

**SURREY COUNTY COUNCIL****CABINET****DATE: 18 OCTOBER 2016****REPORT OF: MR RICHARD WALSH, LOCALITIES AND COMMUNITY WELLBEING****MS DENISE LE GAL, BUSINESS SERVICES AND RESIDENT EXPERIENCE****LEAD OFFICER: RUSSELL PEARSON, CHIEF FIRE OFFICER****SUBJECT: APPROVAL FOR THE SURREY FIRE AND RESCUE SERVICE TO TRIAL THE USE OF INITIAL RESPONSE VEHICLES AND AWARD A CONTRACT FOR THE PROVISION.****SUMMARY OF ISSUE:**

Surrey Fire and Rescue Service (SFRS) wishes to conduct a trial of a new type of vehicle for responding to incidents with an option to roll-out the concept across the Service, where relevant, on completion of a successful trial.

An 'Initial Response Vehicle' (IRV) is a van sized vehicle (see Annex B) normally to be crewed by two firefighters, in comparison to the traditional LGV sized fire engine crewed by four firefighters. It has the capability and will be appropriately equipped and crewed to attend a defined range of routine incidents (see Annex C) and to provide support at more complex situations. This vehicle will also deliver a range of community safety activities and could play an important role in SFRS's fleet, leading to both capital and revenue savings.

Subject to the results of the trial, the intention would be to recommend purchase of additional IRVs to replace/assist part of the current fleet.

This report, detailed in part two, also seeks approval to award a contract for an IRV concept for SFRS to commence on the 4 November 2016

**RECOMMENDATIONS:**

The Cabinet is asked to agree that:

1. Surrey Fire and Rescue Service pilot the use of Initial Response Vehicles; and
2. a contract for an Initial Response Vehicle concept is awarded to Rosenbauer UK Ltd for a two phase contract consisting of an initial trial period with two vehicles with an option to extend for a further two years with up to an additional four vehicles, subject to the completion of a successful pilot.

## **REASON FOR RECOMMENDATIONS:**

In order for Surrey Fire and Rescue Service (SFRS) to better align capacity to demand, its service delivery strategy needs to be adjusted.

SFRS have experienced a reduction in incident demand of approximately 50% over the past 10 years which is in line with national trends (See Annex A). With the introduction of SFRS co-responding to medical emergencies in Surrey, the breakdown of incidents attended has also changed as follows (23 May – 25 September 2016):

<b>Incident category</b>	<b>Total incidents</b>	<b>Percentage</b>
Ambulance Co-responder	1387	22%
False alarm	2119	34%
Non-attendance	284	5%
Primary Fire	439	7%
Road Traffic Collision	407	7%
Secondary Fire	430	7%
Special Service	935	15%
Over The Border incident	217	3%
<b>Total incidents</b>	<b>6218</b>	<b>100%</b>

A differentiated response incorporating an 'Initial Response Vehicle' (IRV) concept could provide options for increased flexibility and speed of delivery whilst maintaining quality and potentially reducing cost by up to £6m per IRV over a programme of 15 years - the life time of a traditional fire-engine which includes reduced running and maintenance costs. For a detailed cost comparison between IRVs and fire engines see 'Financial and Value For Money Implications' below.

There are similar response models in place across the globe and it is therefore in line with best practice for SFRS to trial a differentiated response model in Surrey.

The proposed trial will enable SFRS to evaluate a 'proof of concept' to understand the implications of using IRVs. Awarding the contract may enable SFRS to benefit from external expertise in developing new models of delivery with minimal or no impact on the quality of service that is currently being achieved.

A full tender process, in compliance with the requirements of Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, has been completed. The offers received as part of the tender have been rigorously evaluated and the best overall solution has been identified.

## **DETAILS:**

### **Business Case**

1. SFRS wish to hold a pilot scheme for a maximum 12 month period which assesses the use of IRVs as part of the overall service delivery model. Whilst similar concepts are in use in other Fire and Rescue Services in the UK this contract will host the provision of an end-to end package to include two vehicles, equipment and proof of safe systems of work as well as additional training requirements including a 'train the trainer' methodology for the pool of eighteen staff to crew the vehicles during the pilot.

2. The intention of the initial pilot scheme is to utilise two IRVs across Surrey in addition to current provision in order to assess capabilities and gather intelligence on the scope of operations that could be delivered by such a model, ensuring safe systems of work. Variable factors such as locations, crewing arrangements, fixed or roaming locations and the types of incidents attended are expected to be flexible throughout the duration of the pilot scheme following feedback from a strategic, tactical and operational level.
3. It is the professional opinion of the Chief Fire Officer that operating two IRVs during the trial provides the flexibility and resilience required to ensure that the pilot has every chance of success and that sufficient data can be captured to effectively evaluate the outcomes and to fully support any decision to progress with phase 2.
4. As budget pressures have continued to increase over recent months since the IRV project began, in order to achieve targets within the Medium Term Financial Plan (MTFP), changes to the SFRS response model will need to be implemented at the earliest point possible. Flexibility and resilience need to be at an optimum in order to maximise the opportunities for success of the pilot.
5. The two-phased IRV concept has been co-designed and agreed with the relevant representative bodies. This agreement is to run a pilot with two IRVs in addition to the existing response model and fleet to be able to capture and analyse the data and ensure safe systems of work prior to commencing any roll-out. The trial will begin in April 2017 once the new vehicles have been delivered.
6. Using two vehicles aims to ensure that the pilot is ongoing for the entire duration and that any essential changes that need to be made to the vehicles can be staggered and the pilot will remain uninterrupted.
7. The use of two vehicles will result in improved data from the following:
  - a greater number of locations to be attended;
  - a greater number of incidents of varied types to be attended; and
  - the ability to test the use of two IRVs working together.
8. Data captured will inform SFRS of performance against set criteria. Workstreams within the project will determine the key measurements for success/failure, how this will need to be measured and Key Performance Indicators (KPIs) will be developed. These KPIs will be monitored by the IRV project board and by a governance board attended by key stakeholders, including the Cabinet Member for Localities and Communities Wellbeing, the Cabinet Associate for Fire and Police Service and the Fire Brigades' Union (FBU)

**The proposal is for a two phase contract:**

9. Phase one will see the appropriate delivery, review and completion of the pilot as previously described. Central to this will be the understanding of how safe systems of work can be maintained whilst adding significant value to existing service provision. The capabilities and limitations of the specification will be tested during the pilot and this will be used to refine the final product. It is intended that within the pilot scheme a minimum of quarterly performance reviews will be undertaken and reported through SFRS governance arrangements.

10. On completion and evaluation of phase one, if successful, phase two will provide the option for an extended roll out of further IRVs. If the pilot and response modelling demonstrate that IRVs are a suitable response option and safe systems of work are agreed with the recognised representative body, the contract allows for up to an additional four vehicles to be introduced. SFRS plans that any provision of additional vehicles would be in replacement of existing assets such as traditional fire engines and deliver a capital and revenue saving. The extended roll out of further vehicles would be following a successful pilot scheme and approval through Cabinet and following public consultation on a proposal for a new attendance standard incorporating this differentiated response model. Key stakeholders, including Cabinet and the Fire Brigades' Union (FBU), will be kept engaged throughout the trial. Breakout clauses have been established in the contract that allows the SFRS not to progress with further roll out of the scheme if it is deemed not appropriate at the time. For planning purposes the financial information within this report identifies estimated costs associated with both phase one and phase two, followed by an overall cost for the contract and forecasted savings over three years.

### **Procurement Strategy and Options**

11. Options considered prior to commencing the procurement activity were as follows:
  - a. SFRS does not currently have the capacity to manage and develop this project 'in-house.' It is also not necessarily the most cost effective or expedient way to introduce this new model especially as the concept is in use elsewhere around the globe. SFRS believe that outsourcing the provision of both the specialised vehicles and the equipment, safe systems of work will utilise previously developed solutions with an expectation of lower overall cost, shorter development and build time scales as well as improved quality by benefiting from an experienced commercial provider.
  - b. A supplier market engagement day took place at HQ Wray Park that allowed suppliers to meet the project team, discuss the requirements and contribute to the development of the specification ahead of the tender being published.
  - c. It was established that there were no suitable national frameworks available to provide this service and so a fully compliant tender was deemed the preferred route for the 'proof of concept' package. This allows SFRS to benefit from suppliers with experience and proven track record of delivering small, specialised vehicles; equipment and appropriate training. It is expected that outsourcing to a reputable supplier would provide the opportunity to reduce cost and improve speed of delivery whilst maintaining an element of flexibility and retaining quality. Further roll out of vehicles as part of a phase two agreement would be predicated on a successful and sustainable relationship with the supplier.
  - d. Consultation continued with the Chief Officers' Group (COG) and the FBU and it was decided the most appropriate procurement approach was to carry out an Official Journal of the European Union (OJEU) Open Procedure to incorporate all elements and award to a single provider.

### **Competitive Tendering Process**

12. Using the OJEU Open Procedure, the tender was divided into two phases:

13. Phase one will see the appropriate delivery, review and completion of a 12 month pilot as previously described. Central to this will be the understanding of how safe systems of work can be maintained whilst adding significant value and flexibility to existing service provision. SFRS is comfortable that they understand the capabilities and limitations of any proposed specification. It is intended that within the pilot scheme a minimum of quarterly performance reviews will be undertaken to ensure continuous development towards a final vehicle specification and that safe systems of work are achievable through appropriate training and provision of equipment.
14. Phase two will provide the option for an extended roll out of further IRVs. It is anticipated that this could be up to an additional four vehicles. SFRS plans that any provision of additional vehicles would be in replacement of existing assets such as traditional fire engines and deliver a capital and revenue saving.
15. Representatives from key service areas were involved throughout the evaluation process to ensure that the preferred solution was fit for purpose for all areas of the organisation.

### **Key Implications**

16. The initial contract term will allow a full and comprehensive evaluation of the concept.
17. The contract terms allow the Council to terminate the contract with three months' notice in the event of legislation changes; change of Service and/or County Council priorities or supplier performance is not to the required standard.
18. Performance will be monitored through a series of key performance indicators as detailed in the contract and reviewed at monthly operations meetings with the provider.

<b><u>CONSULTATION:</u></b>
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23. Key stakeholders both external and within the County Council have been consulted at appropriate stages of the procurement process including:
  - Fire Brigades' Union
  - Kay Hammond, Cabinet Associate for Fire and Police Services

<b><u>RISK MANAGEMENT AND IMPLICATIONS:</u></b>
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24. The 12 month pilot will enable safe systems of work to be evaluated and address operational risks prior to commencement of phase two.
25. If the pilot is unsuccessful there will be two IRVs that may no longer be required. These could be dealt with as follows:
  - a. the assets acquired through the pilot, both vehicle and equipment, to be sold as a complete package;
  - b. the vehicles and equipment will be repurposed and used within SFRS; and

- c. the vehicles and equipment will be sold separately and remaining assets will be repurposed.
- 26. Repurposing the IRVs within the Service could negate the need to replace other Service vehicles and potentially the equipment could be used to enhance operational capabilities.
- 27. Robust project management methodology will ensure appropriate levels of governance are applied to enable the effective management and control of the programme progress, finance, risks and issues.
- 28. There will be monthly reviews of performance data. This will be monitored and managed via the Service governance arrangements in place. In addition, the contract includes consultancy throughout the pilot to develop the solution.

**Key risks identified:**

**29. Project objectives not achieved within required timescale**

There are various risks of delays in meeting the intended timescale for the pilot:

- a. programme implementation falling behind schedule;
- b. changes to key personnel in project;
- c. challenges received through public consultation;
- d. opposition from national, regional and local workforce; and
- e. lack of capacity amongst the knowledge experts required for the pilot.

All such delays could result in a delay in both the realisation of the required savings and unlocking the identified service benefits.

These risks will be mitigated by early engagement with stakeholders and the public, implementation of robust project management, having consistent project sponsorship, gathering and collating supporting evidence and maintaining co-design at a regional and local level.

**30. Inability to undertake pilot either fully or in part**

There are a few risks around limiting what can be delivered during the pilot phase:

- f. insufficient availability, interest or funding to crew the new appliances; and
- g. single breathing apparatus user restrictions arising from national operational guidance

These risks will be mitigated by development of an efficient crewing model, having the option to be flexible with the duration of the pilot, early engagement with workforce, maintaining co-design with the FBU, review and amendment of breathing apparatus policy to ensure single users can operate safely at appropriate incident types and working closely with local FBUs and the BA

training section to develop appropriate control measures within the national incident command doctrine.

### **Financial and Value for Money Implications**

31. The Funding for stage 1 capital expenditure is from the existing SFRS Vehicle and Equipment Replacement Fund (VERF) with the training costs from the existing 2016/17 training budget. The invitation to tender invited alternative bids to include such schemes as a 'lease to buy' for the initial two pilot vehicles. None of the tender submissions included these alternative options. The remaining funding required of £530,000 to cover the staff costs of operating the trial in addition to the current emergency response arrangements, will be considered by the Investment Panel as an Invest to Save proposal. The total cost of the trial is outlined in Part 2 of this paper.
32. Should the pilot scheme prove successful the capital funding for stage two will be from the VERF. This will be diverted from funds currently planned for the procurement of replacement traditional fire engines. No additional revenue costs for stage two are forecast.
33. No immediate savings are expected within the year 1 pilot scheme as this will be supplementary to existing service delivery assets. However, subject to a successful pilot, SFRS expect to see ongoing capital and revenue savings from year 2 onwards should the Fire Authority decide to change emergency response provision by introducing IRVs in place of traditional fire engines at some locations, subject to Integrated Risk Management Plan consultation, so that it addresses community risk and doesn't just save money.
34. A comparison of the costs associated with an IRV against a traditional fire engine is outlined below:

#### **Comparison of IRV to traditional Fire engine.**

Notes	Fire engines	IRV	Variance
1 Procurement of Vehicle and equipment	£375,000	£159,000	-£216,000
Life expectancy	15 years	10 years	-5 years
Capital cost per year (contribution to Vehicle Reserve)	£25,000	£15,900	-£9,100
Crew size	4	2	-2
2 Annual cost of crewing (direct staffing only)	£905,000	£505,000	-£400,000
3 Total Annual cost of provision	£930,000	£520,900	-£409,100

- 1 When operating within a fleet both vehicles types require spare vehicles to provide cover for when off run. Estimated at 20% across the fleet. This is not included within the figures above.
  - 2 Crewing costs does not include associated costs of training and Personal Protective Equipment. These costs will also reduce, but may initially be partly offset by extra introductory training
  - 3 In addition there should be a reduction in service and maintenance costs. Awaiting results of the trial to establish the differences.
35. There are potentially significant savings to be achieved by replacing a traditional fire engine with an IRV. The revenue saving is estimated at £400,000



per year. In addition, there could be a capital saving of £91,000 over the ten year life of an IRV leading to a reduced requirement for VEF contributions.

36. As part of the pilot phase any proposed equipment changes will be benchmarked to ensure value for money before accepting any further proposals (similarly any reductions in equipment provision will lead to a reduction in cost).

#### **Section 151 Officer Commentary**

37. The Section 151 Officer notes that significant expenditure is required to deliver the trial, however the proposal to replace traditional vehicles with IRVs will deliver an ongoing saving to the Council if the trial is successful and the change in service delivery is implemented following appropriate consultation. The cost of the trial is not budgeted and additional revenue funding of £0.5m will be required on an Invest to Save basis for the cost of the staff involved in the trial. The full cost of the trial is noted in the part two report. The detailed proposals will be considered by the Investment Panel at its next meeting and the Section 151 Officer recommends that due consideration is given to the success criteria and that this is agreed by the relevant parties prior to the commencement of the trial in April 2017.

#### **Legal Implications – Monitoring Officer**

38. The procurement was done in accordance with the Public Contracts Regulations 2015. The use of the Open Procedure meant that SFRS tested the market thoroughly for best value.
39. The contract was specially written to help SFRS achieve its objectives of trialling the concept of an initial response vehicle to see if it can be proved. SFRS has the flexibility to discontinue the contract if things do not go as planned.

#### **Equalities and Diversity**

40. One facet of the proof of concept exercise will be to develop the Equalities Impact Assessment (EIA) and monitor how the differentiated response to incidents is experienced by communities and staff. Therefore, assessment of the pilot's success and deciding whether to propose advancing to the second stage will, in part, rest upon the outcome of the EIA.

#### **Climate change/ carbon emissions implications**

41. It is anticipated that when comparing like for like mileage between a traditional LGV sized appliance and an IRV there will be less fuel consumption and therefore fewer carbon emissions. Similarly, when at the site of an incident the IRVs are likely to use less fuel to power connected appliances than a traditional vehicle.

#### **WHAT HAPPENS NEXT:**

42. Key programme milestones:
  - Award of Contract – November 2016



- Receipt of vehicles, equipment, training package and safe systems of work – April 2017, followed by ‘go live’ of pilot
  - Review of pilot and, if successful, incorporate IRV concept into revised Public Safety Plan proposals for consultation – Autumn 2017.
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**Contact Officer:**

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**Consulted:**

See Consultation section in main body of report

**Annexes:**

Annex 1– Incidents attended by English Fire and Rescue Services 1999 - 2015

Annex 2 – Example IRV image.

Annex 3 – Fire and Rescue Service National incident types

**Sources/background papers:**

- Operations Management Report (IRV)

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