

# WEST MIDLANDS REGIONAL FIRE AND RESCUE SERVICES

## JOINT PROCUREMENT STRATEGY

### 1. INTRODUCTION

- 1.1. The recently established Regional Management Board of the West Midlands Regional Fire & Rescue Services has the strategic responsibility for ensuring that the procurement activities of the five Fire and Rescue Services are undertaken in accordance with the National Procurement Strategy and in such a manner that an efficient and cost effective service is the demonstrable outcome. In achieving this end it is essential that all those involved in delivering this aim appreciate the strategic importance of the procurement function to their respective organisations.
- 1.2. In essence, it is now widely acknowledged that procurement is the process of obtaining and managing goods, works and services to support business processes that meet the strategic objectives of the organisation. Furthermore, the process spans the whole life cycle of any particular product or service, from initial concept and definition of needs, through to the end of the useful life of the asset or end of a services contract.
- 1.3. This is a far broader definition of the procurement function than has hitherto been the case. Consequently it will be necessary to ensure that this wider definition lies at the centre of an organisation's procurement strategy thereby informing and shaping the aims and objectives of it.
- 1.4. In the case of the Fire and Rescue Services of the West Midlands region it has also been recognised that only through the development of a comprehensive collaborative procurement framework, at both regional and national level, can full advantage be taken of the potential opportunities offered by raising procurement to the level of a strategic function.
- 1.5. The purpose of this strategy document, therefore, is to clearly set out the Regional Management Board's vision for the strategic procurement of goods, works and services within an interlinked national, regional and local procurement framework. The key components of how this strategy will be delivered are outlined below.
- 1.6. All regional procurement undertaken will comply with relevant regulations including the European Commission Procurement Directives.

### 2. DEVELOPMENT OF A COLLABORATIVE PROCUREMENT FRAMEWORK AT THE NATIONAL LEVEL

- 2.1. Given the relatively low bulk ordering levels of goods and services that occurs within individual UK Fire and Rescue Services it has become apparent that significant economies of scale are only liable to be realised where common high value goods and/or services are procured by individual organisations acting together in partnership, thereby increasing their degree of market leverage.

- 2.2. In addition, it is also obvious that there is considerable potential to realise efficiency gains by streamlining the research and development (R & D) work that frequently accompanies the procurement process. In effect most Fire and Rescue Services rely on their own R & D teams to assist in the procurement of goods and services. This invariably leads to a considerable degree of duplication given that Fire and Rescue Services are, essentially, procuring goods with broadly identical functionality.
- 2.3. In response to this the five Fire and Rescue Services of the West Midlands region intend to participate in the development of a national procurement framework in order to realise these economies of scale and efficiencies. In particular the following initiatives will be pursued.
- Joint procurement of PPE and non-PPE clothing as part of a national contract.
  - Participation in the national FiReControl project.
  - Participation in national level working parties as deemed necessary.
  - Participation in the national FireLink radio replacement project.
- 2.4. The national level work will not be isolated to these key projects alone. Rather, as other initiatives are developed at the national level the RMB will actively examine them with a view to participation. What the above projects do demonstrate, however, is the fact that the West Midlands Regional Fire and Rescue Services are firmly committed to exploiting the potential offered by National Procurement exercises, where appropriate.
- 2.5 Through its Procurement Project Board, the RMB will seek to meet the summary of key targets set out in the National Procurement Strategy (see Appendix I to this strategy).

### **3. DEVELOPMENT OF A COLLABORATIVE PROCUREMENT FRAMEWORK AT THE REGIONAL LEVEL**

- 3.1. In addition to assisting with the development of a national procurement framework and active participation in national procurement projects, the West Midlands Regional Fire and Rescue Services are also determined to further develop the existing regional dimension to procurement activity. Initially a review of current procurement arrangements across all five Services will be undertaken.
- 3.2. Regional activity will seek to maximise the benefits provided by collaborative working both with fellow Fire and Rescue Services and with other agencies and organisations, including the Regional Centre of Procurement Excellence as well as actively contributing to the national procurement initiatives that are developed and the development of national procurement policy itself. Regional procurement will be undertaken in line with the National Procurement Strategy and will be complementary to the work of FiReBuy. Appendix 2 sets out the structural relationships and interfaces for the national and regional agencies.

- 3.3. It will, in addition, attempt to develop partnerships with Fire Service suppliers, aimed at raising the mutual understanding of the requirements of all relevant parties and including the Regional Centre of Procurement Excellence and through this mechanism refine the whole procurement process itself. This will, in turn, allow for the development and the dissemination of good practice guidance for those involved within the procurement function.
- 3.4 This work will be undertaken by a project board established under the auspices of the Regional Management Board. The project board's remit is to explore and, where appropriate, introduce collaborative ventures in respect of procurement. More particularly, the board intends to deliver improvements in the following key areas:
- Training and Development
  - Performance Management Frameworks, Including Contract Management and Performance
  - Corporate Social Responsibility
  - Developing a Risk Management Framework
  - Recognising Cost and the need to contribute to Fire Service efficiency targets
  - E-Procurement and Commerce
- 3.5. Improvements made in these key areas will ensure that the procurement function is capable of realising the main strategic aims of the project board. What will actually be involved within each of these strands of work is broadly outlined below.
- 3.6 The Services recognise that the purchase of inappropriate goods and services (either through over specification or failure to meet needs) has the potential to result in significant unnecessary cost.
- 3.7 The Services will develop a consistent approach to procurement, based on the principles of Asset Management Planning, performance specifications and the Integrated Risk Management Planning process, to ensure that all purchases meet clearly identified needs rather than preferences. All procurement decisions to be made on a risk assessed basis including whole-life judgements, fitness for purpose, safety, quality and value for money. This approach will ensure that joint purchases genuinely meet the needs of each Service and that exceptions from common specification are based on a demonstrated need.

#### **4. TRAINING AND DEVELOPMENT**

- 4.1. The application of professional procurement practices to all aspects of procurement activity is vital if the West Midlands Regional Fire and Rescue Services are to continuously improve in respect of delivering value for money. Appropriate selection and subsequent training and development will ensure that staff at all levels of the procurement process will have the knowledge and skills to:

- Apply best practice in order to achieve value for money;
  - Avoid bad practice and ensure compliance with Contract Standing Orders, Financial Regulations codes of practice, legislative and other regulatory frameworks;
  - Maximise opportunities to improve efficiency; and
  - Reinforce user confidence in their ability to make procurement decisions.
- 4.2. It is the medium-term aim of the project board, therefore, to identify appropriate competencies and access a range of training and development programmes that recognise the different procurement requirements of:
- New members of staff to a career in procurement (recruitment)
  - Experienced staff
  - Members and senior managers
  - Budget holders
  - Non-procurement staff
- 4.3. This commitment to the development of the procurement staff, together with those individuals who could be involved in procurement processes, is essential if full advantage is to be taken of the opportunities presented through raising procurement to the level of a strategic service.

## **5. PERFORMANCE MANAGEMENT FRAMEWORKS**

- 5.1. To measure the performance and organisational effectiveness of the procurement function, it will be necessary to define a range of performance measures and to subsequently introduce cost-effective systems to capture the necessary data where this does not already exist.
- 5.2. Additionally, it will be necessary to ensure there are appropriate reporting systems to allow progress to be monitored at an appropriate level within the respective organisations. The collection of reliable and sound management information is required to compare performance against targets in order to identify strengths on which to build and areas where improvement will be needed.
- 5.3. The area where there is particular need for development work is in contractor performance and contract management in general. The project board intends to look at the best ways of addressing this specific area.
- 5.4. The project board will receive regular reports of the performance of the procurement function as well as updates on the progress of individual procurement projects.

Overall performance will be reported to the Regional Management Board as well as to the respective Fire and Rescue Services where appropriate.

- 5.5. Performance Management Frameworks will reflect those developed within the National Strategy providing an objective tool to measure continuous improvement.
- 5.6 In accordance with the timescales in the National Procurement Strategy, the Region will use the Procurement Excellence model as a benchmark of progress in procurement.

## **6. CORPORATE SOCIAL RESPONSIBILITY**

- 6.1. The Regional Management Board recognises that it has a leadership role to exercise in relation to the impact of its own procurement activities and that of its suppliers on the environment as well as on the local business market. Additionally, it will be necessary to ensure that procurement activity, as far as is reasonably practicable, supports the drive towards social inclusion.
- 6.2. Consequently, it will be necessary to consider ways in which the procurement process can take account of these key strategic concerns in the months and years ahead.
- 6.3. Working closely with our suppliers and contractors and within the confines of EC Procurement Directives we will aim to both develop and use environmental products, services and policies that are of mutual benefit to both parties and, above all, the environment itself.
- 6.4. In addition, in developing regional and local contracts, we will ensure that they do not exclude small and medium enterprises from bidding for such work, as far as this is reasonably practicable.
- 6.5. The project board will also endeavour to ensure that any procurement activity does not generate the potential for social exclusion issues to arise. Included within this will be our approach to the suppliers of goods and services to the West Midlands Regional Fire and Rescue Services, who will be encouraged to take a pro-active approach to equality and fairness issues.

## **7. RISK MANAGEMENT**

- 7.1. The five Fire and Rescue Services of the West Midlands region aim to work towards delivery of the following:
  - A common risk assessment methodology for use within the procurement function. This will include advice on contingency planning criteria where high risk/high value items are to be procured.
  - The introduction of project risk registers for all high risk/high value procurement exercises.
  - The introduction of cost benefit analysis matrixes for all high risk/high value procurement exercises.
- 7.2. It is anticipated that by developing and implementing this comprehensive approach

to the management of risk within the procurement function the overall decision making process will be significantly enhanced in the future.

## **8. COST AND EFFICIENCY SAVINGS**

8.1. It is obvious that a key objective of the West Midlands Regional Procurement Strategy must be realising cost and efficiency savings through refined procurement processes. However, the means by which such savings can be identified is not straightforward. In view of this fact, the West Midlands Regional Fire and Rescue Services intend to standardise the manner in which tenders are evaluated and options compared. This will involve the following:

- Adoption of the most economically advantageous tender principle across all appropriate areas of procurement.
- Development of harmonised tender and contract documents to be used across the Regional Services.
- Adoption of a whole-life costing methodology for comparative purposes, across all appropriate areas of procurement activity.
- The development of a cost/benefit/efficiency performance framework.

8.2 All such processes will be undertaken in accordance with Regional Contract Standing Orders and Financial Regulations.

8.3 By adopting this approach it should be possible to convincingly demonstrate where savings have been realised as a consequence of procurement activity undertaken in line with this strategy.

## **9. INTRODUCING INNOVATIVE PROCUREMENT SYSTEMS AND PROCEDURES CAPABLE OF SUPPORTING THE DRIVE TOWARDS E-COMMERCE**

9.1. The strategic importance of the procurement function needs to be reflected in the way it both operates now and how it is developed in the future. In view of this requirement the project board intends to develop systems and procedures that will allow informed decisions to be made that maximise the opportunities to apply good practice and technological developments, reduce transaction costs and continually improve the procurement process.

9.2. In seeking to achieve this objective it will be essential to take into account central government's requirement that all Fire and Rescue Services introduce, by December 2005, e-procurement for all of those functions that can be e-enabled.

## **10. CONCLUSION**

10.1. By adopting this strategy, the five Fire and Rescue Services of the West Midlands region intend to demonstrate their commitment to the introduction of a single, overarching procurement framework for Fire and Rescue Services in the UK that will lay out the ways in which procurement at national, regional and local level will be controlled and co-ordinated in order to ensure that best value is secured.

- 10.2. The Regional Management Board will take an active role in ensuring that this commitment is transformed into physical policies and procedures that will actually deliver the efficiencies that are theoretically achievable through a more sophisticated approach to the procurement function.
- 10.3. The mechanics of how this will be achieved have been set out in the Regional Project Initiation Document (PID) that effectively underpins this strategy paper. This document will form a template of work that the project board will be required to deliver and also the basis against which progress will be measured by the Regional Management Board in the months ahead.

## 11. SUMMARY

- 11.1 In order to fulfil the requirements of the Government's National Framework for the Fire Service and to further the aims and objectives of the RMB, this strategy will be reviewed annually to ensure it maintains its strategic direction of seeking collaborative procurement efficiency improvements at regional and national level for all members of the RMB.
- 11.2 Use of this strategy in the Region's approach to procurement will help meet the need for capacity and resilience. Working in conjunction with the Treasurer's group, the Project Board will build on the outcomes of the baseline review undertaken by consultants and establish a Regional Procurement Advisory Panel that will develop a tactical plan aimed at achieving year on year improvements.

**Summary of Proposed Key National Procurement Strategy Targets \***

**DURING 2004**

**RMBs  
by December**

to determine organisational arrangements for the delivery of the procurement function;

to produce a 3 year procurement plan setting out a timetable for the review and letting of contracts on a regional basis, having due regard for nationally procured contracts.

**DURING 2005**

**RMBs  
by January**

to establish levels of expenditure on procurement categories from constituent FRAs.

**from January**

Pending any decision on the development of a Technical Services expert hub, RMBs to work with their constituent authorities to rationalise TS activities within their region and ensure that all TS projects within their region use appropriate project management tools from January.

**By March**

To prepare an annual procurement plan by March each year with targets and savings for implementation during the following financial year;

To arrange for the completion of a training and skills audit of procurement staff, other staff with procurement duties and elected Members.

**By April**

To support the establishment of FiReBuy to drive national procurement strategy to develop and implement the use of the "Gateway" process and PRINCE 2 methodology in procurement projects;

To ensure that procurement is involved at the outset in best value reviews;

To establish a contracts register for each region.

**By June**

To ensure that KPIs are a feature of all service-based contracts issues;

To consider procurement needs arising out of the Integrated Risk Management Plans of constituent authorities;



Survey those fire and rescue authorities using procurement cards to identify opportunity to extend contracts nationally/regionally.

**By August/September**

RMBs and FRAs to ensure that all contracts let after July contain appropriate contract management arrangements, including KPIs.

**By October**

To develop common classification of expenditure

**December**

Review progress against the milestones in the National Procurement Strategy for Local Government annually.

**DURING 2006**

**RMBs**

**From April**

To collaborate with FiReBuy and their RMB in the production of a national procurement plan for the FRS;

To record savings and efficiencies achieved from procurement activity from April 2006 to include cost savings, efficiency savings and service improvement.

**By June**

To work with FRAs and ODPM to develop role maps based on IPDS principles for procurement staff.

**June**

To arrange for the development, in conjunction with CPEs, IDeA and CIPS, during 2005/6 of appropriate procurement training and its delivery no later than June.

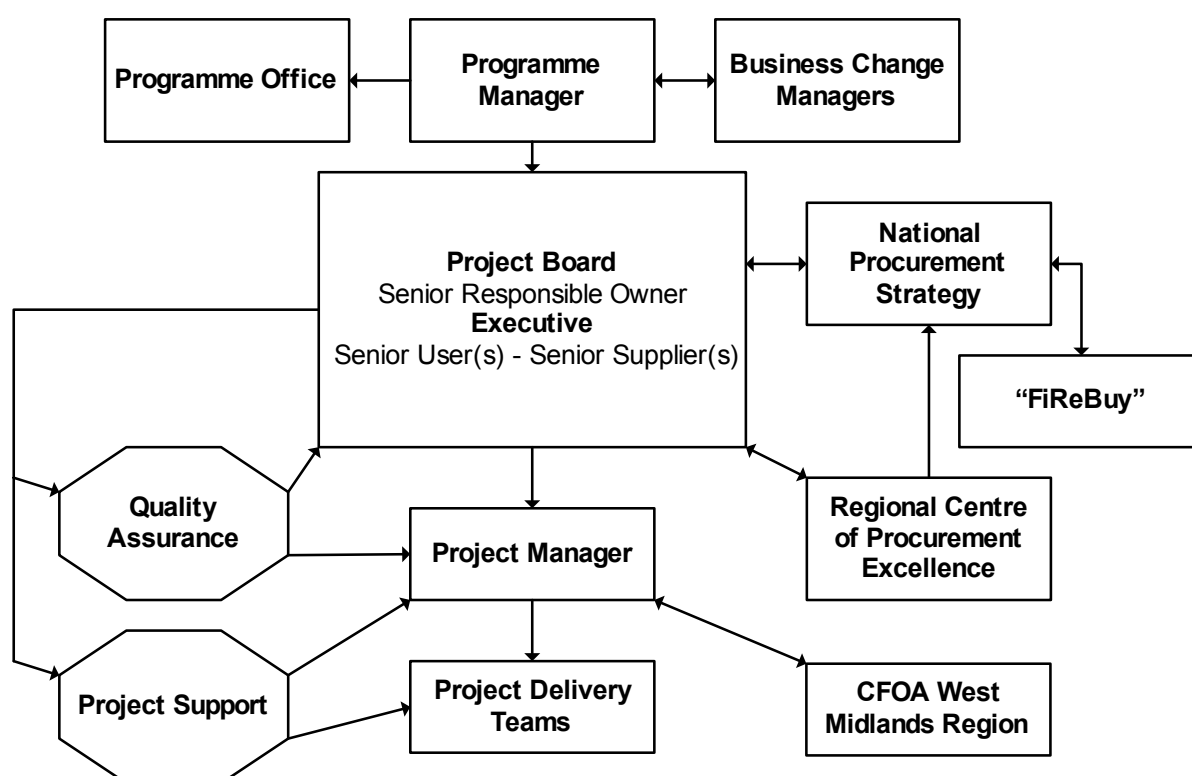
**DURING 2007**

**RMBs**

**From April**

To use the Procurement Excellence model as a benchmark of progress in procurement.

***\*Subject to modification when the final version of the National Procurement Strategy is published.***

**WMRMB AND PROCUREMENT PROJECT****Structure and Interface**

Role	Outline Responsibilities	Appointee
<b>Senior Responsible Owner</b>	Overall accountability for the successful delivery and achievement of desired outcomes and realisation of expected benefits from the designated project.	Cllr. John Haynes Warwickshire County Council
<b>Project Board (Sponsoring Group)</b>	Senior level sponsorship of the project providing the investment decision and top-level endorsement of the rationale and objectives for the programme.	Managers with the responsibility and accountability for procurement in each of the West Midlands Region Fire Authorities
	<b>Senior User</b> – responsible on behalf of the Authorities/Brigades for ensuring that the user needs are specified correctly and that solution meets those needs.	External procurement consultant appointed and retained by the RMB
	<b>Senior Supplier</b> – responsible on behalf of the Supplier(s)/Authorities for the provision of resources.	
<b>Project Manager</b>	Responsible for the set up, management and delivery of the project on behalf of the RMB. To ensure the project produces the required standard of quality and within the constraints of time and cost.	Director, Administration, Alan Brandon, West Midlands Fire Service
<b>Business Change Managers</b>	Responsible for benefits management, from identification through to delivery and ensuring the implementation and embedding of the new capabilities delivered by the projects.	As stated within the RMB Programme Directory
<b>Project Delivery Team Managers</b>	Responsible for undertaking elements of the project on behalf of the project manager.	Specified senior users and managers who represent the Region.

