

SURREY COUNTY COUNCIL

CABINET

DATE: 29 MAY 2018

**REPORT OF: MRS DENISE TURNER-STEWART, CABINET MEMBER FOR
COMMUNITY SERVICES**

LEAD OFFICER: RUSSELL PEARSON, CHIEF FIRE OFFICER

SUBJECT: PURCHASE OF FIRE APPLIANCES



SUMMARY OF ISSUE:

Surrey Fire and Rescue Service (SFRS) has carried out a review of its fleet of fire appliances and identified the need for a planned replacement programme.

Whilst the review has provisionally identified a requirement for a minimum of 18 new fire appliances over a 10 year period, further detailed work is required to develop a business case for the full replacement programme.

However, to meet the immediate operational need, Cabinet approval is sought to award a contract and purchase two appliances now. This is from a flexible contract which enables up to 30 to be purchased with no minimum commitment, enabling the number of appliances ordered to be adjusted subject to future service requirements and financial affordability.

Investment Panel has scrutinised the proposal, and the capital budget has been approved as part of the Medium Term Financial Plan and will be reviewed on an annual basis.

This report provides details of the procurement process to award a contract for the purchase of fire appliances, including the results of the evaluation process, and in conjunction with the Part 2 report, demonstrates why the recommended contract offers best value for money.

Due to the commercial sensitivity involved in the contracts award process, the names and financial details of all tenderers have been circulated as a confidential Part 2 report.

RECOMMENDATIONS:

It is recommended that :

1. Cabinet approves the award of a flexible contract to Rosenbauer UK Ltd, which enables up to 30 fire appliances to be purchased over a 10-year period, but has no minimum commitment.

2. Cabinet authorises the purchase of two fire appliances from Rosenbauer UK Ltd now, with the purchase of additional appliances subject to Cabinet approval of a detailed business case.

REASONS FOR RECOMMENDATIONS:

The SFRS fire appliance fleet requires a planned investment programme for service delivery to remain ensured and cost effective.

A full tender process compliant with the Public Contracts Regulations 2015 and Procurement Standing Orders for the purchase of fire appliances has been completed. A tender offer which provides the best value for money was selected. Rosenbauer UK Ltd offered the best value for money in a competitive tender as recommended on the basis set out in the Part 2 report.

DETAILS:

1. The objective of this project is to replace ageing appliances that support the SFRS fire appliance strategy and delivery of the SFRS. Surrey currently has 40 operational fire appliances (reduced from 47 vehicles over recent years).
2. Fire appliances are provided by specialist contractors, of which there are a limited number in the UK. Historically within Surrey the contracts have been secured directly with these specialist contractors.
3. Front line operational life of fire appliances is informed by National Standards directed by the National Fire Chiefs Council (NFCC) Transport Officer Group. The current guidance on modern fire appliances is that they have 15 years' operational life.
4. There are 16 existing operational Volvo appliances which were built by Saxon Coachworks (who are no longer in business) that have exceeded their operational life. Existing appliances also have considerably fewer safety features, higher maintenance requirements, higher fuel consumption, and environmentally unacceptable engines (Euro 3), producing exhaust emissions that generate charges when entering the London Low Emission Zone, more than their modern equivalents. Whilst this does not mean they need to be taken out of service, there is need to replace two appliances this financial year.
5. All retired appliances will eventually be sold through a controlled market due to security and terrorist considerations. Each appliance is estimated to be sold for between £3,000 and £5,000 each.
6. New appliances incorporate the latest technology and safety systems to meet current EU/UK standards. These features include Euro 6 engines which meet current emission standards which came into force in 2014. The introduction of electronic stability controls, advanced emergency braking systems and enhanced roll over protection has been incorporated. The new design also reduces the risk of cross contamination of equipment and personnel and further reduces manual handling risks. Other features include the uplift of current on-board water capacity and the introduction of modern, more efficient fire pumps. The Service is continuing to look into the future provision of alternative fuels, including electric vehicles. During the summer, the

Service will be conducting further trials of this new technology with the marketplace.

Contract Award

7. Six procurement options were considered:
 1. Open OJEU tender
 2. A mini-competition using the Yorkshire Purchasing Organisation (YPO) framework agreement
 3. The Consortium Fire and Rescue
 4. National Fire Chiefs Council
 5. Welsh Framework
 6. Do nothing
8. The preferred option was to purchase through the Yorkshire Purchasing Organisation who have already been through an extensive vetting OJEU procedure. Leasing was rejected following a recent tendering exercise comparing the leasing and purchase costs on other SFRS vehicles, which established leasing has an estimated 20% uplift in costs.
9. Purchasing the vehicles through The Consortium would incur a surcharge of 1.6% of the total cost of the vehicles, which far outweighed the internal costs of EU tendering and so was also rejected.
10. National Fire Chiefs Council (formerly Chief Fire Officers' Association) did not have a framework in place at the time we went to market.
11. The Welsh Framework is primarily written for Welsh Authorities.
12. Doing nothing was not an option as the fire appliances are required for Surrey County Council to discharge its legal obligations under the Fire and Rescue Services Act 2004.
13. The building of the vehicles takes between 12 and 15 months, from the date of order. The chassis, body maintenance and day to day running repairs of the whole vehicle, will be undertaken by SFRS. The supplier has guaranteed chassis parts for 20 years.
14. The competitive tender was carried out between January and June 2017 on the basis that a maximum of 30 fire appliances could be called off from this contract, however, without a minimum guaranteed number of appliances to be ordered. The maximum duration of the contract is 10 years which is split into an initial period of four years and optional extension by six years. The contract provides for flexibility to respond to client requirements and to changes in law over the course of the contract. The contract enables the manufacturer of the fire appliances to offer up to date designs and solutions for the appliances which will be ordered through the contract in the future. There is no a minimum guaranteed number of fire appliances to be ordered from this contract. The use of a single supplier will provide standardisation of appliances and as a result improves quality of build and reduces maintenance costs and training requirements.

15. In order to respond to immediate requirements of the replacement programme, two initial appliances were ordered from the successful tenderer in July 2017 in accordance with the requirements and approval process of the Procurement Standing Orders.

CONSULTATION:

16. As part of the marketing and procurement analysis, Surrey County Council (SCC) reviewed the opportunity to collaborate with neighbouring local fire authorities, but none of these Fire & Rescue Services (FRSs) were in a position to tender at that time.
17. Three suppliers returned a tender and were evaluated to ensure they had the legal, financial and technical capacity (including their health and safety and equal opportunities policies) to undertake the contract.

RISK MANAGEMENT AND IMPLICATIONS:

18. The following key risks associated with the contract and contract award have been identified, along with mitigation activities.

Category	Risk Description	Mitigation Activity
Financial	Failure to adhere to adequate fire appliance strategy and capital replacement programmes could result in litigious claims against the County Council should systems performance be seen as a contributory factor in personal injury, fatality, or loss of trade.	Quality, specialist contractor appointed through robust contract procurement exercise. Regular contract performance meetings to ensure adherence to works programmes and agree recovery actions if required.
Reputational	Successful supplier does not have necessary skills, experience and technical knowledge to satisfactorily complete the elements of the contract. There is an increased risk as the existing appliances get older that they may become unusable and this will impact on the service's operational strategies and could be seen as a contributory factor in personal injury.	Tender process included 60% quality element towards overall contract award. Replacement with new vehicles through a quality, specialist contractor, following a thorough contract procurement exercise. Regular contract performance meetings to ensure adherence to works programmes and agree recovery actions if required.
Financial	Not purchasing the vehicles will lead to significant increases in revenue costs to deal with higher maintenance costs, the replacement of major component parts and poor fuel efficiency. The existing vehicles have environmentally unacceptable engines producing exhaust emissions that generate charges	New vehicles will provide improved value for money by reducing the need for major repairs, and reduced maintenance costs. The new fire appliance specifications more closely match those used by our neighbouring fire and rescue

	when entering the London Low Emission Zone.	<p>services, increasing the potential for inter-operability.</p> <p>Training costs will be reduced through vehicle standardisation, and reduction in road shock damage costs and road wear through the use of air suspension.</p>
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Financial and Value for Money Implications

19. Full details of the contract value and financial implications are set out in the Part 2 report.
20. Benchmarking information will be shared with the South East Fire Services Procurement Group.

Section 151 Officer Commentary

21. The current 2018-21 Medium Term Financial plan has a capital budget allocation to purchase two appliances per year.
22. This contract provides the option to purchase up to 30 appliances over a 10 year period, with no minimum commitment. This provides the ability to adjust the number of appliances ordered subject to service requirements and financial affordability.

Legal Implications – Monitoring Officer

23. Surrey County Council is the fire and rescue authority for the county by virtue of the Fire and Rescue Services Act 2004 (the Act). The Council is under a duty in Section 7 of the Act, among others things, to extinguish fires and protect life and property in the event of fires in its area. In discharging this function the Council must “secure the provision of the personnel, services and equipment necessary efficiently to meet all normal requirements”.
24. The procurement of goods or services by the Council is governed by the Public Contracts Regulations 2015 and the Council’s own Procurement Standing Orders. The competitive exercise set out in this report complies with these requirements and secures the most economically advantageous tender for the Council.
25. Cabinet will want to satisfy itself that the proposed arrangements provide adequate safeguards for residents while also maintaining its fiduciary duty to secure a balanced budget for the Council.

Equalities and Diversity

26. All equipment to be used includes the appropriate additional facilities and design standards, as nationally specified. The new appliances’ body stowage systems have been designed for use by a diverse workforce with facilities to minimise manual handling injuries.

27. There is no requirement for an Equality Impact Assessment (EIA) as there are no implications for any public sector equalities duty due to the nature of the goods being procured. However the contractor will be required to comply with the Equalities Act 2010 and any relevant codes issued by the Equality and Human Rights Commission.

Environmental sustainability implications

28. The new vehicles will meet the current European vehicle emission standards for Euro 6 which will be the new standard for entry to the LEZ (London Low Emission Zone) from April 2019.

Public health implications

29. The new vehicles will meet the current European vehicle emission standards for Euro 6 which will have a beneficial impact on public health by improving air quality.

WHAT HAPPENS NEXT:

Following approval of the award of the contract for the long-term replacement programme, an order for two appliances will be placed in May 2018.

A briefing to Cabinet regarding the future vehicle strategy will follow within four months.

Contact Officers:

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Consulted:

Surrey Fire and Rescue Service
 Orbis Procurement Service
 Surrey Legal Services and Surrey Finance
 East Sussex Fire Service
 West Sussex Fire Service

Annexes:

Confidential Part 2 paper

Sources/background papers:

- None
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