

SURREY COUNTY COUNCIL**CABINET****DATE: 13 DECEMBER 2016****REPORT OF: MR RICHARD WALSH, CABINET MEMBER FOR LOCALITIES AND COMMUNITY WELLBEING****MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE****LEAD OFFICER: RUSSELL PEARSON, CHIEF FIRE OFFICER****SUBJECT: APPROVAL FOR THE FIRE AND RESCUE SERVICE TO TRIAL THE USE OF INITIAL RESPONSE VEHICLES AND AWARD A CONTRACT FOR THE PROVISION.****SUMMARY OF ISSUE:**

Changes to how Surrey Fire and Rescue Service (SFRS) respond to incidents need to be implemented to achieve targets within the Medium Term Financial Plan (MTFP). SFRS are therefore proposing to trial the introduction of a different response method using Initial Response Vehicles (IRV) that can be sent to specified incident types in place of a traditional fire appliance.

Subject to the results of the trial, the intention would be to recommend purchase of additional IRVs to replace and/or support part of the current fleet. This will provide options for increased flexibility and speed of delivery, whilst maintaining quality and potentially reducing cost by over £4m per IRV over its expected 10-year life.

This report also seeks approval to award a contract for an IRV 'package' as detailed in Part 2.

RECOMMENDATIONS:

It is recommended that the Cabinet agrees that:

1. Surrey Fire and Rescue Service trial the use of Initial Response Vehicles to prove safe systems of work under the Health and Safety at Work Act 1974, leading to a more flexible and efficient response model to Surrey residents.
2. A contract for Initial Response Vehicles is awarded in January 2017 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 to better meet demand with the resources available, SFRS need to adjust the way it delivers services to improve efficiency and support a more sustainable approach that is value for money and continues to meet the needs of Surrey residents.

The IRV trial will enable the Service to assess capabilities and gathering data on the scope of operations that could be delivered through a different response method. The trial will ensure that the vehicles, equipment and crewing can be tested across a wide range of incidents and peaks of operational activity. The outcomes from the trial will inform the decisions around implementation, policy and safe and effective service delivery for Surrey residents.

DETAILS:

Business Case

1. The proposal is to introduce IRVs to replace/assist the current fleet. An IRV is a van sized vehicle (see Annex A) which can be crewed by two firefighters, in comparison to the traditional LGV sized fire engine crewed by four firefighters. It has the capability to attend a range of defined incidents (see Annex B), provide support at more complex situations and deliver community safety activities creating both capital and revenue savings.
2. The vehicle will be fitted with new modern equipment to tackle fire incidents differently and in some cases, more safely than before. For example, at some incidents a Piercing Tool can be used to tackle a compartment fire situation from the outside of the building. It will be equipped with a unique water delivery system that can be used with the Positive Pressure Ventilation fans and the Thermal Image Camera to ventilate and suppress the fire, using 200 litres per minute of water. The use of automated pumping with a ground monitor can be used to cool or extinguish fire, while the crew and vehicle maintain a safe distance or remain inside the vehicle.
3. The IRV concept has been co-designed and agreed with the relevant representative bodies. The initial pilot is to utilise two IRVs across Surrey in addition to current provision 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.
4. Following award of contract, vehicle build, delivery and training, the trial will commence in June 2017.
5. Data captured will inform SFRS of performance against set criteria. The Key Performance Indicators (KPIs) will be monitored by the IRV project board and a governance board including key stakeholders, Cabinet Member, Associate Member and the Fire Brigades' Union (FBU).
6. The contract will host the provision of an end-to-end package to include two vehicles, equipment and proof of safe systems of work and also additional training requirements including a 'train the trainer' methodology for the pool of staff to crew the vehicles during the pilot.

The proposal for a two phase contract:

7. Phase one will see the appropriate delivery, review and completion of the pilot. 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 monthly performance reviews will be reported through SFRS governance arrangements.
8. On completion and evaluation of phase one, if successful, phase two will provide the option for an extended roll out of further IRVs. 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. Breakout clauses have been established in the contract that allows the Surrey Fire and Rescue Authority (SFRA) 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

9. SFRS believe that outsourcing the provision of 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 as well as improved quality by benefiting from an experienced commercial provider.
10. 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.
11. 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.
12. 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

13. Using the OJEU Open Procedure, the tender was divided into two phases:
14. Phase one – the delivery of 2 IRVs and the review and completion of a pilot as previously described. SFRS are comfortable that they understand the capabilities and limitations of any proposed specification.
15. Phase two – the option for an extended roll out of further IRVs. It is anticipated that this could be up to an additional four vehicles. SFRS plan 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.

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.

CONSULTATION:

19. Key Stakeholders externally and within the County Council have been consulted at appropriate stages of the procurement process including:
 - Fire Brigades Union
 - Kay Hammond, Cabinet Associate for Community Safety Services

RISK MANAGEMENT AND IMPLICATIONS:

20. **Finance** – The IRV concept is a key enabler for SFRS to reform how the Service respond to incidents and to achieve significant planned savings within the MTFP. If the project is not successful, it will lead to significant financial pressure that can only be met by reducing existing response capability and closing fire stations.
21. Currently SFRS are using the natural leaver profile and not recruiting to manage budget pressures. This can only be sustained if changes in service delivery are implemented. Without these changes, SFRS forecast a requirement to recruit in 2018/19 financial year in order to maintain the current service provision.
22. Initial investment is required to deliver a pilot scheme, supplementary to existing resources. Sourcing additional staffing from the existing establishment can only be achieved by changing the current response model. Changes to the Surrey response model requires full consultation with stakeholders.
23. Pricing within the tender submissions was confirmed until November 2016. This has now been extended until 31 Dec 2016.
24. **Political** – Central government policy supports further collaboration and new models of delivery, accelerated following the move of fire and rescue services to the Home Office.
25. Local political governance understands the need and supports ideas for investigating alternative methods of delivery in a more innovative and cost effective way, providing an evidence based alternative that protects the resident's needs can be proven.
26. **Public/Resident** – SFRS should remain open and transparent about change in service provision. Such changes will require public consultation.
27. Information from a pilot scheme would provide objective evidence to proceed or not. It should be confirmed that any adjustment to SFRS' operations strategy is centred on providing the best service possible in the current financial climate.
28. **Workforce** – This programme is co-designed with the FBU in order to maintain engagement of the workforce and to ensure an understanding that senior officers and

workforce representation maximise the effectiveness of frontline service delivery in extremely challenging times.

29. In order to meet the savings required the majority of savings will come from a reduced level of establishment. This could be achieved through SFRS' natural leaver profile, depending on amendments to the current MTFP, thus avoiding the need for compulsory redundancy.
30. **Redundant assets** - The pilot will enable safe systems of work to be evaluated and address operational risks prior to commencement of phase two. However, if the pilot is unsuccessful there will be two IRVs that may no longer be required. Repurposing the IRVs within the Service could negate the need to replace other Service vehicles and potentially the equipment could be re-used to enhance operational capabilities. This would be the preferred option.
31. Alternatively, the vehicles 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.
 - c. The vehicles and equipment will be sold separately and remaining assets will be repurposed.
32. 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.
33. 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:

34. 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. lack of data gathered to support decision making;
- d. challenges received through public consultation;
- e. opposition from national, regional and local workforce; and
- f. 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.

Mitigation: 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.

35. Inability to undertake pilot either fully or in part

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

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

Mitigation: 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.

Subject to Cabinet approval, SCC Investment Panel have agreed Invest to Save funding of £270,000 for the pilot scheme.

36. **IRVs not implemented to replace appliances following pilot**

- i. Safe systems of work cannot be proven.

Mitigation: Work with the supplier throughout the pilot to develop safe systems of work. Gather sufficient data to evaluate and evidence all decision making. Undertake monthly pilot and provider performance reviews and report through SFRS governance arrangements.

Should the project be unsuccessful then vehicles are potentially surplus to requirements, and total investment in project will have been £590,000 less any market value achieved through disposal.

Financial and Value for Money Implications

37. 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 £270,000 to cover the staff costs of operating the trial in addition to the current emergency response arrangements, has been agreed by SCC Investment Panel as an Invest to Save proposal, subject to Cabinet approval.
38. 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.
39. 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 not just saves money.
40. 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.
41. 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 10 year life of an IRV leading to a reduced requirement for VEF contributions of £9,100 per year. This gives a revenue saving per IRV of £409,100 per year, equating to £4.1m over its 10 year life.
 42. As part of the pilot phase any proposed equipment changes will be bench marked to ensure value for money before accepting any further proposals (similarly any reductions in equipment provision will lead to a reduction in cost).
 43. An Expenditure and Savings profile over the IRV 10 year life can be seen below.

Expenditure and Savings profile for IRV project

Notes	Investment 2016/17 and 2017/18	2018/19	8 years 2019 - 27	Total 10 year IRV life
Capital				
1 Purchase of two IRVs for trial	320			320
2 Saving against vehicle replacement programme		-320		-320
Total	320	-320		0
Revenue				
Additional staffing for trial	270			270
3 Staffing (2 IRVs)		-800	-6,400	-7,200
4 Reduced revenue contribution to replacement reserve		-18	-146	-164
5 Reduced running costs - To be quantified through trial				0
6 Total	270	-818	-6,546	-7,094
Total expenditure changes for successful implementation of two IRVS	590	-1,138	-6,546	-7,094
Possible Implementation of further two IRVs in 19/20 (8 year saving)			-6,546	-6,546
7 Total saving over next 10 years if four appliances replaced by IRV'S	590	-1,138	-13,091	-13,639

- 1 Initial purchase of two IRVs funded from the Vehicle & Equipment Replacement Reserve end 2016/17 or beginning 17/18
- 2 If trial is successful and IRVs replace appliances then shows as saving in year 2 as replaces planned vehicle expenditure
- 3 Staff saving of £400,000 per IRV
- 4 capital saving of £91,000 over 10 year life of IRV gives reduced VERR contributions of £9,100 per year.
- 5 The reduced maintenance and running costs of IRV to be quantified through trial.
- 6 Nine year staff savings achieved. Reflects reduced funding requirement of the Vehicle & Equipment replacement reserve
- 7 Total saving from replacing four appliances with IRVs over 10 years from start of trial.

44. Stage one of the project is to purchase two IRVs. If these are successful and are used to replace current appliances they could lead to savings of £7.1m over ten years after allowing for the costs of the trial run. Implementing further IRVs would require no further investment as they would be funded by the VERR as planned replacement of obsolete appliances. A phased implementation of two further IRVs, to give a fleet of four, would increase the potential saving to £13.6m over the same period, with annual ongoing revenue savings of £1.6m.

Achievement of Savings

45. To operate a traditional appliance with four firefighters on a 24/7 basis requires 21.2 FTE after taking account of productive shifts per firefighter. The current operating model uses a combination of crews of whole time firefighters (20 FTE), and additional overtime (approx. 1.2 FTE equivalent).
46. To date there has been a no redundancy policy for Firefighters, relying on the natural leaver profile within the workforce to reduce the overall headcount.
47. When removing an appliance the firefighters are reallocated around stations and the staffing costs are saved through filling vacancies as other staff retire or leave the service. Each appliance that is replaced with an IRV will reduce the Firefighter headcount required by approximately 10FTE. With anticipated leavers, it is expected that there will be a sufficient reduction in headcount to fully achieve the ongoing savings from replacing two appliances with IRVs during 2018/19.
48. If IRVs are then implemented further, the expected leaver profile would also be sufficient during 2019/20 to cover the headcount reduction from a further two appliance replacements.

49. This does not take into account any other proposed changes to station configurations that may be agreed separately which could further reduce the required workforce.

Section 151 Officer Commentary

50. 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. These savings form part of proposed future cost savings for the service in order to meet the Medium Term Financial Plan.
51. The cost of the trial is not budgeted and additional revenue funding of £0.27m will be required on an Invest to Save basis for the cost of the staff involved in the trial.

Legal Implications – Monitoring Officer

52. The procurement has been completed in accordance with the Public Contracts Regulations 2015. The use of the Open Procedure means that SFRS have tested the market thoroughly for best value.
53. The contract has been 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 in the contract of not continuing if things do not go as planned.

Equalities and Diversity

54. One facet of the proof of concept exercise will be to develop the equalities impact assessment 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

55. 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:

56. Key programme milestones:
- Award of Contract – January 2017
 - Receipt of vehicles, equipment, training package and safe systems of work – June 2017, followed by 'go live' of pilot.
 - Review of pilot and incorporate IRV concept into revised Public Safety Plan proposals for consultation.

Contact Officer:

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Consulted:

See Consultation section in main body of report

Annexes:

Annex A – Example IRV image.

Annex B – Fire and Rescue Service National incident types

Sources/background papers:

- Operations Management Report (IRV)
 - Invest to Save paper – 15 Nov 2016
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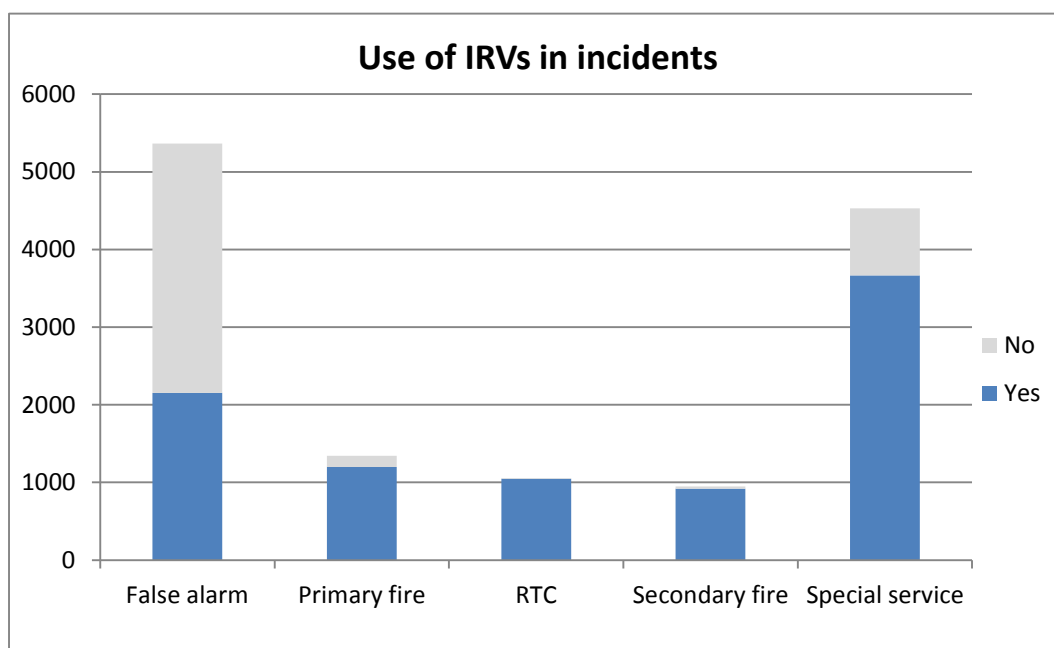
Example of what an Initial Response Vehicle may look like



SFRS attended incidents 01 Nov 2016 – 31 October 2016

Incident category	Number of incidents attended
False alarm	5365
Primary fire	1345
RTC	1055
Secondary fire	949
Special service	4528
Grand Total	13242

Incidents by category type (as above) illustrating those national incident types that potentially may be attended by an IRV in the future.



Fire and Rescue Service National Incident Types

Will be attended by an IRV:

Fire in the open - small
 Advice given
 Caravan / camping
 Chimney
 Co responder
 Fire now out
 Gas alarms

Late fire call
 Lift persons shut in
 Persons locked in
 Persons locked out
 Persons on fire
 Post box
 Abandoned call

Road furniture
Smoke alarm
Smoke in the open

Swill away
Vehicle leaking fuel
Vehicle small

May be attended by an IRV:

Building Fire
Derelict property fire
Fire
RTC
RTC persons trapped (large vehicles)
RTC persons trapped (small vehicles)

Assist other agency
Fire safety issue
Inform other agency
Persons
Persons collapsed

Will not be attended by an IRV:

Aircraft accident light
Aircraft in distress
Aircraft light
Animal rescue large
Animal rescue small
Bomb suspected
Building collapse
Building thatched
Call challenged mp - mobile phone
Call challenged ps - public subscriber
line
Civil disturbance
Cylinder acetylene
Cylinder other
Dangerous structure
Electrical installations
Evacuation of persons
Explosion
Fire in the open - large
Flooding
Hazmat major

Hazmat minor
Oil pollution
Persons trapped
Pipeline
Railway accident
Railway embankment
Railway train passenger
Rescue from confined space
Rescue from entrapment (non-
emergency)
Rescue from height
Rescue from mud
Rescue from water
Ship sinking
Suicide attempt
Supply water
Suspicious powder
Unidentified smell
Vehicle large

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