

**East Sussex Fire Authority**

**Procurement Strategy 2018 to 2020**



**East Sussex**  
Fire & Rescue Service



***Compliance, Coordination and Commercialism***

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# 1. Foreword



East Sussex Fire Authority is committed to making effective use of our resources and this strategy forms an important part of that promise. With ever increasing pressure on budgets and reduced funding, it is more important than ever that the Authority's Procurement Strategy supports our purpose and commitments and delivers cost effective services, which meet the needs of our community. Leaders have a key role to play in our sector to support the drive for more standardisation and joined-up procurement. Transparency of the procurement process and demonstration of best practice and value for money are key ways in which we can to respond to the questions asked of us by central Government. More than that, we have a moral duty to the public who fund us through Council tax and other rates to deliver our services effectively and efficiently. This strategy details how the central Procurement Team will support the Authority and the Service's leaders and managers to respond to the financial challenges we face, whilst maintaining our commitment to keep our community safer.

John Barnes  
Chairman



The Authority faces many and varied challenges both internal and external and part of that is delivery of effective and efficient Procurement, to ensure we deliver the right services, equipment and resources to enable East Sussex Fire and Rescue to make our communities safer. In this Procurement strategy we set out how we will approach this challenge and continue the transition from a transactional function to part of the way we deliver services.

It directly aligns with the National Fire Chiefs Council strategy to drive increased and sustained collaboration and standardisation. The core principles focus our activities on delivering efficient and effective, commercially sound commissioning. Whether we are buying uniform or fire appliances, our procurement strategy is at the heart of the drive to deliver the very best value for the Service and the wider community.

Dawn Whittaker  
Chief Fire Officer

## 2. Introduction

East Sussex Fire Authority's (ESFA) aim is to make our communities safer by providing prevention, protection and response services to 812,514 people within the area of East Sussex and the City of Brighton & Hove.

With ever increasing pressure on budgets and reduced funding, it is more important than ever that the Authority's Procurement Strategy aligns with and supports our Purpose and Commitments and **delivers efficient and effective** services, which meet the needs of our community.

With a net annual spend of circa £10m on goods, services and works, procurement and contract management are key to achieving efficiencies within the organisation. **Delivering value for money & optimum management of limited resources, without compromising resilience, are paramount.**

This strategy details how the central Procurement Team will support the Authority to respond to the financial challenges we face, whilst maintaining our commitment to keep our community safer and **drive out value for the public purse.**

By recentralising all complex procurement activity and by formulating and delivering category strategies which are aligned both internally and with our external partners, this strategy will create value, ensure compliance and maximise the impact of Procurement.

**The 8 Key Themes** of this strategy are central to its delivery and are designed specifically to enable efficient and effective, commercially sound commissioning within ESFA.

### **3. Strategic Context**

#### CHALLENGES AND OPPORTUNITIES

The Authority faces many and varied challenges both internal and external, and Procurement must rise to the challenge of modernising, in terms of its scope, use of technology, practices and procedures, to meet these challenges.

**There is an ever greater drive for reform, modernisation and delivering maximum value for our taxpayers.**

The Medium Term Finance Plan (MTFP) sets out the need to identify savings of up to £0.7m by 2022/23 and Members have set a clear expectation that the Authority will deliver efficiencies in excess of this to allow re-investment in the service. The challenge to change has been raised by Home Secretary and Ministers for Policing and Fire through the Fire Reform Agenda. Efficiency and effectiveness is a key pillar of that wider Reform programme. There is active collaboration across local emergency services, and a renewed commitment to closer collaboration through the 3F partnership (Surrey and East and West Sussex Fire Services).

Ministerial responsibility for fire and rescue policy sits with the Home Office. With the challenge around reform, standardisation and aggregation of our

commercial activity set by the Home Office, it is essential that both as an individual FRS and as a Sector, we understand how much we spend, with whom and on what, **to secure the best possible value for the public purse.** **HMICFRS inspections**, which will commence in early 2018, will have a keen focus on procurement as part of a wider assessment of efficiency and effectiveness.

In terms of legislative changes, how procurement will be regulated after **Brexit** and how it will impact on our supply chains is hard to predict. The Public Contracts Regulations 2015 will remain in place during negotiations for Brexit and whilst there is no clear understanding at present, we continue to monitor the situation and will be conducting Brexit Impact Assessments, to understand any exposure well in advance.

As we consider how we can meet the demands and drive the change to manage these challenges, it's important to recognise that challenges create **opportunities.**

The drive for reform creates a sense of urgency which anchors the need for change and modernisation and financial pressures open the door for Procurement to play a key strategic role, in driving value and competitive advantage.

Brexit may give rise to opportunities where de-regulation makes purchasing easier and could provide an opportunity for simplified and improved procedural rules within each UK jurisdiction. The reshoring of British supply chains in advance of Brexit could also provide an excellent opportunity for small and local businesses to win new contracts.

In response to the Home Office's reform charge, the **National Fire Chiefs Council (NFCC)** have created a strategic committee tasked with harnessing our national buying power, under a category management approach. This has enabled an unprecedented level of data sharing, collaboration and transparency, which will drive significant aggregation of demand. National 'Basket of Goods' benchmarking exercises have already identified areas of spend and common suppliers, which can be targeted both as an individual FRS and as a Sector.

The benefits of driving change and getting better deals for the sector as a whole, will provide better value for money and help to maintain frontline services.

In this climate of increased scrutiny, legislative and political uncertainty, coupled with the need to modernise Procurement and satisfy greater demand with

limited resources, it's clear that how we develop our strategic Procurement capability has never been more vital.

## 4. Our Purpose, Commitments and Values

### Our Purpose

"We make communities safer"

### Our commitments

Delivering high performing services

Educating our communities

Developing a multi-skilled, safe and valued workforce

Making effective use of our resource

### Our values

#### **Respect & Dignity for all**

We treat our colleagues and all members of our Community in a way that values their individuality.

We will challenge discrimination and inappropriate behaviour at all levels.

#### **Trust, integrity, initiative and innovation**

We are honest and trust each other. We encourage initiative and lateral thinking.

Serving our whole Community

We are here to provide a professional and efficient service to our Community.

We will provide value for money.

#### **We are proud of our Fire & Rescue Service and enjoy working in a positive environment.**

We enjoy the work we do and we work towards the continual improvement of our Service and ourselves.

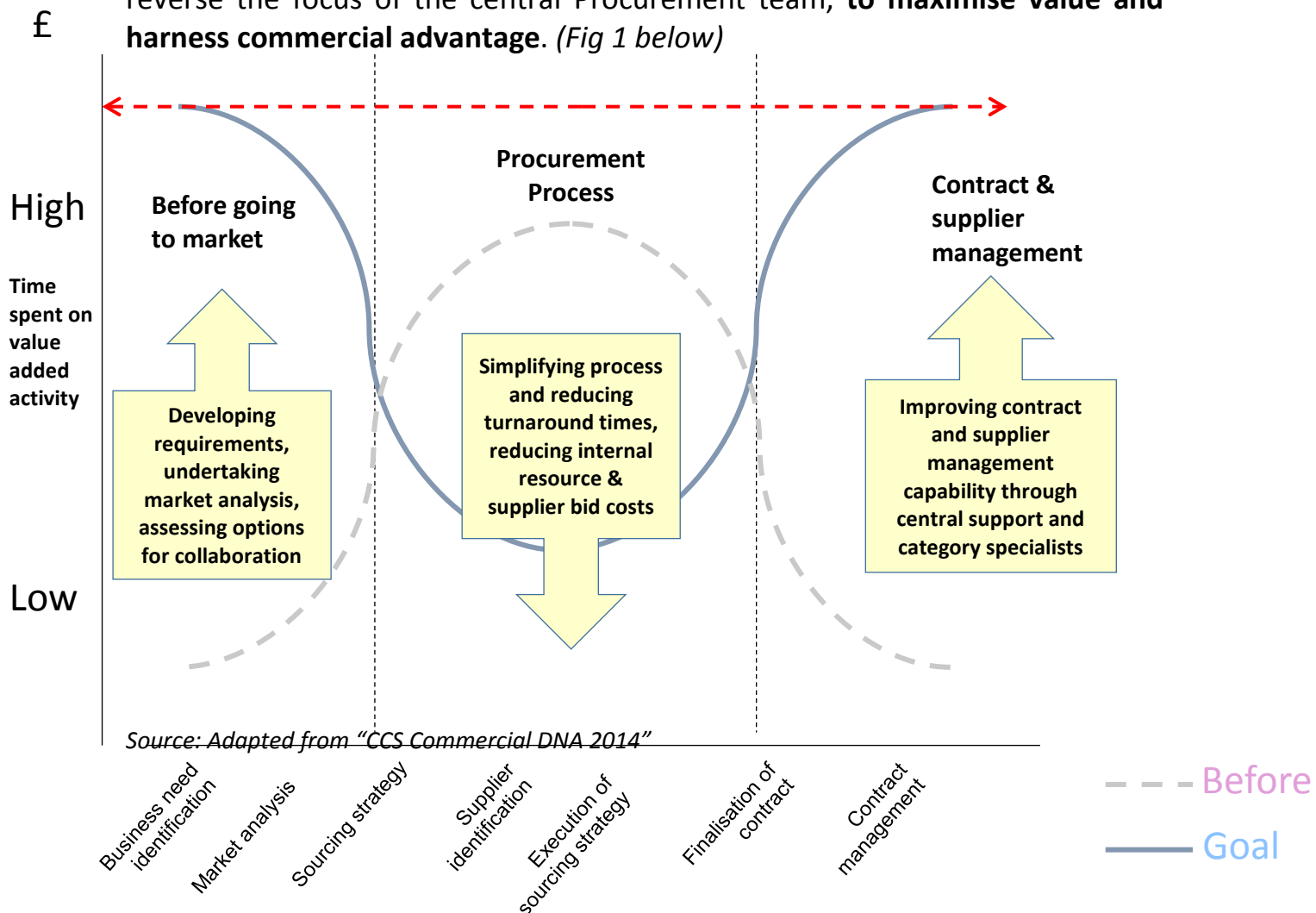
We encourage and will manage constructive challenge.

We will be a good employer.

## 5. Our Vision for Procurement

A CORPORATE, COMMERCIAL SERVICE, DELIVERED CENTRALLY AND COLLABORATIVELY, ON BEHALF OF THE AUTHORITY

The **best value** from any contract is at the beginning when it's being shaped and at the end when it's being managed. This diagram illustrates how we aim to reverse the focus of the central Procurement team, **to maximise value and harness commercial advantage.** (Fig 1 below)



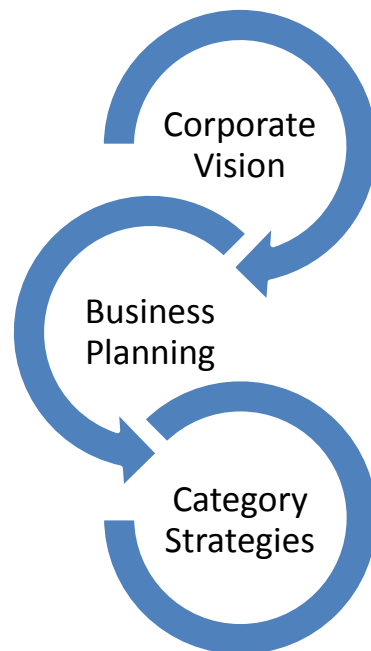
To gain best access to these opportunities, we must focus far greater effort and resources into the pre-tender activities (identifying needs, market research and supplier engagement) and into the post-tender activities (contract management, continuous improvement, negotiation), instead of focusing large amounts of attention on the actual process of "The Tender" itself, as we do now.

**Centralising all complex pre-procurement & post award activity** will significantly enhance our capability to identify scope for improvement, whether in the specification or contract management stages.

CENTRALISED PROCUREMENT



In order for the procurement activities undertaken within the Authority to align with our corporate business plans and the National Agenda for reform and standardisation, a **centralised, coordinated, category approach is vital.**



**Recentralising all complex procurement activity** under the professional expertise of the Procurement Department will give an opportunity to better organise & coordinate external spend and improve leverage in contracting and negotiation, by forming a better orchestrated approach to the supply base.

The central team will work with the **subject matter experts in the key commissioning departments**, to craft category strategies which Procurement will manage & deliver.

**Centralised Procurement enables:**

- alignment with corporate objectives
- better pre-procurement market engagement
- early identification of the optimum route to market
- a targeted approach to identifying opportunities for collaboration
- outcome based specifications which drive value and are fit for purpose
- increased compliance and control
- a consistent process
- robust contracts, which balance risk and commercial advantage
- increased purchasing power & better leverage

- technical and Service standardisation
- demand management
- improved contract management and problem resolution
- lower training costs
- improved transparency, spend management/data capture, reporting & audit
- reductions in process costs

**Our Vision** is that tactical, low value purchasing (sub £5000) will remain within the remit of the individual business areas, accessing corporate contracts via a One Stop Shop, utilising Procurement Cards (P/Cards) & electronic requisitions.

All Requests for Quotes up to a value of £50,000 will be made via the central Procurement Team, as will all tenders above £50,000. This hybrid structure supplements local buyers and teams with **a corporate team that leverages spend into coordinated categories.**

**The primary aim of these improvements is to shift the Procurement team resource from transactional to value adding activity.** Procurement will act strategically to lead and guide the process of procurement within ESFRS, not to actively procure low value, high volume commodities.

## **6. The Key Themes to Deliver Our Vision**

8 KEY THEMES SUPPORTING COMPLIANCE, COORDINATION AND COMMERCIALISM

The core principles which will focus our activities on delivering efficient and effective, commercially sound commissioning. The themes reflect the importance of **strengthening our pre and post procurement activities** and focus effort and resources where they add most value.



## Theme 1

**Technology**, clear and efficient processes, coordinated and supported by the central team, modernising and simplifying the process of procurement to make better use of technology and e-procurement tools, such as P/cards and electronic requisitions.

Better management of data by accessing NFCC supported spend analysis tools.

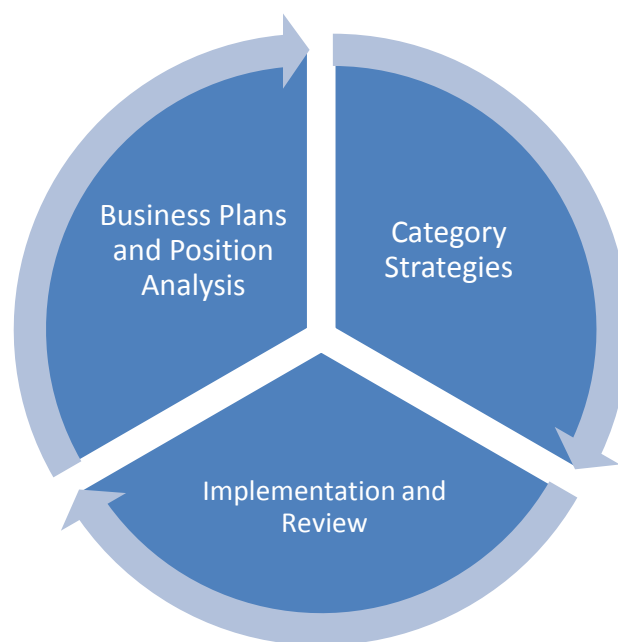
E-learning packages to strengthen the governance induction process and maintain competency.

Better use of social media to alert and target local enterprises and SMEs in both the private and 3<sup>rd</sup> sector, to new procurement opportunities.

## Theme 2

**Category management** is a structured, coordinated, strategic approach which links directly to business planning for the procurement of goods and services, and manages the process from identification of need to delivery and ongoing supplier performance. It focuses on the majority of organisational spend and seeks to reduce demand, simplify the way we buy and aggregate spend across the entire organisation or multiple organisations.

HOW WILL THIS WORK IN PRACTICE?



1. Proposed categories will directly align with the **NFCC** and include: **clothing, fleet, operational equipment, ICT, facilities management and construction and professional services.**

2. Analysing key areas of spend to enable identification of savings and or/collaborative opportunities and maximise the value of spend.
3. In partnership with our key commissioning departments, strategies will be developed which make sourcing decisions based on objective information and which follow a **Position, Choice, Action** approach, using market analysis and spend data, to provide a broad understanding of the supply market, the opportunities and the threats. (Fig. 2)

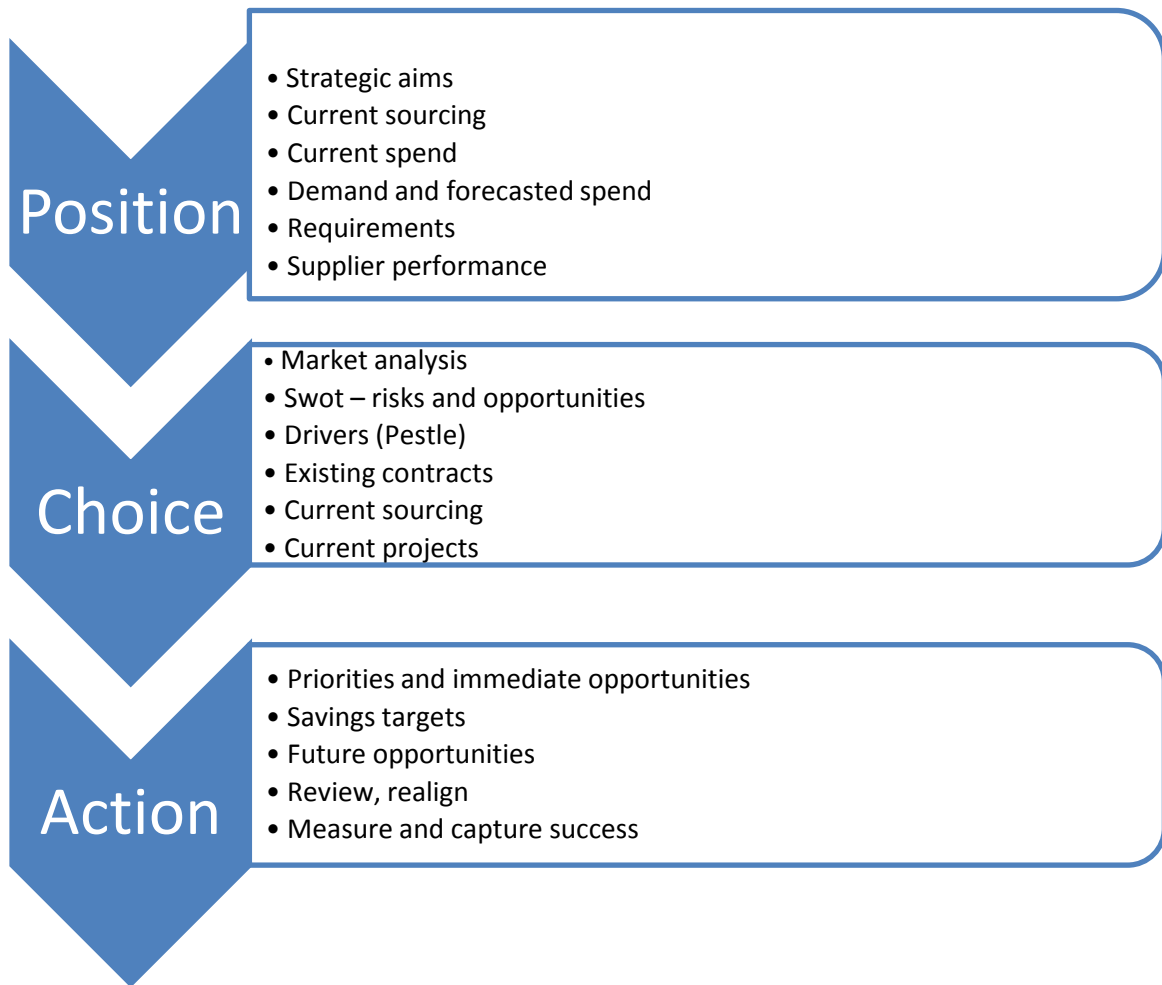


Fig. 2

4. Key commissioning departments will be supported by **3 Category Specialists** (Fig. 3) within the central team, to implement the strategies, measure performance and review outcomes.

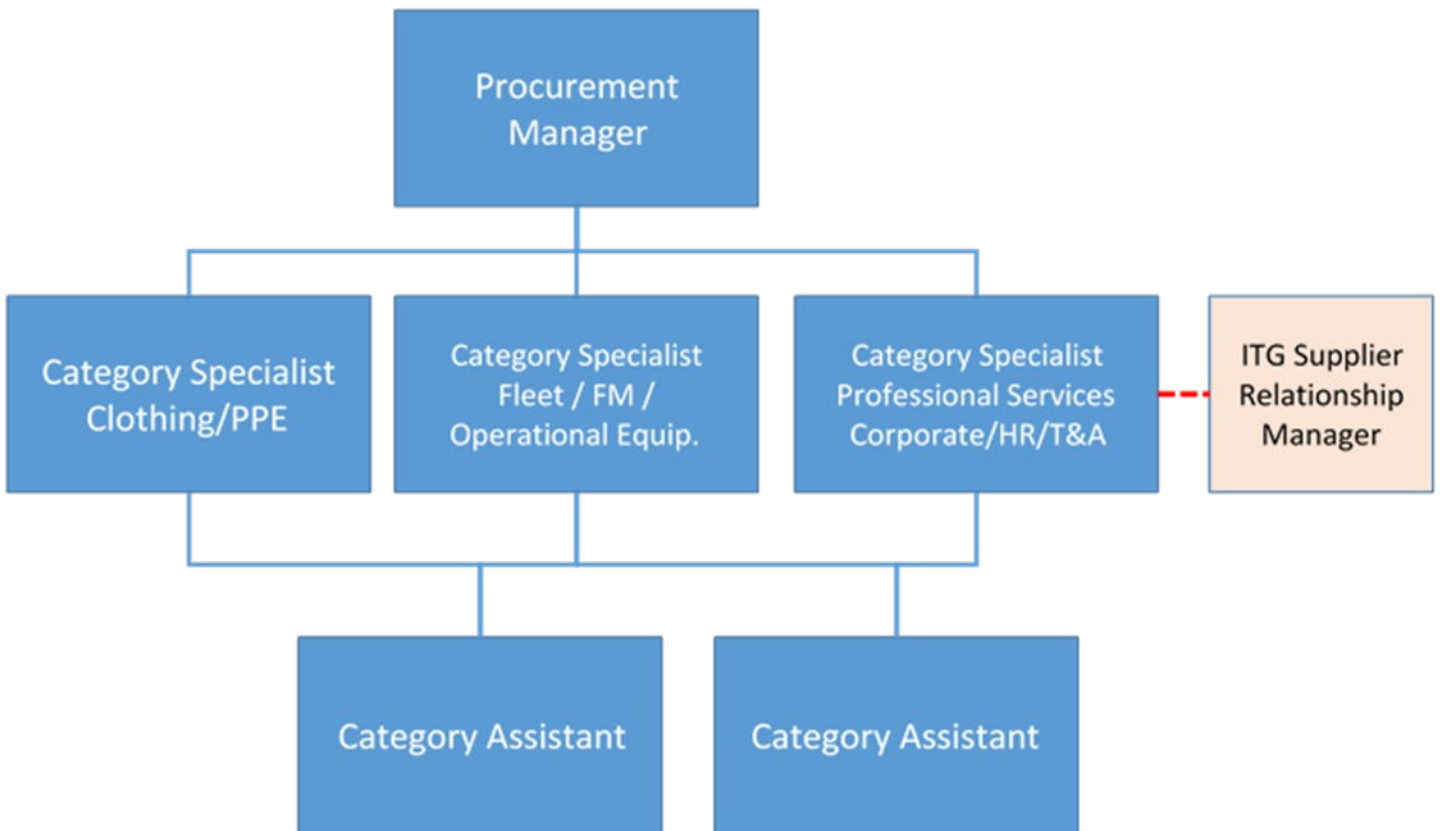


Fig.3

### Theme 3

We will support **Partnering and Collaboration** by aligning our categories with the national agenda, aggregating spend through effective collaboration or by sharing services on common goods and services, without compromising the outcome.

Pre-procurement activity and sourcing strategies underpinning the category approach, will enable us to identify & target any opportunities for collaboration either nationally, locally or both ahead of going to market.

## Theme 4

Successful **Contract Management** is most effective where pre-award activities are properly carried out and there is robust performance monitoring and transparency. A category led approach to contract management, will oversee contract delivery, optimisation and performance.

Securing best value through proactive supplier relationship management and central monitoring of KPIs and SLAs, with our key internal customers, this central oversight will ensure agreed benefits do not leak away. This enables continuous improvement and in essence, **ensures we not only get the negotiated result but continue to realise benefits.**

## Theme 5

**People** and continued **Development** of their skills is fundamental to the success of our strategy.

The recentralisation of complex procurement activity will see a reduction in planned training costs across the service.

In order to support the central team however, a training needs analysis exercise will be conducted across the Service for all staff engaged in commissioning activity and **Procurement Development Plans** will be developed. This will enable us to enhance our skills across the organisation in relation to **contract management, specification writing and commercial behaviour.**

In order to maintain the specialist, professional advice and support offered by the central team, the Category Assistants will continue to work towards their Chartered Institute qualification.

We will support the organisation with regular updates, standard templates, training guides and e-learning packages to embed best practice across the Authority.

## Theme 6

Clear **governance**, the right structure, processes and people in place will allow us to coordinate and control spend.

Procurement activity will be strongly linked to Corporate objectives and Business Plans via the Category Strategies.

**A centre led** approach will foster consistent, compliant processes and central monitoring will track spend against contract value.

Procurement will support colleagues to procure transparently, ethically and with integrity.

## Theme 7

**Risk Management.** Identifying and mitigating risk is integral to the formulation of the category strategies and associated contracts.

**Category Strategies** will use the Kraljic Matrix approach to segment supplies according to value & risk of supply. (Fig 4)

This will enable a risk based assessment for each category, which will be used to decide on a relevant approach for supplies.

**Devolving** purchasing of the tactical, low value, low risk supplies to the wider Service via P/Card purchasing, will free up time within Procurement to focus on the strategic, bottleneck and leverage items where we can add real value.

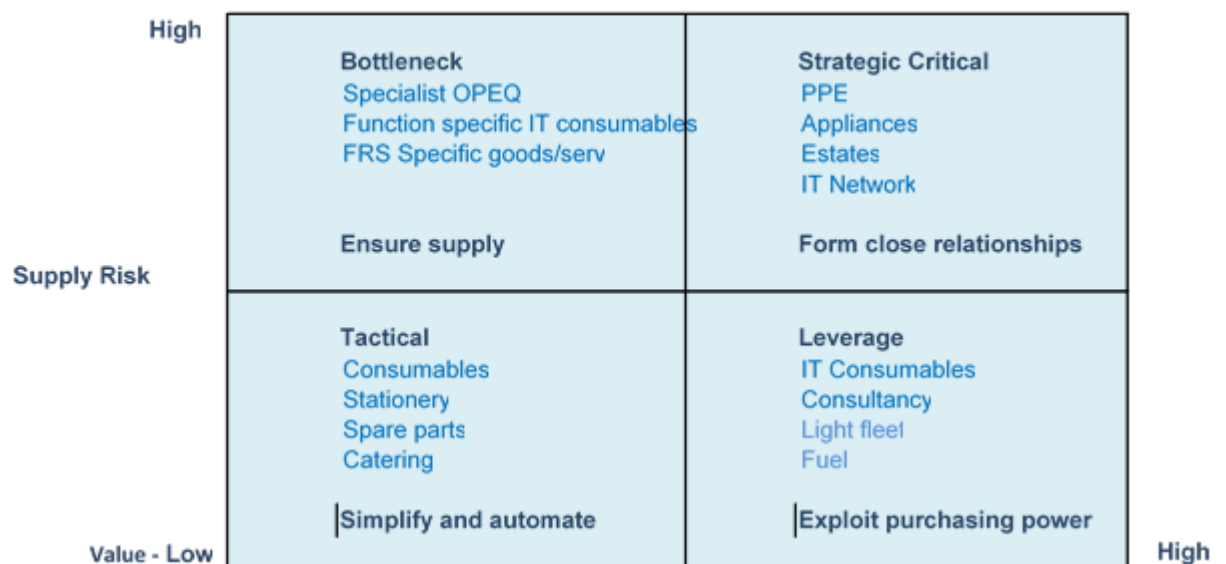


Fig. 4



In relation to **contracts**, Procurement will ensure that **contracts** contain sufficient and appropriate recourse and remedies, including financial recompense and non-punitive damages, where appropriate to the impact.

**Brexit Impact Assessments** (Appendix C) will be introduced to enable early identification of any potential exposures and opportunities, in relation to our supply chain, contractual arrangements and future procurements.

## Theme 8

**Social Value** represents the additional social, economic and environmental value created by our developments throughout their lifetime for the communities and regions where we operate.

The **Social Value** Act 2012 has acted as a catalyst for change in the Public Sector, by requiring Public authorities to have regard to economic, social and environmental well-being of communities and allowing them to deliver additional growth, skills, jobs and other community benefits, directly via their tendering activity and resulting contracts.

These benefits can be encouraged, captured and measured by how we approach the market. If our potential suppliers see significant rewards and weightings within tender opportunities for Social Value added, it will signal very clearly that we value their social innovation.

Social Value will form part of the award weighting for **all relevant** opportunities, so that we consider the economic, social and environmental benefits to our community, from every pound that is contracted by us.

Measures can include how suppliers:

- deliver local employment
- support apprenticeship opportunities
- support the local community
- protect the environment
- improve opportunities and skills for local people
- work with schools and/or volunteers
- support diversity and ensure equality

## 7. Measuring Success

### HOW WILL WE MEASURE OURSELVES?

Our priorities are summarised for information and covered in more detail within the Procurement Business Plan.

Principle	Measure	Target
Control of Spend	% applicable spend managed by robust contracts	95%
	% influence-able spend managed by central procurement team	80%
	% procurements with evidence of appropriate process	95%
Systems	% low value transactions processed via P/card	80%
	% opportunities advertised via e-tendering portal	90%
People	No. of staff trained in Procurement relative to role	90%
Policy	No. of exceptions/waivers per no. of procurements	< 10%
	No. of retrospective POs and FV60 invoices	< 10%
	Evidence of Social Value delivered	Qualitative assessment
	No. of SMEs registered on e-tendering portal	10% of supply base
Contract Management	% of key contracts performance managed by Procurement	50% growing to 90%
	Staff responsible for CM trained	90% by 2019
	No. of significant contractual disputes	2 or less
	% of key contracts evidencing regular, effective supplier management	60%
Customer Satisfaction	360' Annual Feedback Survey of internal colleagues	Qualitative Assessment
Savings	Actual savings (individual categories) NFCC Savings Register	Targets set annually
	% annual saving on influence-able spend	Not < 5%
Benchmarking	NFCC Basket of Goods	Bi-annual reporting

Our performance against these targets will be reported to the Fire Authority annually. , to embed the approach, ensure governance and measure our contribution towards the MTFP.

## 8. Priorities

### PLAN DO CHECK ACT

Our priorities, which are detailed within the Procurement Business Plan, are summarised below:

Year 1
Implement P/Cards Service wide
Recruit Category Specialist
Work with key departments to draft category plans
Categorise supply chain & rate risk (Kraljic)
Set savings targets/identify opportunities
Commence Training Needs Analysis (TNA)

Year 2
Adopt and implement full category approach
Set savings targets/identify opportunities
Review performance against targets
Complete TNA
Implement Procurement Development Plans

Year 3
Review performance against targets
Set savings targets/identify opportunities
Refresh Category Plans
Review Procurement Development Plans
Review Procurement Department structure