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| Circular number | 24/2009 | Date issued | 15 April 2009 |
| This circular is | Request for assistance | Respond by | 8 May 2009 |
| This circular is | Relevant to the National Framework | | |
| Status | This Circular requests assistance from Fire and Rescue Authorities with a proposed analysis of current and future FRS expenditure. It also provides an update on the FRS National Procurement Strategy consultation. | | |

Analysis of Expenditure in the Fire and Rescue Service

Issued by:

Crispin Tuckley
FRS Finance and Performance Division

Addressed to:

**The Chair of the Fire and Rescue Authority
The Chief Executive of the County Council
The Clerk to the Fire and Rescue Authority
The Clerk to the Combined Fire and Rescue Authority
The Commissioner of the London Fire and Emergency Planning Authority
The Chief Fire Officer**

Please forward to:

**Directors of Finance
Treasurers**

Summary

This Circular updates the Fire and Rescue Service on plans for an analysis of FRS current and planned expenditure, and seeks assistance from FRAs with the provision of data. This takes forward a proposal in the consultation on the National Procurement Strategy for the Fire and Rescue Service 2008 -11 which suggested that collaborative procurement could be improved through the provision of better information about the size, structure and opportunities available within the fire market. The Circular also provides an update on the procurement strategy for the FRS following last year's consultation.

For further information, contact:

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Analysis of Expenditure in the Fire and Rescue Service

1.0 Background

- 1.1 Past reviews of procurement in the Fire and Rescue Service, most recently the CLG review of the National Procurement Strategy and Firebuy, have identified a lack of information on what the Fire and Rescue Service spends, and plans to spend, as a serious impediment to the FRS's ability to establish and act on opportunities for collaborative procurement. Establishing a better assessment of the size, structure and opportunities available within the fire market would therefore be beneficial to all.
- 1.2 These conclusions echo similar findings from the recent *Roots review of arrangements for efficiencies from smarter procurement in local government* (February 2009, found at <http://www.communities.gov.uk/publications/localgovernment/rootsreview>) and work undertaken for HM Treasury's Operational Efficiency Programme.
- 1.3 To support the implementation of the future National Procurement Strategy for the FRS, a more systematic collection and analysis of expenditure plans in the English Fire and Rescue Service has been proposed.
- 1.4 A stakeholder group has been established to take this proposal forward. The group includes representatives from the Chief Fire Officers' Association (CFOA), Regional Procurement Managers, Firebuy and CLG.

2.0 Benefits of Spend Analysis - National, Regional and Local

- 2.1 In summary, the reasons for the proposed spend analysis of the FRS are:
 - A clearer assessment of the size and structure of the fire market.
 - Awareness of what FRAs currently procure and plan to procure, and of the potential opportunities to collaborate on particular commodities and contracts.
 - Assisting the FRS in planning ahead at all levels to help inform CFOA's National Procurement Board, Firebuy, Regions and individual FRAs about procurement requirements and priorities for the future.
- 2.2 Expenditure analysis was considered as part of the consultation on the National Procurement Strategy for the Fire and Rescue Service (NPS).
- 2.3 The consultation asked if better information on the fire market and FRS expenditure plans was required for national procurement to be effective and how such information could be collected. All the respondents who answered this question agreed that there was a need for better information on spend profiles and that by having robust data it would help procurement at all levels in the future.
- 2.4 It was noted that spend information is currently held in different formats, depending on the type, size and financial/accounting system of the Fire and Rescue Authority and that assistance would be required to collect and analyse such data.

2.5 In responding to the consultation, CFO Paul Fuller who chairs CFOA's National Procurement Board commented: "There are a number of procurement assumptions based on contract take up and income generation for which it is essential to understand the size of the market. In this way we can contribute to the development of a far more robust approach to understanding the actual size and dynamics of a relatively small market place."

3.0 Request for assistance

3.1 To take this forward and provide this essential fire market information, CLG is proposing to fund a data capture and spend analysis exercise. The success of the exercise will depend on the provision of FRA expenditure information (specific to goods and services acquired by the Fire and Rescue Service) to the appointed contractors.

3.2 We hope to have contractors in place to carry out this work by early May and would be very grateful for the input and cooperation of all FRAs in taking this work forward. It is possible that the contractors will only require detailed information from a sample of FRAs but in the first instance it would be very helpful if we could have details of an appropriate contact in each FRA with whom CLG/the contractors can discuss the data available and how they might be involved. We envisage that the data required will be available through purchase order and accounts payable systems.

3.3 Please send contact details and any other queries you may have about the project to:

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It would be very helpful if you could provide this information by **Friday 8 May 2009**.

Consultation on National Procurement Strategy for the Fire and Rescue Service 2008-2011

3.4 CLG issued a consultation (FRS Circular 45/2008) on 22 August 2008 on the National Procurement Strategy (NPS) for the FRS 2008-2011. The closing date for responses was 14 November 2008. 65 responses to the consultation were received from a broad spectrum of interests across the FRS.

3.5 Responses to the consultation are being analysed alongside consideration of future options for the delivery and funding of collaborative/national procurement in the FRS. We are also considering how this should be taken forward alongside other national functions for the FRS, such as the 'in-service' management of the Fire and Resilience Programme. This will allow us to determine the future role for Firebuy as part of a wider strategy. Once conclusions are drawn from this work, CLG will publish a response to the NPS consultation and a new strategy for the FRS.

Crispin Tuckley - FRS Finance and Performance Division