of the product / service will be combined to provide a brief piece of collateral on the benefits of each project. This should be a standard structure and is likely to include:

- Savings achieved (both in terms of % and in £000s)
- Fire and rescue authorities involved
- An assessment of how the collaborative project has reduced the burden on procurement staff, as they are no longer repeating the same tasks
- Quotes from technical staff about the quality of the products / services they are buying and how compromising to achieve common specification(s) have not adversely affected their solution

Secure agreement up front to commit technical and operational expertise to contribute to evaluations and coordination of a pipeline of future collaborative opportunities

Individual fire and rescue authorities may be asked to specialise in specific categories if they have staff with particular expertise. This approach is intended to share the load but care should be taken to market the benefit of this to other fire and rescue authorities, both during and after the procurement. This approach allows authorities to both share knowledge and disseminate lessons learned from deploying projects similar projects in more than one fire and rescue authority.

Dedicated resources are required to drive through the projects and realise the savings. Capacity constraints mean that unless projects are driven by dedicated resources they are likely to lose momentum.

In addition, collaborative procurements in any sector benefit from coordination from individual(s) who are not part of one of the buying authorities. This allows them to perform the role of ‘honest broker’ during periods in a project where compromise is required (e.g. standardisation of requirements, joint evaluation of products).

This will require funding. Experience from this project suggests that a fire and rescue sector funded model will be difficult to get off the ground in an environment of shrinking budgets. It may also act as a barrier for fire and rescue authorities to get involved. In funding the fire and rescue aggregation project, the department has demonstrated its support for fire and rescue authorities during budget reductions and it has recognised it was best placed to have the strategic oversight on procurement issues. In this context, the department may be best placed to facilitate, with the fire and rescue sector, a solution to funding this critical resourcing issue.

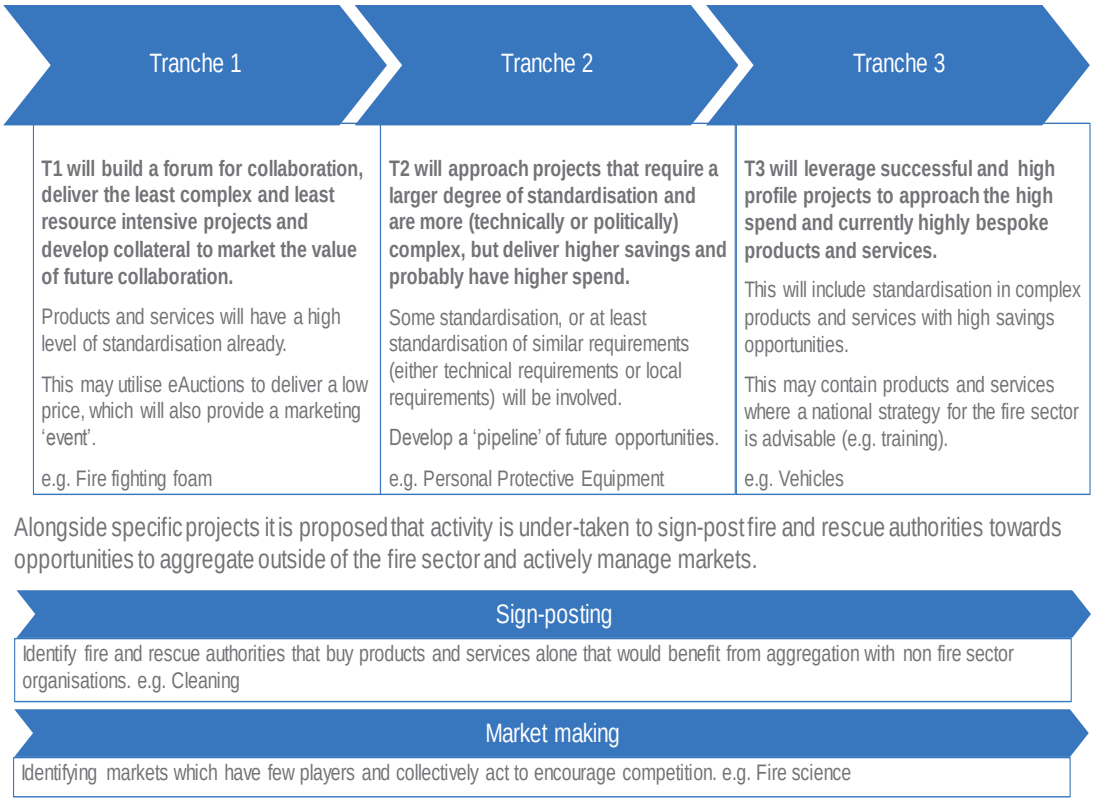
It is recommended that, were possible, the central coordinating resources are found through seconding existing fire and rescue authority procurement staff, and funding is used to backfill their role in their authority. A seconded member of staff will be able to build from their knowledge of the fire and rescue sector and their relationships in other authorities. They are also more likely to be seen as part of the fireand rescue sector, rather than a central government representative.

It remains to be seen whether there will be appetite within fire and rescue authorities for these roles. If there is not then resources should be sought via fixed term contracts or on the contractor market. It is possible that a dedicated resource that will undertake marketing may need to come from outside as these skills will not be as prevalent in fire and rescue authorities.

Approach

Taking the above into account it is proposed that projects are commissioned by the fire and rescue sector in tranches, starting with lower value less complex areas, in order to prove the concept and begin marketing the benefits. Alongside coordinating projects the central resources will engage in signposting activity to encourage fire and rescue authorities to benefit from economies of scale where the point of aggregation is not with other fire and rescue authorities, coordinate joint efforts to develop markets where there are too few players and work within fire and rescue authorities to develop a pipeline of future procurements within the fire and rescue sector. The following diagram summarises the approach.

Figure 6 – Approach to commissioning projects



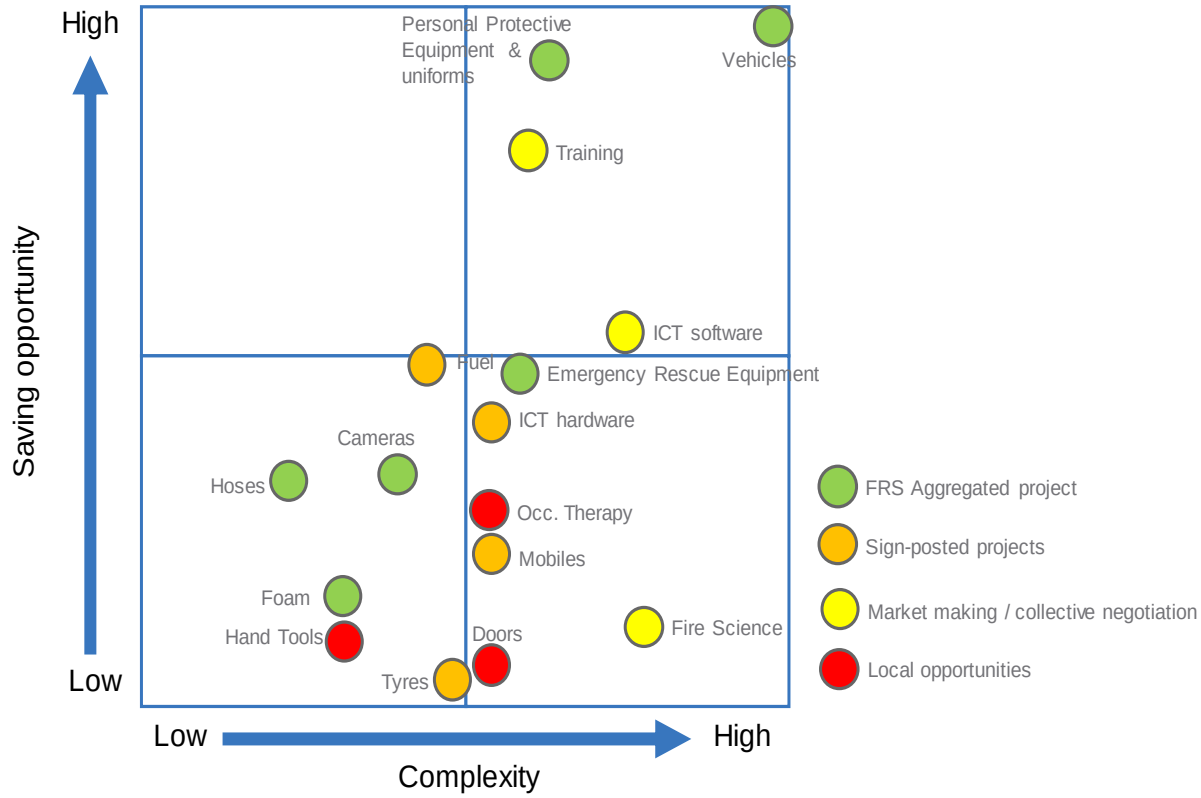
Aggregation plans

It is recommended that an 'Aggregation Coordination Project' is commissioned by the fire and rescue sector that initiates the following workstreams:

- Fire and rescue aggregated projects, which may or may not include other emergency services and government organisations
- Sign-posting opportunities, to help fire and rescue authorities that do not currently aggregate demand for non-fire specific goods and services and possibly also point them towards opportunities to join collaborative contracts that already exist
- Market making and collective negotiation, where there are dominant players in a market
- Local opportunities or those where data needs to be collected with fire and rescue authorities outside the pilot group to confirm the viability of a project

Figure 7 shows the project groups categorised into the four workstreams

Figure 7 – Project groups by workstream



Project management and resourcing

It is recommended that two full time resources are employed to coordinate and encourage collaboration in fire and rescue authorities. One resource, which would lead the project, should ideally be filled by a seconded fire and rescue procurement resource. If this is not possible then it is proposed that a fixed term contractor is employed. The second post will support some of the procurement activities and also lead on marketing successful collaborative projects in the fire and rescue sector.

These roles are likely to be required for at least a three year period, during which time they will:

- Build on improved spend management in fire and rescue authorities and create a self-sustaining pipeline of savings opportunities
- Promote best practice in procurement and foster a competitive market in the fire and rescue sector
- Coordinate a series of collaborative projects that deliver savings to the fire and rescue authorities

The following table shows an estimate of the cost of this team:

Role	Position filled by	Cost p.a.	Three year cost
Aggregation coordination project manager	Seconded fire and rescue authority procurement resource	£60,000*	£180,000
Marketing and procurement support	As above or fixed term contract	£50,000	£150,000
Travel		£10,000	£30,000
Total		**£120,000**	**£360,000**

* Estimated cost to backfill a procurement resource. This cost will vary depending on which fire and rescue authority the secondment is made from.

The illustration in the table above does not include any resources required to run procurements (e.g. preparing the requirements specification, tender documentation, fire and rescue authorities incurred costs in evaluations, costs associated with an eAuction platform).

Managing the aggregation coordination project will consist of:

- Building relationships with fire and rescue authority procurement managers
- Engaging with relevant framework managers to identify whether higher volumes will result in better prices in specific products and services
- Developing a national forward plan that shows the renewal of contracts and the expected renewal of large items of equipment. It is known that some fire and rescue authorities have documented individual ‘pipelines’ and some do not
- Working with government colleagues to ensure forthcoming fire and rescue authority contracts are posted on Contracts Finder
- Working with the SpendPro team to review the quarterly analysis and identify other opportunities
- Collecting targeted information from non-pilot group fire and rescue authorities on areas where sign-posting may be required
- Collecting targeted information from non-pilot group fire and rescue authorities on the product / service groups where market-making and collective negotiation is required
- Marketing the success of collaborative efforts with Chief Fire Officers/ Chief Executives, fire and rescue operational and technical staff, local councillors and relevant other government organisations

- Coordinating collaborative projects

Figure 8 outlines the proposed aggregation plan which, utilising suggested approaches, will seek to build on less challenging product / service groups first.

The plan has been created to map against the expiry dates for existing fire and rescue contracts and frameworks in order to foster standardisation between fire and rescue authorities. Attempts have been made to collect contractual information on the whole fire and rescue sector, however the majority of the information has been obtained from the pilot group. It will therefore be important for the aggregation coordination project to prepare a more complete picture of the national estate in discussions with fire and rescue authorities.

Figure 8 – Aggregation plan

Individual aggregation plan details are provided by product / service group in the following pages.

While best endeavours have been made to consider all relevant matters prior to recommending a procurement aggregation project it is strongly advised that legal advice is taken prior to commissioning projects, particularly in relation to running mini-competitions on existing frameworks. High level category strategies are detailed in **Appendix F**.

The following sections outline the savings that could be achieved in the product groups that have been taken forward. They make assumptions about the number of fire and rescue authorities that might be involved in a contract, and its likely length, to estimate the savings across the life of the contract.

Clothing and Personal Protective Equipment

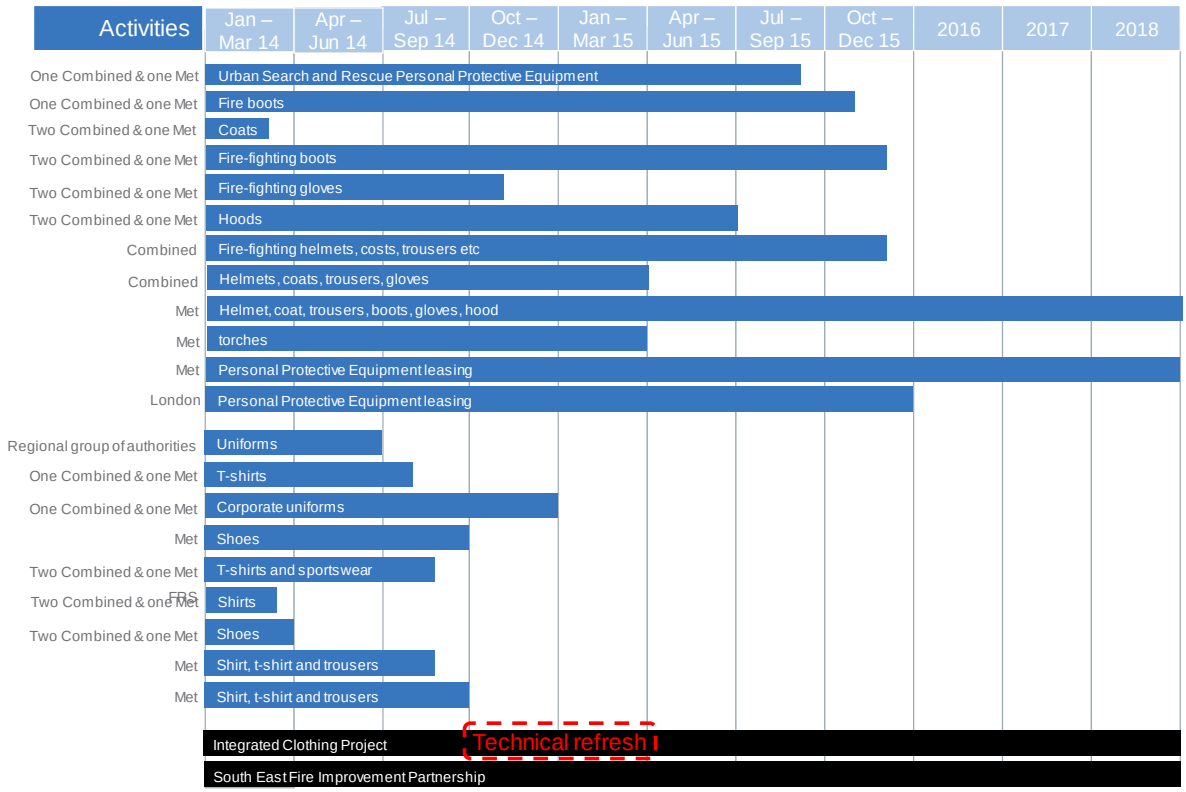
Product group	Estimated contract value	Procurement route	Proposed contract start	Proposed term	Estimated savings
Clothing and Personal Protective Equipment	c.£50.00m in more than one aggregated contract*	OJEU	Clothing – Aug 2014 Personal Protective Equipment purchase – mid 2015 Personal Protective Equipment leasing – end 2015	3 (+1) years	c.£12.27m

* Assumes two thirds of fire and rescue authorities can be moved onto local or national aggregated collaborative contract.

There are numerous existing contracts for the provision of clothing and Personal Protective Equipment. The aggregation plan is designed to align with the expiry of these contracts, however wider efforts to identify participation from non-pilot group may result in opportunities to run a Personal Protective Equipment collaborative project earlier. The North West fire and rescue authorities are currently preparing to renew their collaborative clothing contract (Summer 2015 with Greater Manchester Fire and Rescue Authority leading), which will be available for other fire and rescue authorities. The timescales for known Personal Protective Equipment and clothing contracts are shown in Figure 9.

Clothing and Personal Protective Equipment may involve a number of individual collaborative contracts focussed around fire and rescue authorities with similar requirements.

Figure 9 – Clothing and Personal Protective Equipment



* Assumes two thirds of fire and rescue authorities can be moved onto geographical or national aggregated collaborative contract.

Clothing and Personal Protective Equipment will involve a number of individual collaborative contracts. This is due to the necessity to let the contracts in a way that reflects the market (analysis suggests that manufacturing suppliers are able to offer the best prices) and not group together products that require suppliers to source them from alternative firms.

Aggregation plans for clothing and Personal Protective Equipment will also involve the aggregation coordination project working alongside other government organisations to investigate opportunities to gain further collaborative benefits. This will include the Ministry of Defence and current efforts to get better value for money in the police[6].

[6] http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/police-procurement-report/

Vehicles

Product group	Estimated contract value	Procurement route	Proposed contract start	Proposed term	Estimated savings
Vehicles	c. £50.00m per annum. Contract values depend on renewal cycles	OJEU	Dependent on fire and rescue authority renewal dates	One off	>£7.00m

Many fire and rescue authorities run mini competitions on existing frameworks and – where this does not meet their requirements – they will issue an OJEU.

The vehicle aggregation plan involves creating a fuller picture of the timescales for fire and rescue authorities renewing their vehicles and seeking to build on existing collaborative experience to develop a standard specification around fire and rescue authorities with similar risk management strategies.

Timetables for renewal will have to take into account the fact that many fire and rescue authorities are reviewing the type of vehicles that they use. In response to the change risk profile, many authorities are considering fewer, smaller vehicles that are able to respond to emergencies more quickly. Given the high spend on vehicles and also on related other categories, such as vehicle management (which costs >**£50m** per annum nationally) and fuel, changes to the nature of fleets will have a significant cost avoidance impact.

This is the most complex product group and at this stage it is not possible to accurately schedule a timescale initiating this workstream – it will need to be driven by renewal dates. The value of this workstream is also not just in savings against a previous contract, it is likely that fire and rescue authorities will go to market for a different solution and a significant benefit will be derived from ensuring that there are appropriate levels of standardisation in the specifications that are developed. Chief Fire Officers Association's Transport Officers Group will have a large part to play in this workstream.

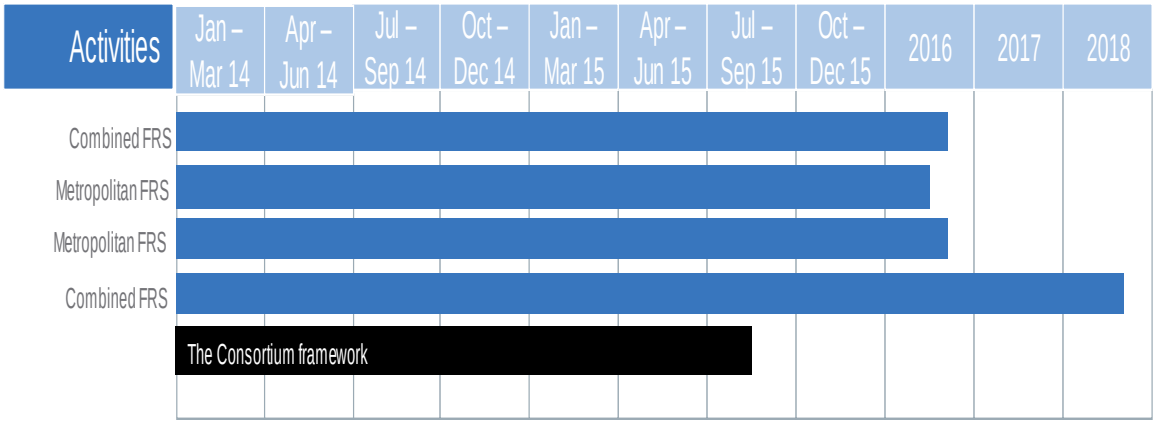
Emergency rescue equipment

Product group	Estimated contract value	Procurement route	Proposed contract start	Proposed term	Estimated savings
Emergency Rescue Equipment	£3.42m*	Mini-competition on Framework	Mid 2016	3 years	£0.51m

* Assumes a third of the fire and rescue authorities can be consolidated into an aggregated contract

The project has identified a number of fire and rescue authorities that have contracts to renew their emergency rescue equipment. Figure 10 shows existing contracts in this area. Aggregation planning has been designed around the end dates of known fire and rescue contracts; to foster standardisation between services as contracts and equipment is renewed.

Figure 10 – Emergency rescue equipment



Hoses

Product group	Estimated contract value	Procurement route	Proposed contract start	Proposed term	Estimated savings
Hoses	£0.82m*	OJEU	Dependent on wider fire and rescue sector demand	3 years	£0.33m

* Assumes around half of the fire and rescue authorities will use the contract. It is possible that higher participation could be achieved.

Analysis suggests that most fire and rescue authorities procure hoses on an ad hoc basis and they almost exclusively buy individually.

As part of the pipeline workstream the aggregation coordination project will outline a demand profile for replacing hoses and manage a collaborative procurement. The nature of this pipeline will inform the start date of any contract.

This procurement may require a longer timescale because of the current absence of a suitable framework. However, it is likely that this is an area where significant price reductions can be achieved. In order to further contribute to savings and offer an opportunity to market further collaborative projects to fire and rescue authorities it is

recommended that the aggregation coordination project uses an eAuction to buy these products.

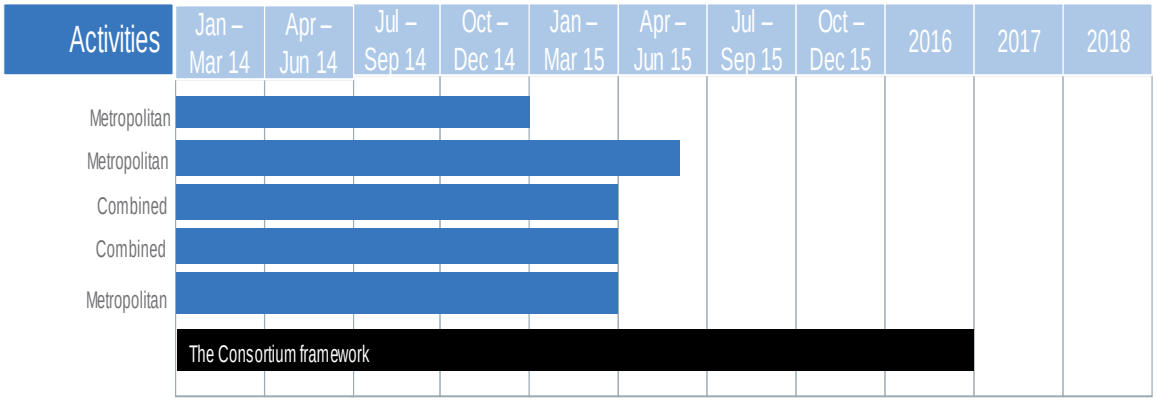
Cameras (thermal imaging)

Product group	Estimated contract value	Procurement route	Proposed contract start	Proposed term	Estimated savings
Cameras	£1.73m*	Framework	May 2015	2 years	£0.26m

* Assumes around half of the fire and rescue authorities will use the contract, incorporating large authorities in the Midlands, North East and North West.

A number of fire and rescue authorities in the pilot group currently have contracts for thermal imaging cameras and related services. It is proposed that, in order to encourage standardisation between fire and rescue authorities, an aggregation plan dovetails with the expiry of these contracts. The timescales for known thermal imaging camera contracts are shown in Figure 11.

Figure 11 – Thermal imaging camera contract dates



It is possible that in developing the pipeline the aggregation coordination project will identify enough fire and rescue authorities with a more immediate need, to justify an earlier procurement for cameras.

This procurement will include standardisation of the products where possible. This aggregation project may expand to include other similar products such as Urban Search and Rescue cameras and services such as thermal imaging camera maintenance, leasing.

Foam

Product Group	Estimated contract value	Procurement route	Proposed contract start	Proposed term	Estimated savings
Foam	£1.00m*	Framework (The	Oct 2014	3 years	£0.15m

Consortium)

* contract value is based on the assumption that one third of fire and rescue authorities commit to use the contract

Analysis suggests that fire and rescue authorities do not renew their foam stocks frequently and many are not currently under contract for this product. It is likely that some authorities call off against the framework without running a min-competition.

A mini-competition to supply a collective group of fire and rescue authorities for a three year period is likely to yield material percentage savings. In addition, the project will attempt to provide guaranteed minimum volumes. The individual risk of not having sufficient demand to require the minimum order is mitigated by buying collaboratively (i.e. a minimum volume of c.80% of the typical collective annual volume can be provided). This will contribute further to savings.

The aggregation coordination project could investigate the benefits of running this as an eAuction; however it may be advisable to pursue this method once the first collaborative project has been delivered successfully.

7. Conclusions

There is a clear rationale for collaborative procurement and the case for change is compelling. Fire and rescue authorities no longer have the luxury of being able to buy alone - they need to work together to deliver the best value for money, as well as share resources, knowledge and best practice.

Available spend data is spread across various websites and is of very varying quality. Fire and rescue authorities should adopt a common spend management tool to track spending by supplier and category which will make it much easier in the future for them to identify savings opportunities.

There is a high incidence of fire and rescue authorities developing different product and service requirements and buying bespoke goods as a result - with, what appears to be, little attempt or appetite to develop common specifications. This lack of standardisation clearly impedes collaborative procurement and may ultimately imact on operational efficiency.

Initial collaborative projects should build on current momentum of the pilot group to form a coalition of the willing. A manageable group of fire and rescue authorities able to work together, on the basis that it is ‘big enough’, is more likely to deliver successful outcomes than waiting to secure interest from additional fire and rescue authorities.

Dedicated resources are required to drive through collaborative projects or they are likely to lose momentum. Collaborative procurements in any sector benefit from coordination from individual(s) who are not part of one of the buying authorities because they perform the role of ‘honest broker’ during periods in a project where compromise is required such as standardisation of requirements, joint evaluation of products. This will require resourcing as experience suggests that a fire and rescue sector funded model will be difficult to get off the ground in an environment of shrinking budgets.

It is up to fire and rescue authorities to take forward the findings and recommendations from this report though the department will continue to work with them and provide strategic assistance and challenge in conjunction with the Chief Fire Officers Association.

Appendix A: SpendPro assessment

This Appendix provides a summary of the assessment of SpendPro against fire and rescue authority requirements and compares the tool with alternative tools in the market.

Spend management tool functionality

There is no industry standard definition of spend management system functionality, but suppliers' propriety systems and terms can be mapped to four common modules – spend analysis, sourcing, contract management and supply base management. The scope and activity of each module is summarised in the following table.

Module	Description
Spend analysis	Cleanse and analyse organisation-wide view of spending to identify opportunities to reduce cost, prioritise improvement and assess compliance.
Sourcing including eAuctions	Establish sources of supply and negotiate pricing, terms and conditions through Request For Information, Request For Proposals and reverse auctions
Contract management	Control and track compliance with contracts including purchase orders, price, payment terms, scope of services, variations, disputes, service levels, risk, term/expiry/renewal
Supply base management	Manage supplier performance by creating a repository of all relevant supplier information including supplier audits, performance reports, end customer surveys, tender activity, signed documents, financial performance data, media coverage

The review has not looked at any Purchase-to-Pay, marketplace or catalogue requirements or solutions.

Overview of spend management marketplace

The marketplace for spend management tools is quite extensive. Using the loosest definition it is possible to identify at least 30 individual suppliers across the globe, with varying levels of product maturity and complexity. This is characterised by a small number of dominant suppliers, followed by a long tail of small suppliers with their own bespoke developed systems. It is possible to group the market as:

- Large multi-national enterprise solution provider e.g. SAP, IBM
- Specialist E2E sourcing solution provider e.g. Ariba, BravoSolution, Emptoris,
- Niche operators with specific sourcing solutions e.g. SpendPro, Spikes Cavell

Only a sample of the market has been looked at, on the basis that it provides sufficient representation to understand SpendPro's position in the market. Furthermore, a number of alternatives are unlikely to be viable (for example those with no UK support)

Key: ✓ = Limited capability ✓✓ = Good capability ✓✓✓ = Strong capability

Supplier	Summary of supplier and product	Functionality				Market penetration	Cost	Key Strengths	Key Weaknesses
		Spend analysis	Sourcing	Contract Mgmt	Supply Mgmt				
Ariba	Established product with full spend management functionality. Acquired by SAP in 2012	✓✓	✓✓ ✓	✓✓	✓ ✓	Global presence and support, top 3 position	£££	Strong technology platform, focused on sourcing	Limited support for public sector
Bravo Solution	Established product with full spend management functionality. US and Europe focus Government Procurement Service's preferred spend analysis provider	✓✓ ✓	✓✓ ✓	✓	✓ ✓	Large client base, widely used in UK public sector All modules in use widely	££ (GPS offer free 3 month trial)	Large business services support, auction capability	Limited contract mgmt capability
Due North	Small UK-based supplier Available through Gcloud	✓	✓✓	✓	✓	Limited to UK public sector	£	Sourcing and auction capability	No internal, integrated spend analysis
Emptoris	Established product with full spend management functionality. Acquired by IBM in 2012. GPS's preferred sourcing tool Available through GCloud	✓✓ ✓	✓✓	✓✓	✓ ✓	Global presence and support, top 5 position, sourcing module most used	£££	Focused on large, global spend profiles, part of integrated package of best of breed solutions	Complex interface, usability. Current investment to improve interface and performance
SAP (excluding Ariba)	Global enterprise software company, with mature product. Expected to be integrated with Ariba capabilities	✓✓	✓✓	✓	✓	Global presence, mostly used for sourcing and contract mgmt	£££	Focused on large, global spend profiles.	Complex system, requires customisation to get maximum benefit of functionality

Science Warehouse	Originated out of Leeds University. Offers P2P and ERP support. Available through GCloud	✓✓			Primarily UK Education sector	£	Flexible reporting tool	Do not offer coding as part of service
Spend Insight	Partnered with London and Reading Universities Available through GCloud	✓✓			£120 billion analysed to date (NHS London)	£	Provides coding & opportunity analysis functionality	Limited experience outside health sector
SpendPro	Small UK-based supplier, based on Qlikview technology Available through Association of Greater Manchester Authorities.	✓✓	✓		Used in 40+ public authorities	£ £1000 p.a. / party	'What-if' analysis, easy UI, flexible dashboard and reporting capability	Capability primarily concerned with spend analysis – though there is an aspiration to increase contract management
Spikes Cavell	Small UK-based supplier, very established in public sector Available through GCloud	✓ ✓			Extensively used in UK public sector in the past	£	Offer aggregation service Provides opportunity analysis functionality	Supplier-led coding process
Value Works	Small UK supplier, providing analysis, consulting and outsource services Available through GCloud	✓ ✓ ✓ ✓			UK private and public sector client base (over 600 clients)	£ ("money back guarantee"	Cost savings focus Consultancy and outsourcing value add services	Limited e-sourcing, contract mgmt and SBM capability
Zycus	Established product with full spend management functionality. SaaS based service.	✓ ✓ ✓ ✓ ✓	✓✓	✓✓	Global client base, significant growth in last 3 years	£££	Strong technical support, early market leader in spend analysis	SBM and contract mgmt are relatively new products and in limited use

Shortlisting of products to compare with SpendPro

The aim of this report is to assess the SpendPro system against similar alternatives available in the market. As demonstrated above, the scope of SpendPro's functionality is centred on spend analysis and therefore shortlisting has focused on spend analysis functionality only and, reflecting limited funding, comparable costs to SpendPro (£1,000 subscription fee per year). It is recognised that there is a risk that the choice of a product without full E2E procurement functionality may restrict deeper collaboration over time, this is deemed low risk. Coded data can be easily transferred to an alternative product if needed and there would be limited loss of investment.

The following products have been shortlisted for more detailed comparison of their spend analysis capabilities:

- Bravo Solution
- Spend Insights
- SpendPro
- Spikes Cavell
- Valueworks

Assessment of shortlisted providers

The following table provides a summary of the core capabilities and services offered by spend analysis suppliers. Each shortlisted product will be assessed against these capabilities with supporting commentary.

Capabilities	Description
Spend visibility	Providing management information and dashboard reporting Coding against defined spend category structure (e.g. UNSPSC, Proclass)
Category strategy development	Supporting development and prioritisation of procurement function, category planning, supplier performance management and supply base management
Opportunity analysis	Identifying, structuring and analysing requirements Analysing supply mix to identify consolidation opportunities (supplier and product consolidation) Identifying spend areas benefiting from increased supply competition

Pricing variance	Identifying different prices for similar products Identifying changes and trends in prices Monitoring actual prices against contract reference prices (including payment recovery)
Compliance tracking	Monitoring spend through preferred suppliers (by cost centre) Monitoring supplier additions
Payment solutions	Monitoring order, invoice and payment flows to help optimise P2P solutions e.g. order and invoice consolidation
Risk	Identifying supply risks including continuity, fraud etc Monitoring profile of orders (multiple, duplicates, late) including changes/trends

Spend analysis requires the cleansing and coding of the raw data to organise it into an agreed structure and, potentially, supplement it with reference data such as preferred supplier flags and contract pricing. Each provider will draw on its own existing supplier coding database and apply to raw spend data to 'automatically' code spend for known suppliers.

The following considerations are relevant when assessing the tool's coding capability:

- Coding is at supplier level as a minimum, but ideally at transaction level
- Flexibility on coding structure (UNSPSC, ProClass etc)
- Expect to have parent and child relationships within the data(suppliers, transactions)
- Auditable trail of any cleansing or assumptions applied
- Ability to integrate with broader supplier data (e.g. contract data, supplier quality scores)
- Ability to interface with Finance system for dynamic or regular updating

Due to the constraints of the fire and rescue procurement aggregation project, with the exception of SpendPro, the assessment has been carried out on the basis of desk-based assessment of publicly available information and has not included individual product demonstrations to validate this information.

Supplier	Bravo Solution	SpendPro	Spend Insight	Spikes Cavell	Value Works
Spend visibility	✓ ✓✓ (Enterprise platform, SAP integration capability)	✓✓ (Qilkview based)	✓✓ (Excel based back end, item level coding, web front end presentation)	✓✓ (Supplier level coding, modular online tools)	✓✓ (Cloud based)
Category strategy development	✓	✓	✓	✓ (Social care solution)	✓✓
Opportunity analysis	✓✓✓	✓✓	✓✓	✓✓	✓✓
Pricing variance	✓✓	✓✓	✓✓	✓✓	✓✓
Compliance tracking	✓✓	✓✓	✓✓	✓✓	✓✓
Payment solutions	✓✓	✓	✓	✓	✓✓
Risk	✓✓	✓	✓	✓	✓

Spend management tool recommendation

In assessing the market tools, two concerns have been primary:

The detail and quality of fire and rescue authority raw data is expected to be limited (e.g. item level detail)

The short to medium-term need for fire and rescue authority joint working is understood to be relatively simple spend analysis and therefore wider e-procurement capabilities of tools are low priority

Of the short-listed products:

- Spend Insight, Spikes Cavell and Value Works are broadly comparable with SpendPro. Each product has slightly different strengths and weaknesses but in terms of comparing the products these are marginal differences.

- BravoSolution’s offering is materially different due its broader capabilities and more technologically advanced spend visibility and opportunity analysis capabilities. The 3 month free trial is attractive in providing an option to try out the tool at no cost or risk to the fire and rescue authorities. However, after the 3 month trial, fire and rescue authorities would need to enter a paid subscription to continue to use the Bravo tool. Given limited resources in fire and rescue authorities this may present a barrier to creating a lasting spend management solution.

The fact that SpendPro is already in use in fire and rescue authorities and has the Chief Fire Officers Association's backing is therefore a major factor in recommending a preferred tool. This momentum should not be under-estimated and an alternative product should only be used if there were very compelling reasons to do so. The assessment of this review is that compelling reasons do not exist to change.

Work on fire and rescue authority collaboration is at an exploratory stage. Should decisions on the preferred tool be re-examined and result in selection of a different tool for the longer-term based on the necessity of a broader e-procurement capability, the cost and time invested in deploying SpendPro would be limited as coded data would be readily transferrable to the new tool.

I**t is recommended that using SpendPro as the preferred tool is an appropriate strategy to enable collaboration opportunities to be identified**.

Appendix B: Data gathering template products

The following table shows the individual products and services that made up the data gathering template. It also shows the product / service grouping that the list was divided into.

Description	Product / service	Product / service group
Purchase of a fire fighting structural helmet	Protective	Clothing and Personal Protective Equipment
Purchase of a male fire fighter's structural coat	Protective	
Purchase of a pair of male fire fighter's structural trousers	Protective	
Purchase of a pair of leather fire boots (or closest equivalent products)	Protective	
Purchase of a pair of fire fighting structural gloves	Protective	
Purchase of a fire fighting hood	Protective	
Personal Protective Equipment leasing costs	Protective	
Purchase of a station-wear shirt	Uniform	
Purchase of a station-wear t-shirt made from wicking fabric	Uniform	
Purchase of a station-wear pair of trousers	Uniform	
Purchase of a station-wear lace up pair of shoes (non-safety)	Uniform	
Purchase of a station regulation outer jacket and inner fleece	Uniform	
Purchase of a standard helmet mounted torch	Torch	
Purchase of a standard tunic mounted torch	Torch	
Servicing for all lifesavers either specification - 275N life jacket or specification - 150N life jacket	Water rescue equipment	
AFF- Aqueous film forming foam fluorine free and fluorine foam	Foam	Foam
Breathing apparatus back plate	Breathing Apparatus	Breathing Apparatus
Breathing apparatus harness	Breathing Apparatus	
Breathing apparatus face mask	Breathing Apparatus	
Breathing apparatus pressure reducer	Breathing Apparatus	
Breathing apparatus pneumatic assembly	Breathing Apparatus	
Breathing apparatus pressure sensor/movement sensor	Breathing Apparatus	
Breathing apparatus twin cylinder	Breathing Apparatus	
Breathing apparatus telemetry	Breathing Apparatus	
Costs incurred on in-house maintenance of breathing apparatus.	Breathing Apparatus maintenance	
Costs incurred on external maintenance of breathing apparatus.	Breathing Apparatus maintenance	
Regulatory cylinder testing	Breathing Apparatus cylinder testing	
Purchase of a standard compressor.	Compressor systems	Compressor systems
Hooligan tool / bar	Hooligan tool	Hand tools
Door breaking in tool	Door breaking in tool	
Reciprocating saw	Reciprocating saw	
Bolt cropper c.36 inch	Bolt cropper	
Purchase of an hydraulic cutter	Hydraulic cutter	Emergency rescue equipment
Purchase of an hydraulic spreader	Hydraulic spreader	
Purchase of an hydraulic ram	Hydraulic ram	
Purchase of an hydraulic power pack	Hydraulic power pack	

Purchase of a battery operated cutter	Battery operated cutter	
Purchase of a battery operated spreader	Battery operated spreader	
Purchase of a battery operated ram	Battery operated ram	
Purchase of a battery operated power pack	Battery operated power pack	
Purchase of flat-form 35 tonne lifting bags	Lifting bags	
Purchase of certified standard lay flat delivery hose (c.23 metre length and 70mm diameter)	Hose	Hoses
Purchase of hose for high pressure pumps - 1000 metre of hose, 150mm diameter	Hose	
Required annual hose testing	Hose testing	
Purchase of a thermal image camera	Thermal imaging camera	Cameras
Thermal imaging camera servicing costs	Camera servicing	
Purchase of the chassis component of a fire engine (type B pumping appliance)	Type B pumping appliance chassis	Vehicles
Purchase of the fire-engineering component of a fire engine (type B pumping appliance)	Type B pumping appliance fire engineering	
Purchase of the body build component of a fire engine (type B pumping appliance)	Type B pumping appliance body build	
Leasing price for a fire engine (type B pumping appliance).	Vehicle leasing	
Purchase of a combined aerial rescue pump (CARP)	Fire fighting equipment	
Purchase of a n Incident Command Unit	Incident Command Unit	
Purchase of a litre of fuel for fire fleet	Fuel	Fuel
Purchase of tyres for a B type pumping appliance	Tyres	Tyres
Building cleaning services costs	Office cleaning	Office cleaning
Security guarding for fire buildings / sites.	Manned guarding	Manned guarding
External auditors' costs (final accounts)	External Audit	External Audit
Forensic fire investigation and Fire Science Services	Fire science investigations / forensics	Fire science
Counselling services for fire fighting staff	Counselling	Occupational therapy
Physical therapy for fire fighting staff	Physical therapy	
Staff under temporary or agency contracts	Temporary staff	Temporary staff
Driver training for fire officers	Driver training	Training
First Aid training for fire officers	First aid training	
Grounds maintenance for fire building premises	Grounds maintenance	Grounds maintenance
Fire station door install and maintenance	Fire station door install and maintenance	Fire station door install and maintenance
Mobile handsets and associated services	Mobile phones	ICT: mobiles
Purchase of a standard desktop	Standard desktops	ICT: hardware
Purchase of a standard laptop	Standard Laptop	
Purchase of ambulance dressings	First aid equipment	Healthcare consumables
Purchase of an oxygen cylinder for use in medical emergencies	Medical Oxygen	
Purchase of medical collar	First aid equipment	
MS Office professional 2010 package	MS Office software	ICT: Software
Information on software: workforce / duty planning	Duty planning software	
Information on software: command and control	Command and control software	
Information on software: risk management	Risk management software	
Information on software: equipment management	Equipment management software	
Information on software: fleet management	Fleet management software	

Appendix C: Benchmarking and saving opportunities

This table outlines the estimated annual spend per product group and a percentage saving opportunities using the methods outlined. Saving opportunities do not include the ancillary benefit of reducing the time required for procurement and operational staff through buying once, rather than repeating similar procurements across the fire and rescue sector.

Grouping	Annual spend £m	Savings opportunity (%)	Saving opportunity £m	Benchmarking and data gathering
Personal Protective Equipment, uniforms and torches	18.413	25%	4.603	Benchmarking demonstrated significant ranges in the prices paid for Personal Protective Equipment from the same supplier and via the same sourcing route. Aggregating demand around fire and rescue authorities that have the same requirements can deliver savings, for example the price of a structural helmet from the same supplier varied by 25%. Personal Protective Equipment leasing costs also varied significantly between fire and rescue authorities Analysis of clothing suggests that there will be significant saving opportunities from both aggregating and standardising uniforms.
Vehicle Purchase	28.480	15%	4.272	There are various different specifications for firefighting vehicles. Varied specifications make it dangerous to calculate savings based on the lowest benchmark. A more prudent figure of 15% has been applied; however it is likely that this saving could be higher if widespread standardisation according to shared requirements is achieved. Additional savings may also be possible within the vehicle management category through standardisation.
Vehicle Leasing	23.799	15%	3.570	Vehicle leasing shares the same specification variance issues with vehicle purchase. In addition there are additional services – such as maintenance – included in contracts, making comparisons even more complex. It is reasonable to assume that a similar reduction can be achieved on vehicle leasing.

Training	24.010	10%	2.401	Benchmarked training costs showed significant variations in the prices paid for courses. Analysis of the category shows that the two largest suppliers control over half of the spend (**£13.4m**). The next largest five private training suppliers received between **£0.1m** and **£0.3m** and the remaining >1,000 suppliers are all under **£1,000**. One of these suppliers – the Fire Service College – has recently moved into private ownership and is working with the Chief Fire Officers' Association to develop the training that it provides. The dominance of two suppliers for many fire and rescue courses suggests an approach where fire and rescue authorities share information to analyse costs and take action to build as competitive a market as possible.
ICT Software	10.483	5%	0.524	The data gathering exercise demonstrated that here are a number of instances where fire and rescue authorities use the same software supplier for the same business functions, including duty management, fleet management, risk management and command and control. There is an opportunity for central (national) negotiation with suppliers that control a significant part of the fire specific software market. Collaborative contract management, involving a user group of fire and rescue authority staff, can result in better deals at contact renewal.
Emergency Rescue Equipment	3.423	15%	0.513	Benchmarked prices demonstrated significant variances in the unit prices paid. The same emergency rescue product from the same supplier varied by 22%. Aggregation around authorities with similar requirements will deliver savings. In addition, prices obtained from an existing framework agreement include between 10-15% price reductions when ordering larger volumes.
ICT Hardware	4.573	10%	0.457	Benchmarking demonstrated reasonable variances in the prices paid for hardware, though inherent variances in the specifications do exist. There is an opportunity to aggregate demand within fire and rescue authorities but higher savings may be available by aggregating with other public bodies with higher demand (e.g. local authorities). Collaborative hardware procurement projects

				have yielded >30% savings.
Thermal Imaging Cameras	1.726	15%	0.259	The benchmarking demonstrated a range of prices paid for similar thermal imaging (41%) and, even when comparing prices for fire and rescue authorities that use the same brand of thermal imaging camera there is an 8% variance. In addition, prices obtained from an existing framework agreement include a c.8% price reduction when ordering over 100 units, compared to ordering beneath 10. It is likely that at least 15% can be saved through aggregating significant volumes. There are also additional savings available through the maintenance of thermal imaging cameras.
Hoses	0.545	40%	0.218	Benchmarking has demonstrated significant variances in the prices paid for specific specifications of hose, including material variances (49%) where fire and rescue authorities are using the same supplier.
Foam	1.000	15%	0.150	The data gathering and benchmarking process showed that most fire and rescue authorities bought at the published prices on the same framework, which has now expired. Opportunities existed to get economies of scale and cheaper unit prices on that framework but there appears to be little aggregation between fire and rescue authorities. The annual spend has been calculated using the projections published in papers for the renewal of a national foam framework.
Occupational Therapy	3.247	5%	0.162	Benchmarking demonstrates variations in the prices paid for occupational therapy, though this is a necessarily locally delivered service and therefore geographic differences in wages will contribute to the differences. Opportunities do exist to aggregate with local fire and rescue authorities. Benchmarking shows fire and rescue authorities can pay up to 40-60% more than neighbouring authorities.
Mobile Phone	2.820	5%	0.141	Benchmarking demonstrates variances in the prices paid by different fire and rescue authorities and that various approaches to procuring the contract have been used (national frameworks, a requisite number of quotes). Examples of collaborative procurements for mobile telecoms have yielded >30% previously.

				There is an opportunity for fire and rescue authorities to aggregate with other public bodies which have larger demand (e.g. local authorities).
Hand tools	0.365	30%	0.109	Benchmarking demonstrates significant price variations (>200%) in the sample of tools that were benchmarked. These items were exclusively bought through local quotations as individually they don't represent large items of spend. Calculating the total annual spend on hand tools in problematic as the transactions will often fall beneath the threshold for inclusion in the transparency data. Further discussions with more fire and rescue authorities will be required before a decision can be made to progress with this group.
Fire station doors	0.632	15%	0.095	Benchmarking demonstrates variations in the prices paid for maintenance of fire station doors. This is a locally delivered service and therefore geographic differences in wages will contribute to the differences. Opportunities do exist to aggregate with local fire and rescue authorities on a local basis. Further locally specific discussions will need to take place in order to make a decision to commission projects in this area.
Breathing apparatus	1.448	5%	0.072	The number of items that make up a single breathing apparatus set makes benchmarking complex, though it is likely that there are reasonable variances in the prices paid by fire and rescue authorities. Benchmarks for externally provided breathing apparatus maintenance show significant variances between fire and rescue authorities. The current information available suggests that this does not represent a large enough opportunity to warrant a project – however this conclusion should be reconsidered as more data is available either through additional returns not yet received (in the short term) of through the SpendPro analysis (in the medium term).
Fire Science	1.256	5%	0.063	The data gathering and benchmarking exercise showed that some fire and rescue authorities have in-house fire investigation staff however one supplier dominates the externally supplied service. The nature and location of the investigation will drive the price, however there is an opportunity to collectively negotiate, build a wider market and share information between authorities.

Tyres	0.555	5%	0.028	The data gathering and benchmarking process showed that most fire and rescue authorities were using national frameworks and some were conducting mini-competitions to source suppliers. There are incidences of fire and rescue authorities using local quotes and receiving worse deals, however the opportunity is limited. Any aggregation in this group should be done alongside other public sector organisations that have large fleets.
Healthcare consumables	0.104	10%	0.010	The benchmarking process identified large variances in the prices paid for certain types of product: however size of the annual spend is not considered large enough to justify further work.
Compressors	0.079	10%	0.008	The benchmarking process identified some large variances in the prices paid for compressors, however these products are rarely bought and the annual spend is not considered large enough to justify further work.
Sub total	**126.958**		**17.655**	
Fuel	14.074			Benchmarking demonstrates variances in the unit prices paid for fuel. The fire and rescue community use various different frameworks. There is an opportunity to aggregate demand both within the fire and rescue sector and elsewhere.
Cleaning	8.415			The data gathering process identified a mixed approach between in-house and some externally provided cleaning services. Most fire and rescue authorities that buy cleaning do so alongside their local authority, but it appears not all do. This group will form part of on-going efforts to sign-post fire and rescue authorities that buy alone toward aggregation with other local public bodies.
Temp staff	1.367			The data gathering process identified a mix of individually sourced contracts, aggregation with local authorities and aggregation with other fire and rescue authorities. Temporary staff will form part of on-going efforts to sign-post fire and rescue authorities toward aggregation opportunities.

Manned guarding	0.698		The benchmarking process demonstrated variances in the price paid between fire and rescue authorities; however local wage differences will introduce natural variations. In the data provided there does not appear to be a material opportunity guarding – though additional data from some larger services may suggest otherwise. If pursued this is likely to be an area where sign-posting fire and rescue authorities to aggregation opportunities is the right approach.
External audit	1.740		The data gathering process showed fire and rescue authorities aggregate this service alongside their local authority.
Grounds maintenance	5.785		The data gathering process showed fire and rescue authorities aggregate this service alongside their local authority though there are some that buy alone. This group will form part of on-going efforts to sign-post fire and rescue authorities that buy alone toward aggregation with other local public bodies.
Total	**159.037**	**17.655**	

Appendix D: Complexities of aggregation

As outlined, the focus of this project has been on certain areas of aggregation given the complexities that exist in aggregating specific groups of products and services. Through discussions with the pilot group and interviews with suppliers the difficulty in aggregating demand between fire and rescue authorities was assessed. This complexity was assessed in terms of:

- Whether the product or service was standard across fire and rescue authorities as a whole or whether there are legitimate reasons for high degrees of local differences. This includes an assessment of whether the product or service needs to be delivered in a specific geography, and therefore may be more complex to aggregate with other fire and rescue authorities across the country

- Whether the likely partner reaction to aggregation would be favourable and whether Chief Fire Officers/Chief Executives, operational colleagues and other interested partners will guard individual fire and rescue authorities' procurement.

- Whether the supply market is healthy, with a reasonable number of players and a cost of changing that is not prohibitively high

- A score was attributed to each product/service group for the above categories and the total score was used to define the complexity involved. The following table summarises the overall complexity for the groups of products and services

Product / service group	Complexity	Notes
Hand tools	Very low	Standard products with a healthy supply market and little partner opposition.
Hoses	Very low	Interoperability means products are standard. There seems to be a reasonable supply market.
Fuel	Very low	Standard product in a healthy market.
Foam	Very low	Product must comply to set standards and is not particularly political. There are a number of suppliers in the market.
Healthcare consumables	Very low	High degree of standardisation, little partner opposition is likely and there are many players.
Compressors	Low	Products are not entirely standard, but not bespoke. There is likely to be little partner opposition. The supply market has a number of players.
Thermal imaging cameras	Low	Similar product specifications and a healthy supply market. There may be some opposition from operational colleagues to move from preferred

		equipment (and preferred brands).
Tyres	Low	Standard products in a healthy supply market. The requirement to fit at fire and rescue authorities locations (which is available on existing frameworks e.g. GPS) adds complexity to aggregating demand.
External audit	Low	Differences in fire and rescue authorities mean inherently different resources are required – even if the approach is standard. There is a healthy supply market and interested partners are unlikely to guard against aggregation.
Training	Medium	Training is dominated by two suppliers who control over half of the (c. **£20m** p.a.) market and control much of the fire specific training (e.g. Urban Search and Rescue equipment).
Fire station doors	Medium	The supply market appears reasonably healthy. This is an area that necessitates local provision and so large scale collaboration is complex.
Grounds maintenance	Medium	The supply market is healthy and there is likely to be little partner opposition. The nature of the service is local which makes aggregating with large numbers of fire and rescue authorities more complex.
Cleaning	Medium	The supply market is healthy and there is likely to be little partner opposition. The nature of the service is local which makes aggregating with large numbers of fire and rescue authorities more complex.
Occupational therapy	Medium	Much of the supply market is made up of smaller local providers or local NHS and Primary Care Trust providers, making large scale aggregation complex.
Temporary staff	Medium	The supply market is healthy and there is likely to be little partner opposition. The nature of the service is local which makes aggregating with large numbers of fire and rescue authorities more complex.
ICT Hardware	Medium	Fire and rescue authorities representatives suggested that agreeing a standard specification will be complex and different security protocols may also introduce issues. There is some generic equipment available and moves to adopt the Public Service Network may standardise security arrangements The supply market is healthy.
ICT Mobiles	Medium	Fire and rescue authorities reported a reasonable cost of changing, but the supply market is healthy and specifications are alike.
Clothing and Personal Protective	Medium	The existence of safety standards helps in terms of standardisation; however this is an area which has been challenged in the past.

Equipment		Clothing and Personal Protective Equipment is an area of high interest for Chief Fire Officers/ Chief Executives and other partners, who are expected to have strong preferences. There is a myriad of differences in uniforms.
Security	Medium	Security services are bought in various different ways (e.g. through Fully Managed contracts, Private Finance Initiative, alongside other organisations, in-house vs external) and must be delivered locally, making joint fire and rescue authority collaboration complex.
Emergency rescue equipment	Medium	Operational staff are likely to have strong views and preferences about equipment and standardisation. Though there are a reasonable number of suppliers the fire and rescue authorities that contributed to the benchmarking seem to favour one particular firm. Fire and rescue authorities have reported a reasonable cost of changing when moving to new equipment (e.g. cost of new training and in-house maintenance requirements).
Breathing apparatus	High	In-house maintenance, training and parts mean that there may be a reasonable cost to change suppliers. Operational colleagues often favour certain suppliers and one firm supplied almost all of the pilot group respondents.
ICT Software	High	Whilst many fire and rescue authorities use the same software, bespoke elements are often added. Pilot group representatives reported that for fire specific systems, e.g. availability, competencies and fire control, the market is dominated with a small number of players and fire and rescue authorities have very limited leverage.
Fire science (investigations)	High	The service is bespoke, depending on the particular investigation. The supply market seems to be heavily dominated by one supplier.
Firefighting vehicles	High	There is a high degree of bespoke fire fighting vehicles between fire and rescue authorities and some are changing the nature of their fleet (fewer and smaller vehicles). There is also a multiplicity of ways that they are bought (outright purchase, Private Finance Initiative, lease, contracts inc / ex maintenance) which makes collaboration and aggregation highly complex. There is a high cost of changing as there are implications for training and maintenance in particular. Fleet managers, Chief Fire Officers/ Chief Executives and operational staff are likely to guard their local specifications.

Appendix E: Project content

Previous experience of collaborative procurement projects suggests that, in most markets, they deliver better value for money through aggregating demand and achieving economies of scale. There are, however, additional benefits from collaboration, including sharing resources and ‘buying once’. It is also true that in some markets economies of scale will not achieve large savings (for example in some oligopolistic or monopolistic markets larger volume has a limited impact on price). Therefore the fire and rescue procurement aggregation project worked with the pilot group to consider what a project in each group might involve out of the following competitive levers:

- Aggregating demand, to consolidate spend under fewer contracts, generating more leverage and lower prices and avoid duplication of effort
- Re-competing contracts, to avoid the ‘complacency’ that many buyers labour under and increase the potential supply market
- Analysing cost, to break down the price and determine individual costs (production, assembly, shipping) in order to compare, challenge and avoid costs and to understand what other organisations pay
- Changing and standardising specifications, to challenge any ‘gold plated’ and unnecessarily bespoke specifications
- Changing the relationship, to move from spot buying to partnership, develop the market and avoid monopoly provision

The following table outlines the likely content of collaborative commissioned in the groups identified. The ticks indicate the extent to which each lever will affect the price, with more ticks representing a greater impact. For example, a product with five ticks under ‘aggregate’ suggests that grouping together fire and rescue authority volumes will have a strong impact on savings, whereas no ticks indicates that it is a product where economies of scale have little influence over pricing.

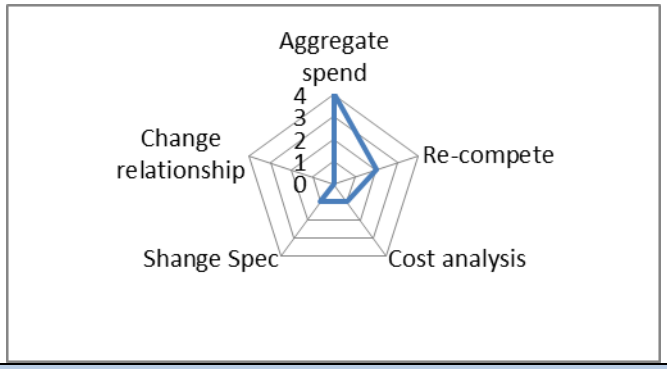
Product / service group	Aggregate	Re-compete	Cost analysis	Change spec'	Change relationship	Notes
Fire fighting vehicles	✓✓✓		✓✓✓	✓✓✓✓		Significant opportunity to rationalise the specifications of vehicles according to need. Aggregation to deliver savings (many buy alone) and cost analysis to identify the particular aspects of the vehicles that are high cost allows costs to be avoided.
Fire Science		✓	✓✓✓		✓✓✓✓✓	Some fire and rescue authorities have internal investigation staff and the externally provided service is dominated by few large players. Project would largely involve encouraging a more competitive market.
Breathing Apparatus	✓✓✓✓	✓	✓✓✓	✓✓✓	✓✓	Project would involve aggregating demand around similar requirements and standardising the specifications. Analysing the relative costs of the Breathing Apparatus and telemetry will identify where the cost is.
ICT: Software	✓✓✓		✓✓	✓✓✓	✓✓	Fire and rescue authorities report that their leverage is limited with the software suppliers and individually they buy similar software with bespoke elements. Project activity would involve standardising specifications in fire and rescue authorities with similar requirements, negotiate collectively and share cost data.
Clothing and Personal Protective Equipment	✓✓✓✓	✓	✓	✓✓✓		Project would involve aggregating demand for similar requirements and seeking to standardise specifications.
Security	✓✓✓	✓				Locally delivered service. Fire and rescue authorities can benefit from aggregating demand and re-competing.

Emergency Rescue Equipment	✓✓✓	✓	✓	✓✓		Project would involve aggregating demand for similar requirements and seeking to standardise specifications.
Training	✓✓	✓✓			✓✓✓✓✓	External training market is dominated by two large suppliers. In order to reduce cost activity would require fostering a more diverse market.
Fire station doors	✓✓✓	✓✓	✓			Project would involve locally aggregated demand and re-competing contracts.
Grounds maintenance	✓✓✓	✓				Locally delivered service. Fire and rescue authorities can benefit from aggregating demand and re-competing.
Cleaning	✓✓✓	✓				Locally delivered service. Fire and rescue authorities can benefit from aggregating demand and re-competing.
Occupational Therapy	✓✓✓	✓✓				Project would involve locally aggregated demand and re-competing contracts.
Temporary Staff	✓	✓	✓✓✓			Locally delivered service. Fire and rescue authorities can benefit from analysing temp staff costs to identify if there are areas they are consistently incurring temporary staff costs.
Thermal Imaging cameras	✓✓✓	✓		✓✓✓		Project would involve aggregating demand for similar requirements and seeking to standardise specifications.
Tyres	✓✓✓	✓✓				Aggregation of demand and competing contracts (rather than buying at framework prices) to deliver savings.
External audit	✓✓	✓✓				Project would involve aggregating with local public bodies and re-competing contracts to avoid buyer complacency in line with existing and future audit arrangements.
Compressors	✓✓✓✓			✓✓✓		Project would aggregate demand and avoid fire and rescue authorities buying alone.

					It would also standardise around those authorities with similar requirements.
Healthcare consumables	✓✓✓	✓✓	✓		Project would primarily involve aggregation with organisations with a higher core demand for these products.
Foam	✓✓✓✓	✓✓	✓	✓	Project would aggregate demand and re-compete (rather than just buy at framework prices)
Hand tools	✓✓✓	✓			Primarily involves aggregating demand for low value items.
Hoses	✓✓✓✓	✓	✓	✓	Project would avoid 'buying alone' and deliver a larger volume of work to market.
Fuel	✓✓✓	✓✓			Project will include aggregation of demand to deliver savings and re-competing contracts.
ICT: Hardware	✓✓✓	✓✓	✓	✓✓	Aggregated demand in this category has delivered strong savings in other sectors. Some level of standardisation will be required – this is likely to be standardisation to a high / the highest specification, which erodes some savings (but delivers a workable project between fire and rescue authorities).
ICT: Mobiles	✓✓✓	✓✓	✓	✓✓	Aggregated demand in this category has delivered strong savings.

Appendix F: High level category strategies

This appendix outlines high level category strategies for the product groups that have been progressed from the business case section (including training).

Category: EXAMPLE					
Category description Provides a brief description of the products and services in the group. Also, where relevant, identifies related products or services that would be affected by a project to aggregate demand in this area (for example, work on standardising and aggregating demand for vehicles will have implications for costs incurred on vehicle parts).					
Total annual spend: Provides the estimated annual spend across England					
Top suppliers FY 12/13	Spend £m	% of total	Top fire and rescue authorities FY 12/13	Spend £m	% of total
List of suppliers….			List of fire and rescue authorities…		
List of suppliers….			List of fire and rescue authorities…		
Current fire and rescue authority sourcing approach					
Describes the way that fire and rescue authorities currently buy goods in this group (for example, do they contract alone, is there collaboration, do they use existing frameworks currently).					
Future sourcing approach			Suggested actions to reduce cost		
Describes a possible future approach to sourcing, including any particular future trends in the category.			Graphically shows the focus of a project to reduce cost in this category. For example, the following graph suggests that the focus will be on aggregating demand between fire and rescue authorities.  		
Savings					
Shows the % saving opportunity.					
Risks and barriers					
Identifies key risks and barriers to realising savings in this category.					

Category: Clothing and Personal Protective Equipment

Category description

Category includes clothing used by firefighters when not fighting fire, including station wear, sportswear and ceremonial dress. Also included is support staff station wear.

Personal Protective Equipment includes all protective equipment worn by firefighters when fighting a fire, including fire retardant clothing, protective helmets, boots, gloves etc. Personal Protective Equipment also includes additional items of equipment worn by staff, including torches and life jackets.

The category includes both the purchase and lease of these items.

Suppliers include UK and international manufacturers.

Related products and services include laundry, repair and maintenance.

Total annual spend: **£18.4m**

Top suppliers FY 12/13	Spend £m	% of total	Top fire and rescue authorities	Spend £m	% of total
Bristol Uniforms Limited	7.948	43%	London	2.410	15%
Cosalt	2.246	12%	Avon	1.582	10%
Ballyclare Ltd	1.350	7%	West Yorkshire	1.100	7%
Lion Apparel System Ltd	1.334	7%	Essex	0.954	6%
Hunter Apparel Sol's Ltd	0.886	5%	West Midlands	0.619	4%
FlamePro (UK) Limited	0.740	4%	Shropshire	0.608	4%
Sprue Safety Prod's Ltd	0.332	2%	Kent & Medway	0.570	4%
W M Sugden & Sons Ltd	0.292	2%	Merseyside	0.555	4%
Nps (Shoes) Ltd	0.241	1%	Hampshire	0.516	3%
Southcombe Bros Ltd	0.216	1%	South Yorkshire	0.510	3%

Current fire and rescue authority sourcing approach

Many fire and rescue authorities call off against existing frameworks (e.g. YPO).

There are examples of collective groups of fire and rescue authorities collaborating to establish a contract to supply localities, for example the Integrated Clothing Project, the South East, the North West clothing and Personal Protective Equipment contracts.

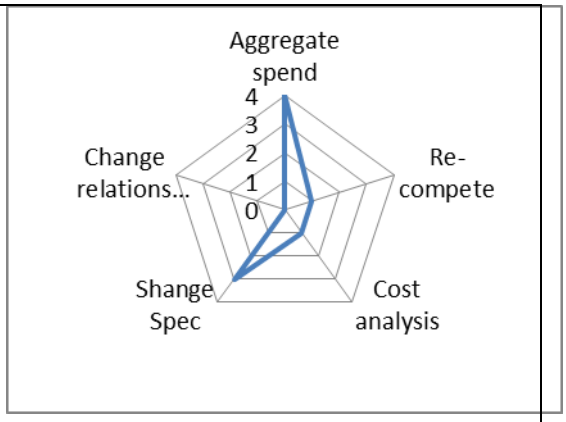
Future sourcing approach	Suggested actions to reduce cost

More standardisation – particularly in uniforms.

Less or no instances of fire and rescue authorities letting contracts alone.

More fire and rescue authorities benefiting from collective commitment to volumes, rather than just indicative volumes provided when setting up framework.

Collective laundry contracts and/or repair.



Benchmarking analysis

Key conclusions from Personal Protective Equipment:

- There are large variances in the prices paid for items of Personal Protective Equipment between fire and rescue authorities. Some services pay over twice as much for their products as others, for example one service paid **£125** for some firefighting trousers while another paid **£274**.Even where fire and rescue authorities buy from the same supplier there are material variances, for example the price for a firefighting helmet from the same company varied between **£105** and **£131**.
- Where fire and rescue authorities are using the same framework contract to buy the goods there is still a significant range, for example one authority paid **66%** more than another when buying a structural coat (**£366 - £220**).
- Where fire and rescue authorities lease their Personal Protective Equipment, rather than buying it, there are still variations. Some authorities pay **60%** more per firefighter to lease Personal Protective Equipment than others.
- Local contracts, where a group of fire and rescue authorities collaborate to buy, resulted in the lowest prices in four out of six of the items.

Key conclusions from clothing:

- Fire and rescue authorities that bought directly from manufacturers received better deals.
- There are large variations in the prices paid for the same type of clothing. The difference between the most expensive and the cheapest t-shirt is **85%** (**£5.14** - **£9.53**).
- The price range for shirts that are bought from the same supplier is **327%** (**£4.45 – £19.99**). This significant variance in the price of shirts is due to two factors:
  - The lower price was achieved through a local collaborative contract, and;
  - There are regularly differences in the specification of clothing. Some fire and rescue authorities demanding higher specifications than others should also be open to challenge in order to generate savings.

Savings
25%
Risks and barriers
The existence of safety standards helps in terms of standardisation, however there this is an areas where standardisation has been challenging in the past. Clothing and Personal Protective Equipment is an area of high interest for Chief Fire Officers/Chief Executives and other partners, who are expected to have strong preferences. There is a myriad of differences in uniforms. fire and rescue authorities have reported a reasonable cost of changing when moving to new Personal Protective Equipment (e.g. cost of new training and in-house maintenance requirements).

Category: Vehicles

Category description

Category includes type B pumping appliances (fire engines) as well as non-fire fighting vehicles (Incident Command Units). The category includes both the purchase and lease of these items. Vehicle suppliers include some UK based manufacturers and international firms.

Choices about the type of vehicles purchased or leased have a significant impact on other areas of fire and rescue authority spend. Vehicle management (which includes in-house and external maintenance, parts, workshop costs, repairs etc) costs >**£50m** per annum.

Related products include training and fuel consumption.

Total annual spend: **£52.3m** (purchase **£28.5m** and lease **£23.8m**)

Top suppliers (purchase) FY 12/13	Spend £m	% of total	Top fire and rescue authorities (lease and purchase)	Spend £m	% of total
John Dennis Coach Builders	4.024	14%	London	2.122	5%
Emergency One (UK) Limited	3.347	12%	Devon & Somerset	1.240	3%
WH Bence Coachworks	2.428	9%	West Yorkshire	0.961	2%
Browns Coachworks Ltd	2.195	8%	Leicestershire & Rutland	0.852	2%
Scania (Great Britain) Ltd	1.700	6%	North Yorkshire	0.768	2%
Angloco Limited	1.630	6%	Wiltshire and Swindon	0.765	2%
Volkswagen Group Ltd	0.606	2%	Essex	0.595	1%
Skoda Auto UK Limited	0.538	2%	Cheshire	0.483	1%
Pickup Systems Limited	0.396	1%	Norfolk	0.339	1%
Sector Treasury Services Ltd	0.365	1%	Bedfordshire and Luton	0.328	1%

Current fire and rescue authority sourcing approach

Participants will run a dedicated competition for one off replacements. Periodic renewals are often via a mini-competition an existing framework (e.g. The Consortium Special Vehicles framework).

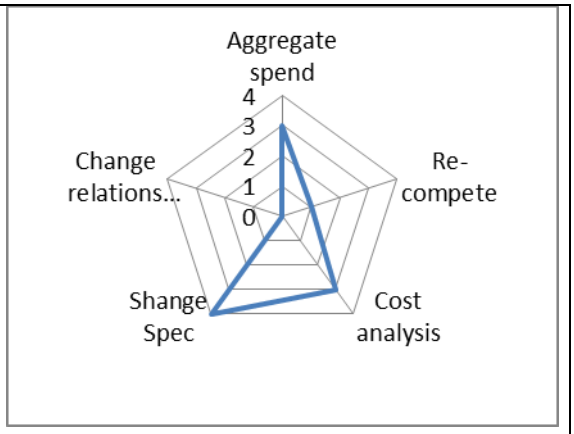
There is a multiplicity of ways that fire vehicles are bought, including outright purchase, Private Finance Initiative, lease, contracts, contracts that include or exclude maintenance and repair.

Future sourcing approach	Suggested actions to reduce cost

Standardised specifications between fire and rescue authorities with similar risks (e.g. urban metropolitan services).

Some fire and rescue authorities are changing the nature of their vehicles fleet. Factors such as better building regulations, more smoke alarms and more emphasis on prevention from the services has resulted in less fire overall.

As a result some fire and rescue authorities are considering whether a smaller, quicker to respond and cheaper to run fleet is more appropriate. Given the impact that the choice of vehicles (number, type) has on various other costs it is likely that avoiding cost will be as or more, effective than standardisation and aggregation.



Benchmarking analysis

There is little or no standardisation in this equipment, some of which is logical (urban areas require different vehicles to rural areas), however forces that face similar environments and risks have not developed a universal standard, despite numerous and similar external recommendations that tighter specifications, especially for complicated long-lasting items such as fire engines, would reduce a large range of associated costs.

The project benchmarked the cost of the chassis of an engine, the fire engineering (which is the equipment that the services choose to have incorporated to their vehicle) and the body build of the engine.

Key conclusions from firefighting vehicles:
The overall variance in total price of an engine was **24%** (**£172k - £213k**)
The variance in the prices paid with the same supplier ranged from:
64% in the case of the chassis cost
203% for fire engineering
38% for the body build.
This reflects the significant differences in the fire engine specifications in England.

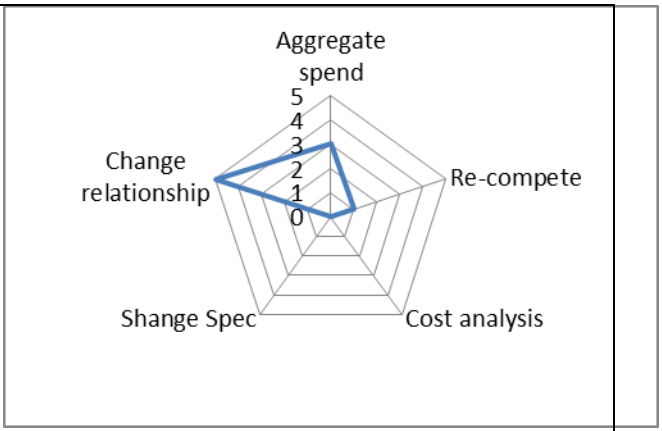
Savings

15%

Risks and barriers

There is a high degree of bespoke fire fighting vehicles between fire and rescue authorities. There is also a high cost of changing as there are implications for training and maintenance in particular. Fleet managers, Chief Fire Officers/Chief Executives and operational staff are likely to guard their local specifications.

Category: Training					
Category description Includes fire specific training (e.g. Urban Search and Rescue training) and more general training courses for both fire fighters and support staff, though the majority of spend is on firefighter training.					
Total annual spend: **£24.0m**					
Top suppliers FY 12/13	Spend £m	% of total	Top fire and rescue authorities FY 12/13	Spend £m	% of total
Babcock	8.919	37%	London	8.091	41%
Fire Service College	4.453	19%	Cambridge & Peterborough	0.686	3%
Outreach Organisation Ltd	0.276	1%	Kent & Medway	0.621	3%
DGFM – FMSSC	0.242	1%	Hampshire	0.597	3%
Rescue 3 (UK) Limited	0.190	1%	Merseyside	0.530	3%
TQ education & training Ltd	0.176	1%	Devon & Somerset	0.501	3%
T-Three Pub' Sector Con' Ltd	0.148	1%	Bedfordshire and Luton	0.465	2%
			West Midlands	0.452	2%
			Cheshire	0.439	2%
			Leicestershire & Rutland	0.406	2%
Current fire and rescue authority sourcing approach					
Two operators dominate the training market. Babcock, who supply a significant amount of their training services to London Fire and Emergency Planning Authority, and the Fire Service College. These suppliers make up over half the market followed by a long tail of much smaller and niche training suppliers. Previously many fire and rescue authorities would regularly approach the Fire Service College singularly. It was also common for fire and rescue authorities to second operational staff to the Fire Service College to deliver training. Since the privatisation of the Fire Service College in March 2013 the fire and rescue authorities will need to competitively let any training or there is a risk of potential challenge. This may represent a procedural change on some fire and rescue authorities and may also introduce additional work.					
Future sourcing approach			Suggested actions to reduce cost		

The market is dominated by two large suppliers. The fire and rescue authorities will need to ensure that the market is competitive by analysing the costs of various training courses and – if necessary – looking at how they encourage new suppliers into the market. Some fire and rescue authorities deliver training themselves (e.g. Gloucestershire are the 8th largest training provider) and others are looking to develop training as a revenue generating part of their organisations.	
Benchmarking analysis	
Benchmarked training costs showed significant variations in the prices paid for courses. The analysis showed that competitive pressure has been able to reduce training supplier quotes prices by half.	
Savings	
10%	

Category: Foam

Category description

Includes various types of foams and concentrates used to extinguish fires. There are various different types of this substance and various different container sizes; however a combination of established standards and the specific nature of the definition of the substances make for a clear specification between fire and rescue authorities.

Total annual spend: **£1m**

Top suppliers FY 12/13	Spend £m	% of total	Top fire and rescue authorities FY 12/13	Spend £m	% of total
Angloco Limited	NA	NA	Devon & Somerset	0.068	12%
Auxquimia S A	NA	NA	Northamptonshire	0.057	10%
RD Foam Distribution Ld	NA	NA	London	0.045	8%
Angus Fire Armour Ltd	NA	NA	West Midlands	0.041	7%
Airwave Solutions Ltd	NA	NA	Kent	0.017	3%
Fast Engineering Ltd	NA	NA	Warwickshire	0.017	3%
			Leicestershire	0.017	3%
			Staffordshire	0.012	2%
			Merseyside	0.012	2%
			Avon	0.011	2%

Current fire and rescue authority sourcing approach

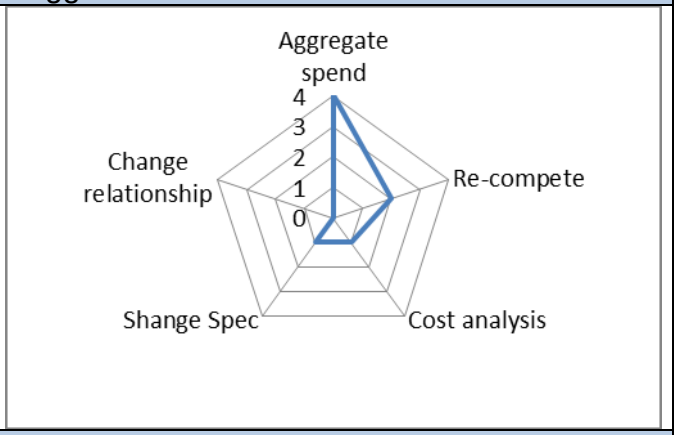
The majority of the fire and rescue authorities currently buy from The Consortium framework. Some run mini-competitions and it is likely that many buy at the framework prices.

Future sourcing approach

Collaborative procurement with committed volumes.

More foam sharing arrangements between fire and rescue authorities to avoid the cost altogether.

Suggested actions to reduce cost



Savings

15%

Risks and barriers

The primary risk to collaborative procurement, with committed volumes, is that this represents a relatively low spend area for most fire and rescue authorities individually and is rarely bought as they only hold large stocks of foam for limited amount of time. Engagement with authorities to understand their plans for renewing stocks is important.

Category: Thermal Imaging Cameras

Category description
Includes both the purchase and lease of thermal imaging cameras.

Related products and services include camera maintenance and repair.

Additional products – such as Urban Search and Rescue cameras – could also be sourced alongside thermal imaging cameras.

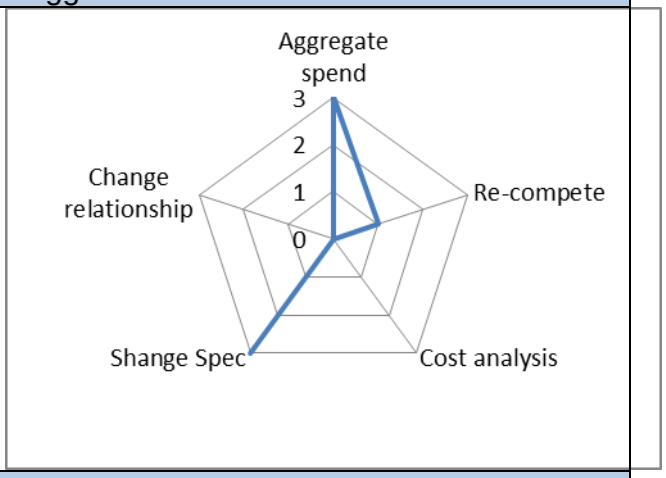
Total annual spend: **£1.7m**

Top suppliers FY 12/13	Spend £m	% of total	Top fire and rescue authorities using The Con Frame Purchase only	Spend £m	% of total
Draeger	NA	NA	Lancashire	NA	NA
Bullard GmbH	NA	NA	Merseyside	NA	NA
North Fire	NA	NA	Greater Manchester	NA	NA
Argus	NA	NA	Derbyshire	NA	NA
Scott Safety	NA	NA	Cheshire	NA	NA
Vimplex	NA	NA	Devon & Somerset	NA	NA
ISG Thermal Systems Ltd	NA	NA	North Yorkshire	NA	NA

Current fire and rescue authority sourcing approach

Currently fire and rescue authorities use frameworks (e.g. The Consortium) and there are some instances of collaboration (e.g. join North West deal).

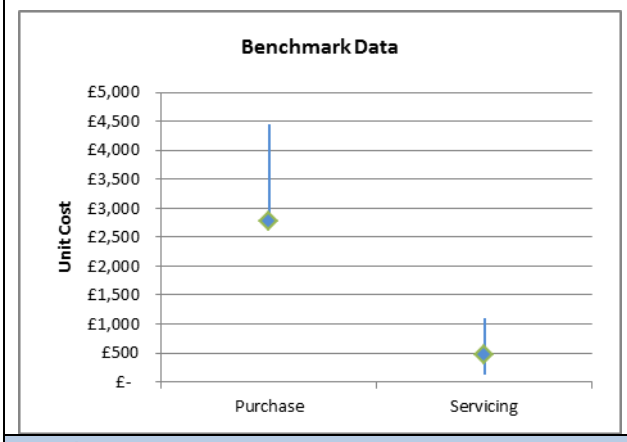
There is a mixture between fire and rescue authorities that purchase the product outright and those that believe that there is greater flexibility in leasing the equipment alongside service contracts.

Future sourcing approach	Suggested actions to reduce cost
Aggregated demand for both purchase and lease contracts. This is a product with a relatively high degree of market innovation and therefore letting contracts for longer periods of time has some risk – though higher savings will be generated.	

Benchmarking analysis

Key conclusions from thermal imaging cameras:
The range of prices paid for different brands of thermal imaging cameras was **41%** (**£3,150 - £4,000**).

When comparing prices for fire and rescue authorities that use the same brand of thermal imaging camera – likely to be an identical item – there is still an **8%** variance. Prices obtained from an existing framework agreement include a c**.8%** price reduction when ordering over **100 units,** compared to ordering beneath **10**. It is likely that at least **10%** can be saved through aggregating significant volumes.



Savings

15%

Risks and barriers

The product specifications are relatively similar; however there may be some opposition from operational colleagues to move from preferred equipment and preferred brands.

Category: Emergency Rescue Equipment

Category description

Emergency rescue equipment includes hydraulic and battery operated cutting equipment, spreaders, rams, vehicle lifting and stabilising equipment.

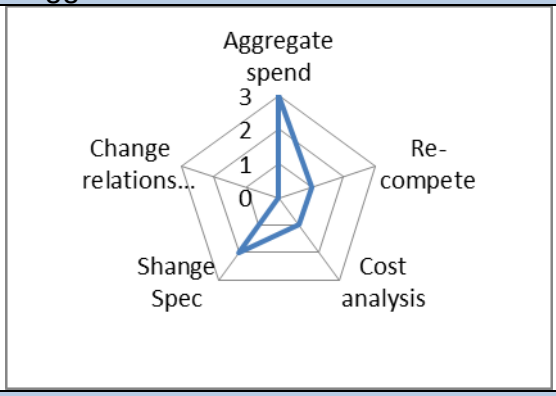
There are implications in the type of emergency rescue equipment bought for the repair and maintenance of the equipment itself and training fire fighters to use it.

Total annual spend**: £3.4m**

Top suppliers FY 12/13	Spend £m	% of total	Top fire and rescue authorities FY 12/13	Spend £m	% of total
Top of Form Clan Plant & Tools Ltd	NA	NA	Surrey	NA	NA
Holmatro UK Ltd	NA	NA	Staffordshire	NA	NA
Leader Group UK Ltd	NA	NA	Cumbria	NA	NA
MFC Survival Ltd	NA	NA	Norfolk	NA	NA
Parkland Engineering Ltd	NA	NA	Avon	NA	NA
Vimpex Ltd	NA	NA	West Yorkshire	NA	NA
Weber Ltd	NA	NA	North Yorkshire	NA	NA
			Gloucestershire	NA	NA
			Devon & Somerset	NA	NA
			Royal Berkshire	NA	NA

Current fire and rescue authority sourcing approach

Items of equipment are periodically renewed via frameworks.

Future sourcing approach	Suggested actions to reduce cost
Aggregated demand between fire and rescue authorities. Standardisation where possible.	

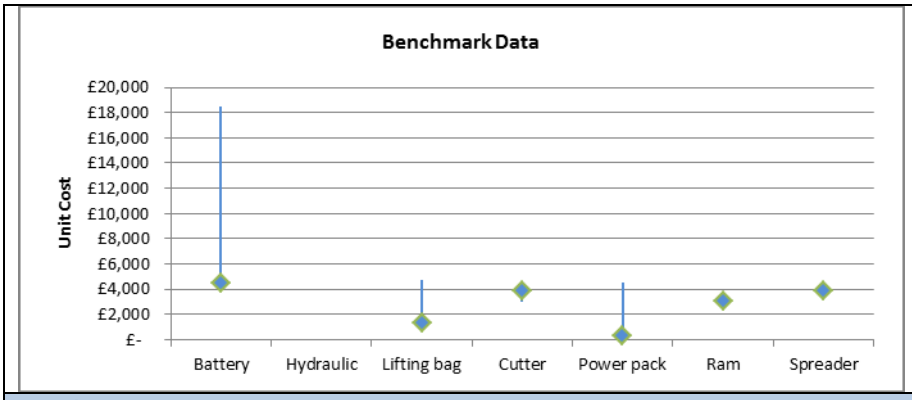
Benchmarking analysis

Key conclusions from emergency rescue equipment:

There are variations in the prices paid for the same types of equipment, for example one fire and rescue authority paid **£3,174** for a hydraulic spreader and another paid **£4,407.**

The range above does refer to different brand of hydraulic spreader. However, fire and rescue authorities that bought the same brand of hydraulic spreader – likely to be an identical product – the range was still **22%** (**£3,174 - £3,881**).

Prices obtained from an existing framework agreement include between **10-15%** price reductions when ordering larger volumes.



Savings
15%
Risks and barriers
Operational staff are likely to have strong views and preferences about equipment and standardisation. Parts and training also add to the cost of changing supplier.

Category: Hoses

Category description

Includes various types and sizes of hose, including static hoses for buildings and portable hoses. The requirement for interoperability between fire and rescue authorities means that they need to couple hoses together and there are broadly similar specifications of hose between fire and rescue authorities and suppliers.

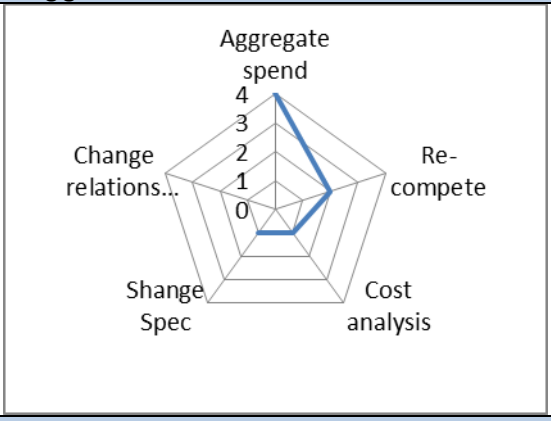
Related other products / services includes hose testing, which needs to be carried out on an annual basis. Much of this is done in-house but there is some external provision.

Total annual spend: **£0.5m**

Top suppliers FY 12/13	Spend £m	% of total	Top fire and rescue authorities FY 12/13	Spend £m	% of total
CMT	NA	NA	NA	NA	NA
Angus Fire	NA	NA	NA	NA	NA
Kidde Products	NA	NA	NA	NA	NA
Premier Hose Technologies	NA	NA	NA	NA	NA
Fire Hosetech	NA	NA	NA	NA	NA
Jacksons	NA	NA	NA	NA	NA
Parkland Engineering	NA	NA	NA	NA	NA
Hose overseas	NA	NA	NA	NA	NA

Current fire and rescue authority sourcing approach

These products often have a relatively long life and are periodically renewed. fire and rescue authorities often buy alone and – given the relatively low spend individually – local contracts, sourced after obtaining the requisite number of quotes, is commonplace.

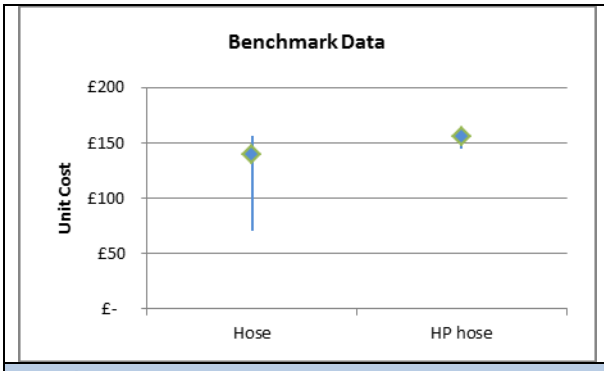
Future sourcing approach	Suggested actions to reduce cost
Aggregated spend and re-competed – reasonable length – contracts to apply additional competitive pressure.	

Benchmarking analysis

Key conclusions from hoses:

The variance in prices paid for a ‘standard’ hose is **121%** (**£71 – 156**).

Even where fire and rescue authorities had bought from the same supplier there was still a **49%** variance (**£105 - £156**).



Savings
40%
Risks and barriers
Since these products have a long life and are individually relatively low value the main risk is engaging the fire and rescue authorities and getting a good idea of their plans to renew the products.