

## Asset Management and Procurement Strategy

### Report of the Chief Fire Officer

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#### 1 Purpose of Report

Members have requested an update on the Service's Asset Management and Procurement Strategy. This report advises that the Strategy has been reviewed and requests approval of the revised Strategy, attached as an appendix.

#### 2 Recommendations

The Committee is requested to consider and approve the revised Strategy.

#### 3 The Procurement Strategy

The Service's procurement and asset management strategies are combined in a document first agreed in April 2007. The fundamental principles underlying the strategies are unchanged, but revisions have been made to address the following issues:

- The document has been revised to reflect the Service's current aims and objectives, and remove references to the previous management structure.
- The document has been shortened and simplified to improve understanding of the document among users within the Service.
- The asset management planning section has been revised better to reflect uncertainty in the future asset base as a result of Service changes.
- There is more emphasis on the management of the risk of supplier failure as a result of current economic difficulties faced by some of our suppliers.

#### **4 Financial Implications**

This report is a review of the Fire Authority's procurement and asset management strategies to ensure that they are cost effective.

#### **5 Legal Comment**

There are no direct legal implications arising from this report.

#### **6 Equality Impact Assessment**

An initial Equality Impact Assessment has been completed on this document, and is incorporated in the Strategy.

#### **7 Appendix**

Asset Management and Procurement Strategy

#### **8 Background Papers**

There are no background papers associated with this report.



## Shropshire Fire and Rescue Service - Asset Management Plan Asset Management and Procurement Strategy

### Purpose

The purpose of the Asset Management and Procurement Strategy is to provide a framework to support the aims and objectives of the Service by ensuring that the required assets and external services are provided and available across the Service.

We aim to improve the safety of the people of Shropshire by ensuring the employees of Shropshire Fire and Rescue Service have the assets and supplier support they need to provide an effective, safe and efficient service.

### Introduction

Shropshire and Wrekin Fire and Rescue Authority owns or leases a wide range of assets, from land, property and vehicles to operational equipment, IT and software. These assets are used to support all Fire Service activities and must, therefore, achieve an appropriate level of performance. Additionally, these assets represent a considerable investment and many have high opportunity costs or the potential to incur high operating costs.

Asset Management Planning will assist the Service in targeting resources effectively and investing appropriately to ensure that these assets contribute towards the continuous improvement of service delivery.

The Service also procures assets, support services and consumable items from a range of suppliers and uses best practice procurement processes to ensure that these are obtained at best value regarding both purchase and process, and that maximum benefit is obtained by the Service through its relationship with its suppliers.

### Why an Asset Management *and* Procurement Strategy

The Fire Authority considers that procurement, whilst a strategic discipline in its own right, is closely linked to the Asset Management function. The first, and most significant, procurement activities are the identification of needs and the best way to meet them. For asset purchases, asset management planning is the system used to do this. The table, set out on later pages, shows the potential benefits from each approach.

Within Shropshire Fire and Rescue Service, the majority of revenue expenditure with external suppliers is for the purchase, financing or maintenance of assets, as shown below. In addition all capital expenditure is on assets.

## Objectives

The objectives of the Asset Management and Procurement Strategy are to support the organisation in the achievement of its objectives by ensuring that:

1. The Service provides the assets required to enable our employees to achieve our mission.
2. The most effective use is made of existing resources and assets.
3. Those assets are safe, legally compliant and available for use.
4. The Service procures assets, support services and consumable items from using best practice procurement processes.
5. Procurement obtains best value.
6. The Service gains maximum benefit from its relationships with suppliers.

## How the Asset Management and Procurement Strategy Fits

The Asset Management and Procurement Strategy encompasses the management of assets and procurement within the Service. It is important that other strategies and frameworks affecting the Service are taken into account in the development of a local Strategy. Where practicable, Shropshire and Wrekin Fire and Rescue Authority supports the achievement of strategies and associated objectives set at a national and regional level. At the same time, our focus must also be on providing a Service that puts Shropshire's safety first.

Asset management planning both supports and follows the Service's other planning arrangements, including Integrated Risk Management Planning as the main driver for change, which may require investment in new assets or enable the release of redundant assets. At a time of significant financial pressure and service-driven change, asset management planning is likely to be relatively short-term in order to be responsive to Service changes

## Asset Management Planning

Asset Management Planning is a business discipline for managing the life cycle of infrastructure assets to achieve a desired service level while mitigating risk.

The objective is to optimise the whole life business impact of costs, performance and risk exposures (associated with the availability, efficiency, quality, longevity and regulatory / safety / environmental compliance) of the organisation's physical assets.

It encompasses management, procurement, financial, customer, engineering and other business processes. True asset management planning is not a document or a system, but is instead a business discipline enabled by people, process, data, and technology.

This document is an output from this discipline, which collates the information necessary to make informed decisions about investment in operational equipment. It includes details of the resources required at sites and those actually provided, the necessary works are then identified and costs provided.

Surplus and under utilised resources are also identified. This document also includes information on costs associated with maintaining and operating the asset.

The information will assist the Service in:

- Providing assets that meet its needs
- Ensuring that asset decisions are consistent with its objectives and service requirements, and are integrated into the corporate planning process
- Prioritising decisions on spending and evaluation of capital projects to ensure, and demonstrate value for money
- Identifying opportunities for innovation, collaboration or income generation
- Identifying surplus or under-utilised assets.

The cost information included will enable the Service to compare its costs against other organisations and assist in identifying best practice.

## **Procurement**

Procurement is carried out to enable the Service to obtain the assets, services and supplier support it needs to deliver its aims and objectives. It is the process of obtaining supplies, services and works, spanning the whole life of the asset or service contract from the initial definition of the business need through to the end of its useful life. The term 'procurement' has a far broader meaning than that of purchasing, buying or commissioning, and is about securing services and products that best meet the needs of the users and the local community in its widest sense.

The Fire Authority has adopted the following as its procurement strategy and policy.

*Shropshire Fire and Rescue Service will operate Procurement Processes that:*

- *Challenge the provision of the service and the need for expenditure*
- *Ensure a methodology for competition and for quality, yet ....*
- *Encourage an open and flexible approach with users, suppliers and partners*
- *Develop appropriate use of collaboration and partnership arrangements with other brigades, public authorities or the private or voluntary sector*
- *Make use of modern processes and techniques*
- *Measure the life costs, improvements and success of the procurement, the process and sets performance specifications.*

In support of the Authority's strategy and policy the Service has developed a suite of procurement and asset management Brigade Orders to provide a framework to ensure that all contracts are specified, purchased and managed to ensure they meet the Service's needs.

By adopting these Orders the Service will ensure that any decision to review, monitor and make decisions on procurement is taken as an organisation, rather than by individuals, and that the following basic requirements are carried out:

- The Service's need is clearly identified and methods of overcoming that need, other than through purchase, are assessed.
- An analysis of products available to meet the need is carried out.
- Methods of obtaining the equipment are identified and assessed.
- Implications for training and other enabling costs are identified.
- Safety issues are identified and risk assessments carried out.
- Equipment life, stock requirements, maintenance and renewal requirements are identified and full life-cycle costs assessed.
- A structured approval and purchasing system is used to demonstrate compliance.
- The Service's dependence on suppliers is understood and the risks arising are managed.

The Service's dependence on its suppliers is recognised and Brigade Orders include guidance on recognising and assessing this risk, and the management of suppliers to minimise the risk or effect of failure.

### **Our Asset Management and Procurement Capacity**

Assets are managed by the Resources Department, which is responsible for ensuring the provision of appropriate resources and supplier support to the Service.

The Technical Services Team provides the specialist skills required to manage the range of resources and suppliers used by the Service. The Team also provides procurement and environmental management for the whole Service.

The Service's Workshops provide an in-house maintenance service for vehicles and specialist equipment.

These roles are all supported by a number of suppliers, maintenance contractors and consultants.

### **Implementation**

Asset management and procurement forms part of the Resources Department Business Plan.

Each asset management plan has an identified lead person to take responsibility for its implementation.

Procurement Brigade Orders define officers responsible for their implementation.

## Fire Service Asset and Procurement Needs

The Authority's assets are procured and provided solely to support Fire and Rescue Service activities to meet the Authority's Mission to:

Save and protect life, property and the environment  
from fire and other emergencies

and the Authority's aims:

1. To be there when you need us in an emergency with a professional and well equipped team
2. To reduce the number of fires in our community
3. To reduce the number of fire related deaths and serious injuries
4. To deliver an effective fire and rescue service at a cost that is acceptable to our community

These aims were developed to provide a clear framework to the public, demonstrating the service they should expect to receive. As external-facing aims they are supported by further inward-looking aims more appropriate to asset management planning. For this purpose the Authority's previous aims have been retained and the Asset Management Plan (AMP) developed, using the following structure:

Strategic Aim	AMP Aim	Activities	Assets Required to Support Activities	Procurement Required to Support Activities
1, 2, 3, 4	Reduce the risk to life and material loss from fire and other emergencies in the community	Community fire safety	Community facilities. Vehicles. Educational and demonstration equipment. Uniform clothing.	Contracts for provision of equipment. Contracts for provision of information resources design, media advice and advertising services.
1	Save life, protect property and the environment from fire and other emergencies	Firefighting. Rescue.	Fire stations. Fire appliances. Equipment. Protective equipment. Hydrants.	Contracts for purchase and maintenance of equipment and resources. Contracts for provision of waste disposal and environmental services.

Strategic Aim	AMP Aim	Activities	Assets Required to Support Activities	Procurement Required to Support Activities
2, 4	Secure the highest level of safety and welfare for all staff by providing effective supervision, training, equipment and systems of work	Supervision Training Equipment provision.	Office accommodation. Training facilities and equipment.	Contracts for purchase and maintenance of equipment and resources. Contracts for provision of training. Contracts for provision of health, safety and welfare services.
4	Provide a service that demonstrates quality and Best Value in service provision	Effective management of assets and procurement	Well-maintained assets which meet Service needs	Well-managed procurement to deliver Service needs
4	Provide a service committed to the highest levels of equality and fairness	Staff development Community support	Office accommodation. Community facilities. Training facilities. 'Dignified facilities'. Equipment suitable for use by a diverse workforce.	Contracts for purchase and maintenance of equipment and resources. Sustainable and ethical procurement.



## **Sustainability and Environmental Impact**

### **Sustainable Management of Assets**

The Service will seek to operate assets, which are sustainable in their manufacture (construction), use and disposal. To achieve this we will seek to:

- **Manufacture or Construction**
  - Use suppliers with appropriate environmental and sustainability policies
  - Incorporate environmental standards into our specifications and tender evaluation including:
    - Environmental impacts
    - Materials selection (recycled and low impact materials)
    - Consideration of end-of-life disposal (design for dismantling and material selection)
- **Use**
  - Review sustainability in use and consider improvement actions
  - Use assets efficiently
  - Maximise the life of the asset through effective maintenance
  - Use recycled or low-impact components during maintenance
- **Disposal**
  - Consider the impact, when deciding how to dispose of assets, when they no longer meet our needs
  - Seek disposal in a way, which ensures re-use
  - Consider end-of-life disposal during purchase

### **Sustainable Procurement**

Shropshire Fire and Rescue Service will endeavour to meet its needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the Service, but also to society and the economy, whilst minimising damage to the environment.

We will attempt to consider the environmental, social and economic consequences of:

- Design
- Non-renewable material use
- Manufacture and production methods
- Logistics
- Service delivery
- Use and re-use
- Operation and maintenance
- Recycling options and disposal
- Suppliers' capabilities to address these consequences throughout the supply chain.

This approach will assist the Service in supporting the UK sustainable development strategy, which sets out four key priority areas for action:

- Sustainable consumption and production
- Climate change and energy
- Protecting natural resources
- Creating sustainable communities and a fairer world.

The Service has an ethical purchasing policy, which addresses the sustainability and environmental impact of our suppliers.

### **Equality and Diversity**

An initial equality impact assessment has been carried out on this Strategy. There are no discriminatory practices or differential impacts upon specific groups arising from this Strategy.

The Service will seek to operate assets and procurement processes, which support the Service's equality and diversity policies. Actions to achieve this may include:

- Use of appropriate suppliers and suppliers with appropriate equality and diversity policies
- Incorporating equality and diversity standards into our specifications and tender evaluation including:
  - Weight, positioning and ergonomics
  - Sizing, fit and religious or cultural preferences for clothing and personal protective equipment
  - Provision of building facilities and signage
- Making reasonable adjustments or considering alternative equipment provision to meet individual needs, where possible.