



SCOTTISH
FIRE AND RESCUE SERVICE
Working together for a safer Scotland

Report to:	SCOTTISH FIRE AND RESCUE SERVICE BOARD
Report Number:	B/FCS/9-14
Date:	27 MARCH 2014
Report By:	CHIEF OFFICER

Subject:	COMMODITY STRATEGY: SELF CONTAINED BREATHING APPARATUS (SCBA) AND ASSOCIATED SERVICES
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1 PURPOSE

- 1.1 The purpose of this report is to seek approval from the Board of the proposed Commodity Strategy for Self Contained Breathing Apparatus (SCBA) and Associated Services.

2 RECOMMENDATIONS

- 2.1 The Board is asked to approve the following recommendation:
- a) That the proposed Commodity Strategy, as detailed in paragraph 6, is approved.

3 BACKGROUND

- 3.1 Within the Standing Orders for the Regulation of Contracts, paragraph 4.2 indicates that the Board should approve the procurement process for key strategic goods/services/works prior to the placement of any contract notice. The procurement of SCBA and Associated Equipment is deemed to be a key strategic good due to the business critical nature of the equipment and the spend associated with it.
- 3.2 SCBA and associated kit is a core piece of operational equipment which is fundamental to the SFRS's ability to deliver its core service and address associated legislative requirements within the Health and Safety at Work Act.
- 3.3 The primary users of SCBA are operational crews, however most Directorates have a role in its provision, training, operating procedures and support.

- 3.4 There are approximately 3000 sets currently within the service, of varying designs (single/twin cylinder) and air capacity. Historically these differences did not pose a particular issue as the eight legacy services generally operated independently within their own service area however, operating now as a single service, this inherited position presents a number of challenges and an increased risk resulting from the lack of standardised SCBA and processes.

4. COMMODITY STRATEGY APPROACH

- 4.1 SFRS has adopted a common and consistent approach to the procurement of goods, services and works across the organisation in support of our commitment to the Public Procurement Reform Programme.
- 4.2 One of the main features of this approach is the use of the Commodity Strategy in the procurement of goods, services and works, for all procurements in excess of £50,000 (goods and services) and £100,000 (works).
- 4.3 A Commodity Strategy is a procurement plan which is developed by a cross functional team (User Intelligence Group or UIG), including trade unions where appropriate, to optimise the benefits that can be achieved through the co-ordination of procurement activity.
- 4.4 A standard approach to Commodity Strategy design and implementation has been developed taking account of the requirements of “The Procurement Journey” as developed by the Scottish Procurement and Commercial Directorate, which are intended to ensure that a comprehensive, consistent and robust approach is adopted, in order that the anticipated project benefits, savings and efficiencies are delivered.

5 CURRENT CONTRACTUAL POSITION

- 5.1 Each of the former services had its own contract for SCBA and associated services, with four different suppliers being utilised across Scotland. A mixture of delivery models were adopted in the provision and maintenance of this equipment, whereby some services undertook maintenance in-house, while others contracted it out.
- 5.2 The majority of these contracts have now ended or are due to end within the next 6-12 months. Provision for early termination is contained with the remaining contracts which end beyond this period.
- 5.3 In addition the contracts for the former Strathclyde and Highlands & Islands, which end within the next 12 months, cannot be supported by the suppliers any further than this as the equipment will be deemed as obsolete, due to its age.

- 5.4 To account for the current contractual position and to ensure operational risks are minimised, there is an immediate requirement to initiate a procurement process leading to the award of a single contract to provide standard SCBA equipment, which will in turn result in the standardisation of operational processes and procedures.

6 COMMODITY STRATEGY FOR BREATHING APPARATUS

- 6.1 A business case has been developed by the User Intelligence Group (UIG), comprising representation from Asset Management, Procurement, Response & Resilience, Health & Safety, Equality & Diversity, Learning & Development and trade unions, which considers the requirement for rationalising the provision of SCBA at this stage and identifies the following 3 workable options;

- Purchase the SCBA sets to be maintained within SFRS,
- Purchase the SCBA sets to be maintained by an external provider,
- Lease the SCBA sets which are fully maintained by the provider.

- 6.2 These options have been evaluated by the UIG against the following 5 project objectives;

- Standard specification for Breathing Apparatus and associated equipment across Scotland (30%),
- Optimum provision of servicing and maintenance of breathing apparatus and associated equipment to reduce risk (30%),
- Suitable supporting infrastructure and procedures (20%),
- Standard supporting documentation (10%)
- Personnel who require to operate and support the equipment are suitably trained (10%)

The outcome of the Group's evaluation is attached at Appendix A.

- 6.3 Estimated costs for each of the 3 possible operating models have also been evaluated over a 9-year period and the net present cost calculated, taking account of both capital and resource costs.
- 6.4 The table below combines the results of the financial and non-financial appraisal giving an overall score to each option. While there are various methodologies for combing these results, given that in this case the highest scoring option came top in both financial and non-financial elements, any alternative methodology would produce the same outcome.

Options		Financial		Non-Financial		Combined
		50%		50%		100%
		NPC £000's	Score	Points	Score	Score
1	<i>Purchase Sets to be maintained internally</i>	9,695	45%	8.4	42%	87%
2	<i>Purchase Sets to be maintained by an external provider</i>	8,738	50%	8.8	44%	94%
3	<i>Lease sets which are fully maintained by the provider</i>	9,757	45%	8.5	43%	87%

- 6.5 Based on this analysis, Option 2, Purchase Sets to be maintained by an external provider, is the recommended approach for which tenders will be invited.
- 6.6 The maximum lifespan of this equipment is 14 years however, in order to ensure its effective operation at all times, it is intended to seek an initial contract period of 9 years, with the option to extend for further periods to a maximum of 12 years. The initial contract will be structured in blocks of 3 years, providing for review at the end of each, to maximise benefits realisation and facilitate the adoption of technological innovations.
- 6.7 The opportunity to utilise an existing framework contract has been explored however it is considered that this would not enable SFRS requirements to be met in full. As such it is proposed to develop a specific SFRS contract, which it is hoped will enable savings to be maximised.
- 6.8 The market analysis indicates a small number suppliers in this field and as such it is intended to use the Open Procedure to advertise the tender under EU regulations.
- 6.9 The option of advertising the contract in either geographical or functional lots was considered but discounted due to the key objective of standardisation, and the interdependency of breathing apparatus with other operational equipment.
- 6.10 The procurement process is anticipated to be live for approximately 4 months, with a further 3 months for contract implementation, ending in November 2014.

7 PROCUREMENT RISKS

- 7.1 Procurement risks are outlined in Appendix B, along with implications and mitigating actions.

8 EMPLOYEE IMPLICATIONS

- 8.1 There are currently 7 members of staff (3 Watch Managers and 4 support staff) involved in the maintenance of Breathing Apparatus and related equipment across Scotland. Based on the preferred market approach, they would no longer be required to perform this task and will be assigned other duties within the Service.
- 8.2 The tender process will result in SFRS providing a standard approach to SCBA, a core piece of operational equipment, and its associated services, in order to maximise firefighter safety.

9 FINANCIAL IMPLICATIONS

- 9.1 Within the Capital Programme 2014/15 – 2016/17, approved by the Board at its meeting in February 2014, £4.580m has been identified over the 3-year period for the Breathing Apparatus Replacement Project. This procurement is the major element of the project.
- 9.2 Current resource budget expenditure amounts to £0.79million per annum, split between external and internal maintenance costs. Market research and associated benchmarking of current market rates indicates there is scope for around 35% savings on current costs once the project is fully implemented.

10 EQUALITY IMPACT ASSESSMENT AND CONSULTATION ARRANGEMENTS

- 10.1 Representatives from Equality and Diversity and the Trade Unions have been involved in the development of the Commodity Strategy, which has been undertaken in accordance with the principles outlined in the Single Equality Scheme.
- 10.2 A full Equality Impact Assessment will be carried out as part of the project.

**ALASDAIR HAY
CHIEF OFFICER**

20 March 2014

SCOTTISH FIRE AND RESCUE SERVICE
Breathing Apparatus- Options Appraisal

Option Scoring Range	
0	Completely fails to meet the objective
10	Exceeds the requirements of the objective

Non-Financial Appraisal

Objective		Weighting	Option 1 Purchase with Internal Maintenance		Option 2 Purchase with External Maintenance		Option 3 Leased Fully Maintained		Option 4	
No.	Narrative		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
1	Standard specification across Scotland	30%	10	3.0	10	3.0	10	3.0		0.0
2	Optimum provision of servicing and maintenance	30%	7	2.1	8	2.4	7	2.1		0.0
3	Suitable supporting infrastructure and procedures	20%	9	1.8	8	1.6	8	1.6		0.0
4	Standard supporting documentation	10%	8	0.8	9	0.9	9	0.9		0.0
5	Relevant personnel are suitably trained	10%	7	0.7	9	0.9	9	0.9		0.0
Total Points		100%	41	8.4	44	8.8	43	8.5	0	0.0

Risk Analysis

Risk ID	Description of Risk	Probability / Impact Result	Implications to SFRS	Mitigating Actions
1	Lack of understanding of Procurement requirements in the market	Medium/Low	Lack of sufficient competition. Lack of relevant bids.	Pre-Procurement Market Engagement. Ensure contract is structured appropriately to assist in receiving relevant bids.
2	Timelines not met.	High	Loss of operational capability and business critical requirements if timelines not met.	Buy-in required from stakeholders. Importance stressed of project plan. Work with current suppliers to ensure critical supply where necessary.
3	Changes to standards/legislation throughout term of Contract.	Medium/High	Unsatisfactory products based on outdated legislative requirements.	Ensure scope within Contract to ensure that changes to standards/legislation can be applied if required.

Appendix B

<p>4</p>	<p>Economic environment (failure of successful contractor)</p>	<p>Medium</p>	<p>Loss of business critical requirement which could result in major health and safety issues across Scotland.</p>	<p>Ensure effective Contract Management procedures are in place to manage contract effectively.</p> <p>Ensure good communication with successful contractor and encourage good working practices.</p> <p>Financial analysis of tenderers is incorporated within the procurement process.</p>
<p>5</p>	<p>Change in SFRS requirements.</p>	<p>Medium</p>	<p>Variations to contract.</p>	<p>Ensure sufficient clauses are included within tender and contract documents to allow for potential changes.</p>
<p>6</p>	<p>Business continuity</p>	<p>Medium</p>	<p>Loss of business critical requirements which could result in major health and safety issues across Scotland.</p>	<p>Ensure effective Contract Management procedures are in place to manage contract effectively.</p> <p>Ensure good communication with successful contractor.</p> <p>Include information relating to business continuity and key performance indicators as part of ITT.</p>