



South Yorkshire Fire and Rescue

Procurement Strategy and Policy

2018 – 2021

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1 Introduction

The authority's vision is ***"To Make South Yorkshire Safer and Stronger"***

A key consideration therefore when undertaking procurement exercises is:

- ***"Safety & Reliability"*** when sourcing supplies and services.

Procurement is also integral to delivering commercially advantageous and innovative solutions essential in meeting public expectations and in supporting front line emergency services. In addition, to ensure the effective use of reduced resources and the delivery of our corporate priorities as included within the Integrated Risk Management Plan (IRMP) 2017-20.

The purpose of this Procurement Strategy and Policy document is to inform suppliers of the key principles that drive our procurements and to also provide a governance framework for procurement activity throughout the authority whilst adhering to legislative and regulatory requirements.

The section entitled "Our Action Plan" provides examples to illustrate our plans for the future and commitment to continuous improvement.

The Strategy and Policy will be periodically reviewed to ensure continued relevance to the environment and society in which we provide Emergency Services.



2 Executive Summary

South Yorkshire Fire and Rescue (SYFR) spends circa 80% of its' non-staffing related budget through national / regional framework agreements (that are lists of pre-approved suppliers).

The remaining 20% is managed through invitations to quote / tender as per Public Contract Regulations (PCRs) and Contract Standing Order (CSO) requirements. We aim to include two local suppliers from within the South Yorkshire area to stimulate / support the local economy.

We place more emphasis on quality/reliability (than price) when evaluating operationally critical supplies and services; with overall value for money being achieved through aggregation and leveraging of buying power with other public sector authorities (i.e. collaborative / joint procurements).

There is a need for greater standardisation to enable more joint working between emergency services and to reduce costs.

We effectively manage supply chain risks such that very few contracts or supply chains are considered to pose a high risk to our emergency services.

In summary, the key drivers of the SYFR Procurement Strategy and Policy are:

- **Collaboration:** with other blue light services and public sector authorities.
- **Quality weighted Value for Money:** to emphasise the importance of “quality” throughout the fire service.
- **Continuous Improvement:** in our staff, systems, processes and supply chains.

The Executive Board have undertaken that future revisions to the Procurement Strategy & Policy shall be progressed via the Corporate Advisory Group before being formally presented to the Authority.



3 Background

SYFR employs circa 800 people that equates to 570 operational and the remainder being support staff. We provide a 24/7 emergency service, operating 28 fire appliances from 21 fire stations. We have a central command and control centre at Headquarters in Sheffield and a specialised Training and Development Centre in Handsworth, Sheffield.



SYFR currently expends around £7.5m revenue budget each year (£4m supplies and services, £2.6m premises and £0.9m transport); and also an average of £2m each year on a variety of works and other capital projects (excluding new build projects).

In March 2014, the Department for Communities and Local Government (DCLG) and the National Fire Chiefs Council (NFCC) conducted joint research into “Fire and Rescue Procurement Aggregation and Collaboration”. The report concluded:

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.

There is a high incidence of fire and rescue authorities developing different product and service requirements and buying bespoke goods. This lack of standardisation impedes collaborative procurement and may ultimately impact on operational efficiency.

In August 2016, the Home Office analysed 25 common items of uniform and equipment and concluded:

All 45 authorities in England provided data on their recent procurement.



The data shows authorities are paying similar prices for some standard items, and that some are collaborating to strike better deals with suppliers. However, authorities can do more collaboratively to drive down the amount they pay on some of the essential goods they need to keep the public safe.

Furthermore, the financial challenges facing the public sector as a whole have been well publicised and the resulting pressures on budgets are ongoing. We continue to deliver responsive Emergency Services to the people of South Yorkshire in an efficient and effective manner whilst managing significant budgetary pressures.

As a public sector body, we are subject to Public Contract Regulations (PCRs) that requires all suppliers to be treated equally and without discrimination, and to act in a transparent and proportionate manner without artificially distorting competition.

Our Contract Standing Orders and Financial Procedures provide a robust governance framework; ensuring the authority's financial affairs including obtaining competitive quotations and tenders are conducted in a fair, open transparent and compliant manner and ensure value for money is achieved.

4 Procurement in South Yorkshire Fire & Rescue

We procure a wide variety of supplies, services and works from suppliers and contractors that range from office supplies, building maintenance and computer systems through to specialist operational fire fighting equipment, breathing apparatus and fire appliances. The nature of our business makes it vital that we ensure the right supplies are in the right place at the right time.

We work closely with partner organisations (including other blue light services and local authorities) and suppliers to deliver a strategic and professional procurement service that meets the needs of all our stakeholders. This enables us to share experiences, best practice and management information critical to making informed procurement decisions.



We maintain a contracts register, which is used to manage our procurement activity. The contracts register is updated regularly and can be accessed from our web site / home page (www.syfire.gov.uk).

We award contracts based on the principle of “most economically advantageous tender” (MEAT) which is a balance between quality and price. The quality of supplies and services can be critical to the wellbeing of our firefighters and the safeguarding of the Public. It is imperative that SYFR is capable of responding to emergency situations rapidly and without any failures in processes, systems, supplies or equipment. As a general rule, our procurement processes place greater emphasis on quality over price for operationally critical supplies e.g. Personal Protection Equipment and Fire Appliances.

For non-critical supplies and services price is of increased importance due to budgetary pressures, but each procurement exercise is appropriately managed on a case-by-case basis, with clear criteria being communicated to each supplier at the start of each procurement exercise.



The chart below shows the relationship between quality and price and the illustrative / example weighting we may use for each category of spend e.g. for “ICT” we would usually apply a weighting of 60% quality and 40% price.

QUALITY	70%	60%	50%	40%	30%						
Operational Equipment											
Personal Protection Equipment											
Fleet											
ICT											
Construction & FM											
Professional Services											
Misc e.g. Office Supplies											
					30%	40%	50%	60%	70%	PRICE	

When contracts are awarded, the related supply chain is assessed for the level of residual risk to the authority and scored as low, medium or high risk. Each contract is subsequently managed commensurate with latent risks, available resources and the need for any further risk mitigation.

The following table illustrates typical risk mitigation measures that may be employed for each level of identified risk, e.g. where a particular supply chain is high risk, SYFR may choose to increase the volume of stock held in stores to reduce our reliance on the supply chain and/or may hold more frequent meetings with the supplier to plan and agree supply schedules etc. Contract management plans are established per contract based upon the level of risk with requirements included within individual contracts.

CONTRACT RISK ASSESSMENT	CONTRACT MANAGEMENT
<p>High Risk</p> <p>(Typically – less than 5 contracts reside in this category)</p>	<ul style="list-style-type: none"> • Close Supplier Liaison • Performance Management (inc KPI's) • Appropriate Contractual Safeguards e.g. Parent Company Guarantees / Performance Bonds • Fee Retention / Warranties • Alternative Suppliers Identified • Buffer stocks held in stores
Medium Risk	<ul style="list-style-type: none"> • Supplier liaison • Performance Management & Monitoring • Appropriate Contractual Safeguards e.g. Parent Company Guarantees /



(Typically – less than 20 contracts reside in this category)	Performance Bonds Fee Retention / Warranties <ul style="list-style-type: none"> • Buffer stocks held in stores
Low Risk (Typically – the majority of contracts reside in this category)	<ul style="list-style-type: none"> • Light touch e.g. sample checks; occasional review meetings with suppliers etc.

The authority operates a central store for service critical supplies and this store helps mitigate any short-term supply risks and enables rapid gearing up in emergency situations that are large scale i.e. frequently required or prolonged in duration.

The authority operates a fleet of fire appliances and support vehicles that are maintained in-house and to a high standard. The authority operates a workshop store that is co-located with the vehicle servicing workshop and this arrangement enables vehicles to be turned around and back in service without undue delay.

Both central stores and workshop stores are integral to the authority’s procurement strategy to ensure delivery of the Integrated Risk Management Plan (i.e. corporate priorities).



5 Our Procurement Strategy

The estimated value of the procurement will determine which procedures are permitted under Public Contract Regulations or as required by Contract Standing Orders.

Prior to undertaking a procurement exercise, the SYFR procurement team undertakes a market and options analysis to identify the most appropriate route to market.

Primary considerations are given to prevailing market conditions and whether any pre-tendered framework agreements exist, that have been awarded by other fire authorities or through other public sector authorities that SYFR are permitted to utilise.

Provided that pre-tendered framework agreements offer best value for money, then SYFR shall look to conclude contracts in accordance with the framework terms and conditions. The benefits of using framework agreements:

- provide greater collaboration (Regionally and Nationally) between other Fire and Public Sector Authorities.
- provide relatively quick and efficient procurement solutions that are compliant with Public Contract Regulations.
- offer better value for money as a result of combined buying power of the public sector.

The frameworks we use most frequently include:

The National Fire Chief Council's network:

CATEGORY

- Operational (Fire Fighting) Equipment
- Fleet (Fire Appliances & Other Vehicles)
- Clothing (including PPE)
- Construction and FM
- ICT
- Professional Services

LEAD AUTHORITY

- West Midlands FRS
- Devon & Somerset FRS
- Kent FRS
- Nottinghamshire FRS
- London Fire Brigade
- Cambridgeshire FRS

And also:

- Yorkshire Purchasing Organisation (YPO)
- Eastern Shires Purchasing Organisation (ESPO)
- National Health Service (NHS)
- Crown Commercial Services (CCS)
- YORBuild
- YORCivils



Where framework agreements are not utilised, SYFR invites quotations and tenders direct from the market in accordance with PCRs and CSO requirements in order to optimise service delivery, quality and value for money.

Typically, SYFR places 80% of expenditure through collaborative framework agreements and 20% through locally managed quotations / tenders.

6 Our Policies

6.1 Collaboration

Collaboration is one of the most effective procurement tools available to the public sector and being a relatively small organisation in terms of expenditure. SYFR is able to achieve economies of scale by collaborating through framework agreements with other public sector authorities or jointly procuring requirements.



SYFR will endeavour to award contracts through framework agreements where these offer demonstrable value for money and meet the needs of the authority. SYFR will contribute knowledge and experience to framework development and thus increase the likelihood of the agreements meeting our requirements.

If SYFR requirements cannot be adequately fulfilled through available framework agreements, the authority will approach the market direct in compliance with legislative and regulatory requirements.



6.2 Sustainable Procurement

Sustainable procurement involves procuring supplies, services and works with due consideration at the planning stage to the Social Value Act and in particular to environmental, economic and social factors. Where relevant to the procurement, a minimum weighting of 5% for each factor will be included within the quality evaluation criteria and applied. Additionally:

- When inviting quotations & tenders we aim to invite two local suppliers from the South Yorkshire region to participate.
- In protecting the environment, our contract specifications and operating procedures aim to safeguard the natural environment and avoid any adverse consequences.
- The authority works closely with charities and employment agencies to create apprenticeships, volunteering opportunities and work experience placements.

6.3 P2P Process

SYFR aims to establish a paperless Purchase-to-Pay (P2P) process in order to automate, streamline and maximise the efficiency of the transaction process whilst reducing impact on the environment and natural resources.

Suppliers will be increasingly encouraged to accept email Purchase Orders / Remittance Advices and to submit invoices, either electronically or as PDF email attachments.

6.4 Transparency

The Government's Transparency Code requires local authorities (including fire and rescue authorities) to publish details of expenditure as follows:

- details of each individual item of expenditure that exceeds £500.
- details of every transaction / payment made using a Government Purchasing Card.
- details of current contracts and framework agreements with a total value in excess of £5k.

Each of the above information is published quarterly and can be located from our website home page (www.syfire.gov.uk).



When advertising contract opportunities direct to the market (and not via framework agreements), SYFR uses the following channels:

Procurement Values	Advertising Channel	Comment
£5k - £25k * unless open competition is considered appropriate	YORtender	Yorkshire and Humberside tendering portal with national access
£25k to Regulation thresholds:- * £181k – supplies & services * £4.5m - works	YORtender Contracts Finder	Contracts Finder is a Government sponsored portal
Above Regulation thresholds	YORtender Contracts Finder OJEU	Official Journal of the European Union (OJEU)

YORtender (www.yortender.com) is free for suppliers to register and to receive automatic alerts to public sector opportunities.

For values below £5k, all quotations and related documentation / correspondence shall be saved electronically in the Purchase Order file in the Integra Financial System and stored for a minimum period of 5 years.

For values of £5k and above, all quotations, tenders and related documentation / correspondence shall be saved electronically in YORtenders for a minimum period of 5 years or the duration of the contract + 1 year (whichever is the longest).

7 Improving Procurement

The procurement service within SYFR has undergoing change in order to meet external challenges and to better align with the general direction of travel of the public sector. A few examples are included for illustrative purposes in the last section of this strategy document.

Professional procurement leadership is now in place to plan and drive through much needed change and improvements and the new structure supports delivery of this through Category Management

Delegated authority to departments (Head of Service) permits purchase orders to be raised against established contracts or to seek quotations up to an estimated max. of £25k. (The use of YORtender is mandated for procurements above £5k). This threshold has been reduced from £100k to establish greater control.

All procurements valued over £25k are now managed centrally by the procurement team.

The increased workload for the procurement team, resultant of the centralisation of procurement activity is offset by greater public sector collaboration and use of framework



agreements; which also offers the SYFR procurement team time to focus more on forward planning, market strategies, adding value to the overall process & outcomes, risk and contract management.

The Purchase-to-Pay system (Integra) has undergone a significant refresh and reconfiguration to streamline the process, increase governance and enhance business intelligence and management reporting to inform decisions and monitor compliance.

The E-procurement system (YORtenders) is being enhanced with the introduction of “quick quotes” which will result in the user experience being as quick and easy as using email whilst ensuring for a fair, open and transparent process.

The master vendor database has been rationalised and will be further reduced by 20% through supply chain aggregation for better value and reduced administration costs. A significant piece of work to understand our low-value repetitive spend has begun aimed at ensuring compliance and best value.

The two stores have been restructured to provide for increased staffing, business continuity and resilience and to introduce more flexible working. Supply chains will be re-engineered and improved where opportunities arise to provide for effective supply processes.

New working procedures and standards have been introduced that places more emphasis on proactive forward procurement planning for value for money outcomes as opposed to reactive repetitive and disaggregated purchasing. For example we now have a ten year major equipment replacement program produced by Technical Services which will allow better collaboration, market intelligence and deliver savings.

8



Benefits

Implementation of our Procurement Strategy and Policies is expected to deliver and evidence the following key business benefits:

- Regulatory Compliance (i.e. PCRs and CSOs)
- Reputation Protection by applying the principles of fairness, openness and transparency
- Maintain Quality (i.e. quality & reliability of supplies)
- Transparency (i.e. publication requirements)
- Total Cost Reduction through efficient procurement (i.e. value for money)
- Improved Service Levels
- Supply Chain Risk Mitigation / Management
- Purchase-to-Pay Efficiencies



9 Our Action Plan

Topics:	Projects:	Comments
Key Procurement Projects	Fuel Supply	Renew contract for supply of Fuel
	Purchase Cards	Renew contract for supply and management of purchase cards.
	Personal Protective Equipment (PPE)	The existing PPE managed service contract is due for renewal and SYFR will be updating its requirements specifications before awarding a new contract.
	New Build Barnsley Fire Station	The existing fire station at Barnsley will be replaced with a new build station. Currently at RIBA Stage 2.
	Refurbishment to 4 Stations	Major refurbishment to 4 former CPC stations
Systems & Processes	Update and Optimise the Purchase-to-Pay system (Integra)	Introducing new functionality i.e. to manage fire-fighter clothing entitlements, budget management etc and to increase efficiency.
	Reduce active Supplier numbers by 20% to below 1,000	Spend with suppliers below £500 pa will be reviewed for potential aggregation. Estates services will be merged into the Integrated FM contract.
	Introduce “Quick Quotes” module to YOR tenders.	To enable buyers in departments to simply and quickly request “quotations” and suppliers to quickly respond.
People	Strengthen Procurement Leadership and Strategy	The restructure of the procurement team’s roles, responsibilities; ensuring appropriate skills and competencies are inherent, and achievement measured against is complete

		and appropriately experienced and qualified staff are in place
	Invest in the development of staff to ensure professional and governance standards are consistently upheld and best practice routinely adopted.	Procurement staff will be required to engage in continuous professional development (CPD). Buyers and colleagues in departments with procurement responsibilities will receive ongoing refresher training.
	Undertake an expenditure analysis and implement a category management approach.	Spend analysis will reveal opportunities for further collaboration and the rationalisation of supply chains.
	Introduce procurement related performance & compliance indicators.	Spend through compliant arrangements will be measured and reported. Spend against contract award values will be monitored and reported. Savings will be captured and reported.