

TYNE AND WEAR FIRE AND RESCUE AUTHORITY**Item No****MEETING: 21 JULY 2008**

SUBJECT: FUTURE OF THE CENTRE OF EXCELLENCE AND FIREBUY**REPORT OF THE CHIEF FIRE OFFICER, FINANCE OFFICER AND CLERK TO THE AUTHORITY**

1 INTRODUCTION

- 1.1 This report provides Members with information relating to the outcome of the CLG consultation exercise on the proposal to establish a fire and rescue service Centre of Excellence (CoE) and the outcome of the CLG review into the National Procurement Strategy and the role of Firebuy.

2 BACKGROUND TO THE CoE CONSULTATION

- 2.1 In late October 2006 the CLG published a consultation document which put forward options for the establishment of a Centre of Excellence for the fire and rescue service in England.
- 2.2 In essence it was envisaged that the proposed body would have a strategic role aimed at supporting the work of the fire and rescue services in their pursuit of an agenda of improvement, innovation and service delivery through the provision of operational and technical advice as well as guidance across a range of issues affecting fire and rescue services.
- 2.3 In addition it was also proposed that, further to the establishment of the CoE, the national procurement function undertaken by Firebuy, would migrate across to the new body together with the Resilience workstream currently residing within CLG.
- 2.4 The consultation document itself requested that the following issues be considered and appropriate responses drafted by interested parties:
- The need to establish a Centre of Excellence.
 - The function which a Centre of Excellence has the potential to support both in the short term and the long term including training delivery and resilience.
 - The Governance arrangements which should underpin a Centre of Excellence.
 - The funding arrangements for a Centre of Excellence including the potential financial contributions from the Fire and Rescue Authorities to fund the functions which Fire and Rescue Authorities require the Centre of Excellence to carry out on their behalf.
 - The name of the Centre of Excellence.

3 OUTCOME OF THE CONSULTATION

- 3.1 Following the consultation exercise CLG collated and considered the responses they received in order to assess the most appropriate course of action to follow.
- 3.2 The outcome of this assessment was set out in Fire Service Circular 21/2008, published in May 2008. This document highlighted the fact that, whilst there was still support for the principle of a CoE, there was widespread concern about the extent of its proposed remit and, in particular, disquiet over the proposal for Firebuy to migrate to the CoE when the future of this organisation itself was still being questioned.
- 3.3 Concerns were also expressed about the funding burden that would fall upon fire and rescue services to help cover the running costs of the CoE. In the case of this Authority the costs were anticipated to be £50,000 from financial year 2009/2010 onward.
- 3.4 As a result of these widespread concerns the CLG has subsequently determined to take no action to establish a CoE at the current time. Although, they have also stated that this does not rule out such a new body in the future. As a result of this decision, the functions identified for inclusion in the CoE will remain with their current delivery departments, namely the CLG and the Fire Service College, at least for the year 2008/2009.
- 3.5 In addition, those functions that were identified as ones that could migrate to the Centre of Excellence once it was established, in effect Firebuy and the Resilience workstream, will also remain within their existing departments for the time being.
- 3.6 As a result there is no longer anticipated to be a requirement to incorporate a sum of £50,000 into the 2009/2010 budget to meet the Authority's share of the running costs of the Centre of Excellence.

4 REVIEW OF THE NATIONAL PROCUREMENT STRATEGY AND THE ROLE OF FIREBUY

- 4.1 In addition to a decision not to progress the Centre of Excellence and, by extension, not to migrate Firebuy to this new body, CLG published a further Fire Service Circular (FSC 27/2008) at the end of June 2008 setting out the findings of the review of the National Procurement Strategy for the Fire and Rescue Service 2005/2008.
- 4.2 The review, undertaken following a recommendation from the Office of Government Commerce (OGC), has concluded the following:

- The predominant view in the FRS is that the requirement for a national procurement function remains. But there is no consensus currently on how this role is carried out or what it should include.
- Firebuy has not achieved wide stakeholder support from the FRS. The Service has no sense of ownership of the organisation or its priorities.
- Firebuy has delivered savings but cannot systematically demonstrate the benefits its contracts bring over the alternatives. FRA's resent being compelled to use these contracts.
- Funding remains uncertain and divisive. The market available to Firebuy is not big enough for it to generate sufficient income to cover its costs; it is currently unable to share in savings generated; and the FRS is currently unwilling to help fund it.
- Firebuy's structure is perceived as unwieldy and unrepresentative. As a small NDPB it has relative high overhead costs.
- While in the longer term bringing the national procurement function within a larger organisation has many advantages, the position on wider FRS national functions and structures is currently uncertain and a suitable vehicle may not materialise.

4.3 Furthermore, building on these conclusions, the review team has recommended the following:

- The medium term delivery options for the national procurement function should be determined in the light of the current review and agreement of the new National Procurement Strategy 2008-11.
- Firebuy as currently operating needs to review and reform its funding and cost base.
- A clear Firebuy strategy is required for 2008/9 with contract programme, commercial validation and performance measures.
- Future funding arrangements should be determined in the context of the new national procurement strategy.
- Stakeholder/customer buy-in must be addressed including FRS representation and accountability at Board level, and tracking and reporting the benefits of contracts to demonstrate efficiencies.
- Opportunities should continue to be explored to coordinate the national procurement function with wider discussions on the delivery of FRS National Functions in the future.

- 4.4 In response to this, CLG have stated that a new National Procurement Strategy will be published, for consultation, in July 2008 and this exercise will ultimately result in the production of a new fire and rescue service National Procurement Strategy by the end of the year, including the future arrangements for the delivery of a national procurement function. In the interim CLG will continue to meet the funding needs of Firebuy.

5 CONCLUSION

- 5.1 The consultation exercise undertaken into the governance and function of the Centre of Excellence has resulted in the CLG postponing the introduction of the new body and returning to the status quo. This position should be maintained for at least 2008/2009. However, CLG has stated that it does not rule out the possibility of returning to the issue, depending upon how circumstances evolve.
- 5.2 In addition, the future of the Firebuy will be determined following the outcome of a consultation exercise on a new National Procurement Strategy for the Fire and Rescue Service, which is due to be published in July 2008.

6 RISK MANAGEMENT

- 6.1 There are no risk management implications arising from the specific content of this report.

7 FINANCIAL IMPLICATIONS

- 7.1 There are no immediate financial implications arising out of this report. It was stated at the Authority meeting of 25th February 2008 that a sum of £50,000 would need to be built into the 2009/2010 budget to cover the costs of the Authority's contribution to the Centre of Excellence. It would now appear that this sum is, at this stage, no longer required and the Authority's Medium Term Financial Strategy will be adjusted accordingly.

8 EQUALITY AND FAIRNESS IMPLICATIONS

- 8.1 There are no equality and fairness implications in respect of this report.

9 HEALTH AND SAFETY IMPLICATIONS

- 9.1 There are no health and safety implications in respect of this report.

10 RECOMMENDATIONS

- 10.1 The Authority is recommended to:
- a) Endorse the contents of this report, and
 - b) Receive further reports as appropriate.

BACKGROUND PAPERS

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

- FSC 21/2008; A Centre of Excellence for the Fire and Rescue Service – Summary of Responses
- FSC 27/2008; Summary of Findings and Recommendations from the Review of National Procurement Strategy for the Fire and Rescue Service 2005-08 and Firebuy Ltd