

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY**

**MEETING: 23<sup>RD</sup> FEBRUARY 2009**

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**SUBJECT: PROCUREMENT OF WATER TENDERS 2009/2010 TO 2011/2012**

**REPORT OF THE CHIEF FIRE OFFICER, FINANCE OFFICER AND CLERK TO THE AUTHORITY**

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**1 INTRODUCTION**

1.1 This report sets out, for the consideration of Members, a proposal regarding the procurement of water tenders from the Firebuy framework agreement across the 2009/2010 to 2011/2012 time period.

**2 FIREBUY FRAMEWORK AGREEMENT**

2.1 As previously reported to Members, Firebuy has awarded a framework agreement for the supply of water tenders to the Fire and Rescue Service to six private specialist companies.

2.2 The framework agreement allows Fire and Rescue Services to conduct procurement competitions between the awarded suppliers on the framework without entering into a full tendering procedure. This ensures Fire and Rescue Services are achieving value for money, as identified within the award of the Firebuy framework agreement, whilst still offering a degree of flexibility around the specifications of the vehicles between the awarded suppliers.

**3 PROPOSED PURCHASE OF WATER TENDERS FOR 2009/2010 to 2011/2012**

3.1 Included within the Authority's Capital Programme over the next three years is the provision for the purchase of 22 water tenders in total which are distributed across the years in the following manner; ten water tenders in 2009/2010 (this figure includes three that were slipped from the 2008/2009 programme, previously reported to Authority); seven in 2010/2011 and five in 2011/2012, at an estimated cost of £175,000 each.

3.2 With this replacement schedule in mind, initial discussions have been undertaken with Firebuy with regard to the most cost-effective way of undertaking this procurement. In response, they have stated that financial savings are available within their framework agreement for Authorities that place large orders, although it is not possible to quantify the exact efficiency savings at this stage. However, the actual reduced purchasing costs due to a volume order, which are specific to each manufacturer, would be available at the conclusion of the mini competition. At this time it should be possible to confirm or otherwise the efficiencies that will be realised.

3.3 In addition, an order placed before the close of the 2008/2009 financial year would also ensure that the Authority benefited from the fixed price within the Firebuy framework agreement, where the unit price has been secured until 31<sup>st</sup> March 2009.

## **PREVENTING PROTECTING RESPONDING**

A new revised price will be launched on the 1<sup>st</sup> April 2009 and it has been intimated by Firebuy that an increase in the unit cost is anticipated for the 2009/2010 financial year. However, it is not possible to get definitive information with regard to price increases, or possible decreases, as a consequence of the economic downturn, in 2010/2011 and 2011/2012 so there is a degree of risk in placing the entire order now.

- 3.4 However, it is also worth considering that a large procurement order, distributed over the period in question, would also have the advantage of providing the successful supplier with some degree of stability in respect of assured work in the face of unstable market conditions.
- 3.5 Consequently, taking the above information into account, it is recommended that the Chief Fire Officer in conjunction with the Finance Officer is provided with the delegated authority to vary the size of the order, up to a total of 22 water tenders, dependent upon any further financial and economic information that becomes available in the near future.

### **4 FINANCIAL IMPLICATIONS**

- 4.1 The 2009/2010 Capital Programme, reported elsewhere on today's agenda, provides for the acquisition of 22 water tenders over the period 2009/2010 to 2011/2012, as outlined at paragraph 3.1.
- 4.2 With regard to the Vehicle Replacement Programme, option appraisal will be undertaken, where leasing finance is available, to determine whether leasing or borrowing represents the best option for financing, on a value for money basis. Appropriate provision has been included within the Revenue Budget for 2009/2010 and the Medium Term Financial Strategy.
- 4.3 Section 3, above, notes that this large-scale order is likely to provide efficiency savings, although these cannot be quantified at this stage. However, once the min-tendering exercise has been completed it will be possible to evaluate the potential efficiencies in relation to the size of the order for 2009/2010 at the least and, based on this and other available information, the Chief Fire Officer, in consultation with the Finance Officer will take an informed view on the size of the order to be placed if Members approve the recommendation for delegated authority to do so.

### **5 HEALTH AND SAFETY IMPLICATIONS**

- 5.1 The companies will offer the very latest technology in pumping appliance build including bodywork, pump fittings, foam systems and innovative body structure, all designed to improve the safety of firefighters.

### **6 EQUALITY AND FAIRNESS IMPLICATIONS**

- 6.1 Nothing in the design or construction of the appliances or the stowage of the equipment should present a barrier to the recruitment of a diverse workforce.

**7 RISK MANAGEMENT IMPLICATIONS**

- 7.1 Risk management implications have been addressed through the increased safety features of the appliances. Pumping appliance build is to be subjected to obligatory testing by the Vehicle Certification Agency.
- 7.2 An order now reduces the risk of the Authority incurring increased costs due to new pricing from 1 April 2009. However, there remains some risk that a bulk order covering the three years in question would not realise efficiencies due to unit price decreases brought about as a consequence of current economic conditions.

**8 RECOMMENDATIONS**

- 8.1 The Authority is requested to:-
    - (i) approve the procurement process for 22 water tenders in line with the Authority's vehicle replacement programme for the 2009/2010 to 2011/2012 period and;
    - (ii) Provide the Chief fire Officer, in conjunction with the Finance Officer with delegated authority to vary the size of the order, up to the total of 22, dependent upon the market information available to them.
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**BACKGROUND PAPERS**

The undermentioned Background Papers refer to the subject matter of the above report:

Authority Report Capital Budget 23<sup>rd</sup> February 2009

Vehicle Replacement Programme 2009/2012