



Communities Select Committee
19 May 2014

**RENEW CONTRACT ARRANGEMENTS FOR SPECIALIST
RESCUE AND CONTINGENCY CREWING**

Purpose of the report: Scrutiny of Services and Budgets/Performance Management/Policy Development and Review

In 2012, Surrey Fire and Rescue Service (SFRS) entered into a pilot contract with a private contractor to secure the provision of specialist rescue and contingency crewing capacity. Communities Select Committee is asked to scrutinise the evaluation of the pilot contract, and consider the proposal to renew the contract with a broadened scope.

Introduction:

1. Surrey Fire and Rescue Authority (SFRA) must provide contingency cover for Industrial Action, according to the Fire and Rescue Services Act 2004, National Framework and Civil Contingencies Act 2004.
2. In 2012, Surrey Fire and Rescue Service (SFRS) entered into a contract with a private provider for specialist rescue on a day-to-day basis, and contingency crewing, run as a pilot (for proof of an innovative concept). The pilot has been extended until 31 March 2015.
3. This paper includes a review of the pilot scheme, as announced to Cabinet previously (October 2013), and explores options on how to proceed.
4. SFRS propose to commence a full tender process for a long term contract for the provision of this service and for the possibility to extend the full use of capabilities to obtain better value for money and to develop new ways of working.

Background:

5. Sir Ken Knight's national review of efficiencies and operations in fire and rescue authorities in England ('Facing the Future', 2013) recognised that fire and rescue services are facing a changing demand, so they must adapt to provide more effective and efficient

services. In particular the review identified that the biggest opportunities lie in wider transformative structural and collaborative approaches, requiring ambition and leadership to achieve. SFRA are refreshing the current Public Safety Plan setting out their longer term vision against the changing environment and national and local demands. This will be presented as the Public Safety Plan (PSP) 2015-2025.

6. The increasing financial pressures faced by public services emphasise the need to consider alternative models of delivery and operation to support the broadening range of activities delivered by fire and rescue services. The PSP 2015-2025 will set out a framework within which alternative models for service delivery are evaluated and recommended.
7. In addition to strategic challenges that require SFRS to consider alternative ways of working, SFRS also need to meet the service requirement under the Fire and Rescue Services Act 2004, National Framework and Civil Contingencies Act 2004 for the provision of contingency crewing during industrial action or due to degradation of capability (for example, Pandemic Flu).
8. In October 2012, Surrey County Council Cabinet approved for SFRS to enter a contract (as a pilot scheme) to provide contingency crewing and other rescue capabilities to support SFRS to meet their special rescue requirements for example surface and sub-surface water rescue/recovery, high level working, cave or other confined space rescue. A Surrey-based contractor was identified and since December 2012, SFRS have had a contract in place for the provision of contingency crewing and specialist rescue delivery on a day to day basis, until 31 March 2015 when the contract, extended, ends.

Evaluation of pilot scheme

9. Surrey County Council first contracted the services of a private company ('the incumbent supplier') on 1 December 2012.
10. The initial pilot was intended to run for one year with the ability to extend. In October 2013, Cabinet approved the extension of the contract until 31 March 2015. The incumbent supplier provides support to SFRS at all times when the Service is unable to fully crew appliances such as during industrial action, or to assist with specific incident types including:
 - Persons requiring water or underwater rescue or recovery
 - Persons missing or trapped underground
 - Persons trapped or protesting/threatening suicide at height
 - Persons trapped or missing in collapsed structures
 - With an additional resource of a helicopter which provided daily critical aerial reconnaissance during the recent flooding period.

11. There are a number of services and capabilities provided by the incumbent supplier that have developed outside of the original specification e.g.
 - Co-responding (with vehicles supplied by SFRS) – providing support for South East Coast Ambulance Service in Surrey (a fire-fighter when first to arrive at an incident can administer first aid including the use of a defibrillator, in the absence of a Paramedic).
 - Incidents on or near water training which was procured.
 - Chainsaw operation.
12. 15 personnel of the incumbent supplier received initial recruit fire-fighter training over 14 weeks, which they all passed to a highly competent level. Further, personnel of the incumbent supplier underwent training on specialist SFRS vehicles. Employees of the incumbent supplier are trained to the same standards as SFRS operational staff with ongoing competency based assessment and training using the systems in place for SFRS staff. This enables a full range of fire and rescue service operations to be undertaken as a direct force replacement when it is required albeit in reduced volume.
13. The specialist rescue capability that is supplied through the contract consists of one crew of five personnel available on an immediate response basis on weekdays from 08:00 – 17:00 hours, with the same capability available on a one hour delay at all other times. Additionally other crews are available on request and the whole of the incumbent supplier’s capability can be brought up to immediate readiness at any time with just a few hours’ notice.
14. This provision of staff, vehicles and equipment (capability) for Fire and Rescue in accordance with Surrey competency standards plus specialist rescue operations is a unique model which gives both flexibility in how capability is drawn together and the ability to rapidly change the focus and priority of the rescue effect required as the situation changes.
15. The incumbent supplier’s services provided during the contract period are listed below:

Flooding Major Incident Dec 2013 – Feb 2014	1215 persons rescued by SFRS and assisting Fire and Rescue services 119 persons rescued by the incumbent supplier 233 rescued by others e.g. military		
Incumbent supplier’s use for specialist rescue at times outside of Industrial Action Apr 2013 – Mar 2014	115 incidents (attended on water rescues)		
Traditional Fire and Rescue duties – undertaken during Industrial Action Sep 2013 – Jan 2014	Number of appliances on strike days: <i>Mixed crewing on all appliances</i>		
	Date	SFRS appliances*	Personnel of incumbent supplier
	25/09/13	12	11
	01/11/13	10	13

	04/11/13	8	11
	13/11/13	12	11
	13/12/13	12	10
	14/12/13	8	10
	31/12/13	8	10
	03/01/14	11	13
* SFRS providing all appliances			

16. The SFRS's use of the incumbent supplier during industrial action has varied from the concept that was described in the contract, with SFRS officers now commanding fire appliances that were crewed with the incumbent supplier's personnel, clearly this increased the effect achieved on strike days.
17. SFRS continuity arrangements require a minimum of six appliances available in the event of Industrial Action. The table above shows the number of operational appliances during each strike action. This varied from eight to twelve appliances, with an average of ten.
18. On each of the eight strike days (listed above) SFRS had in total between 45 and 55 crewing staff comprising a mix of Flexi Officers, Retained Duty System personnel and commercially contracted fire-fighters available for emergency cover. The incumbent supplier was able to provide a secure and planned availability for the hours of industrial action enabling on average an additional three operational appliances through the use of their staff. Having compared the contractual requirements against what has been delivered at each day of industrial action by the incumbent supplier, the level of cover has exceeded the contractual requirements.
19. By entering into the contract, the Fire Authority was able to comply with its obligations and requirements as set out in paragraphs 62-64 governing Fire and Rescue Authorities to ensure business continuity in the case of an emergency.
20. With their specialist skills the incumbent supplier provided full support and equipment throughout the recent flooding major incidents within Surrey and carried out numerous rescues and evacuations saving lives.
21. Since the beginning of the pilot the trend for use of the incumbent supplier has significantly increased as SFRS Officers gain confidence in the incumbent supplier's ability and cultural difficulties are starting to be overcome.

Conclusion

22. The pilot contract has worked successfully and SFRS are looking to continue to have contingency crewing and specialist rescue capabilities in place, provided through a contract.

23. The contract in its present form is a new concept and it was recommended that this innovative approach offered the potential to explore income generating possibilities for the future and new ways of working. To date this has not been fully explored therefore it needs to be part of the scope and specification of a new contract.

Options

Option 1: Cease current contract

24. It is a statutory requirement, under the Fire and Rescue Services Act 2004 and Civil Contingencies Act 2004 for SFRS to provide contingency crewing insofar as is reasonably practicable.
25. The Fire and Rescue National Framework for England published by the Department for Communities and Local Government (DCLG) on 11 July 2012 states that all Fire and Rescue Authorities must have effective business continuity arrangements in place in accordance with their duties under the Civil Contingencies Act 2004 and to meet the full range of service delivery risks: such business continuity plans should not be developed on the basis of Armed Forces assistance being available.
26. Ceasing the contract would result in SFRA not meeting its statutory requirements.
27. **This option is not recommended, due to legal implications.**

Option 2: Continuing with current provision

28. In 2012, a waiver was issued to establish a pilot contract for specialist and contingency crewing for SFRS, which meant that a full tender process was not needed.
29. The arrangement with the incumbent supplier could be continued to deliver current services (contingency crewing, specialist rescue). By maintaining the status quo, SFRA would meet its legal obligations for contingency cover but would not realise any benefits of a full competitive tender process or achieve the planned Medium Term Financial Plan (MTFP) savings.
30. Whilst a budget provision has been made for the cost of the contract, this option would mean that it is not possible to achieve the planned efficiency savings from 2015/16 leading to an annual £650,000 pressure against the budget.
31. **This option is not recommended, due to financial implications.**

Option 3: Broadening the contract scope

32. SFRS could seek to tender a contract that continues the provision of contingency crewing and specialist rescue services, but also allows the development of innovative ways of working to create MTFP savings.

33. It is possible that S.E. Business Services Ltd may respond to the tender. S.E. Business Services was created in June 2013 by the County Council and is a wholly owned Local Authority Trading Company. The company has recently entered into a contract to provide contingency fire services. The decision to respond to the tender will be a commercial decision taken by the Directors of the company. In recognition that this may be a possibility, the procurement process will be carefully managed to avoid any potential conflict of interest.
34. The MTFP has been based upon this option. Following the tender exercise, provided that the cost of the new contract can be contained within the allowed budget, and, it is possible for the planned efficiency savings to be achieved, this option enables the service to meet the assumptions built into the MTFP. The cost of the new contract cannot be stipulated with full certainty at this point, as there is no comparable set up in the country to test the market or benchmark costs. Further the tender process will shine further light on the likely cost based on tender negotiations and establishing detailed contractual specifications. The cost and savings assumed in the MTFP are based on the previous experiences with the pilot period, and the predictions of what future savings might be achieved from SFRS's experience. See Part 2 for further details.
35. **This option is recommended, as it delivers value for money, covers legal requirements and supports the service's strategic direction of travel.**
36. SFRS are recommending Cabinet to approve option 3 (to broaden the scope of the existing contract and commence the tendering process) funded through the development of mainstream savings and integrating the use of contingency contract's capacities and capabilities (see Part 2 for details).

Tender Process

37. The contract must meet following criteria:

Strategic objectives and operational requirement of the service	<ul style="list-style-type: none"> • Implementation of transformation agenda: SFRS is responsive to changing demands, uses different partnerships to assist in the delivery of change, efficiency and innovation. • Ensure the service business continuity arrangements are maintained through business continuity planning and assurance. • Contractor shares SFRS values and meets its standards and community's expectations of fire and rescue services
Value for Money	<ul style="list-style-type: none"> • Benefits derived from competitive bidding for contract • Robust contract management to ensure contractor's performance adheres to agreed levels • Include new ways of service delivery that save SFRS money / generate income
Flexibility	<ul style="list-style-type: none"> • Contract must be able to grow to meet the strategic needs of the fire service for the period of the contract

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	<p>term.</p> <ul style="list-style-type: none"> • Contract must include the appropriate break clauses with a clearly defined exit strategy within the contract. • Contract must include an option for the supplier to consider any joint venture, joint venture contract or other corporate vehicle that the Service may choose to enter into
Legal requirements	<ul style="list-style-type: none"> • Cover the requirements to the service (Fire & Rescue Services Act 2004, National Framework and Civil Contingencies Act 2004) • Ensures the set up and delivery complies with the current legal framework.

38. The tendering process and outcome must:

- Ensure stakeholder engagement and support for the delivery and implementation of the project through a fair, equitable and transparent process.
- Ensure the provider will strengthen public confidence in SCC and SFRS reputation and brand by delivering improved services whilst meeting the SCC and SFRS strategic aims and vision.
- Plan for contractor and SFRS cooperation (equipment, training, relationship between SFRS and contractor staff).
- Ensure that all Equalities and Diversity considerations have been fully explored and requirements met.

39. The exact length of the contract will be determined during the tender process; however it is likely to be a five year contract with the option to extend by two years. The aim is that at the end of the tendering process, SFRS will have a long term partner to work with to meet its aims and objectives to deliver a sustainable service with different and challenging ways of working.

Conclusions:

40. The pilot contract has worked successfully and SFRS are looking to continue to have contingency crewing and specialist rescue capabilities in place, provided through a contract. SFRS have identified and need to further explore additional opportunities to increase value for money and improve service delivery through broadening the contract.

Recommendations:

41. The recommended option is to commence a full tendering process to renew the contract for contingency crewing and specialist capabilities, while also broadening the contract scope to include new innovative ways of working.

42. Adopting the proposal would secure the following benefits:

- SFRA remains compliant with legal requirements (Fire and Rescue Services Act 2004, National Framework and Civil Contingencies Act 2004).
- SFRS could develop opportunities for the supply of specialist rescue capability to / with partners.
- This move assists progress on the SFRS's transformation agenda, and by broadening the contract scope would meet the increasing financial pressures and create a partnership to deliver new and innovative ways of working to the benefit of all Surrey residents.

43. It is hence recommended that the Communities Select Committee endorses the proposal to be presented to Cabinet on 27 May 2014.

Next steps:

On 27 May 2014, Cabinet decides on SFRS's proposal to renew the contract with a broadened scope. Should the proposal be approved, SCC Procurement will commence the tendering process:

- 2 June 2014 – publish advertisement for tender
- 15 December 2014 – Recommendation to appoint contract presented to Cabinet

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Sources/background papers:

- Fire and Rescue Services Act 2004
- Civil Contingencies Act 2004
- Fire and Rescue National Framework for England. July 2012
- SCC Cabinet Paper (23 October 2012) Surrey Fire and Rescue Service Specialist Rescue and Contingency Capability
- SCC Cabinet Paper (26 November 2013) Specialist Rescue and Contingency Crewing extension