

**AGENDA ITEM:**

<b>REPORT TO:</b>	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>23<sup>RD</sup> JANUARY, 2007</b>
<b>REPORT NO.</b>	<b>CFO/17/07</b>
<b>REPORTING OFFICER:</b>	<b>CHIEF FIRE OFFICER</b>
<b>CONTACT OFFICER:</b>	<b>KIERAN TIMMINS, EXECUTIVE DIRECTOR OF RESOURCES</b>
<b>OFFICERS CONSULTED:</b>	
<b>SUBJECT:</b>	<b>FUTURE FUNDING OF FIREBUY – DCLG CONSULTATION PAPER</b>

Purpose of Report

1. To provide information on the consultation paper on future funding of Firebuy and to propose an Authority response.

Recommendation

2. The report be noted and members agree the proposed response to the consultation (subject to any changes they may wish to make).

Information

3. The Government have issued a National Procurement Strategy (NPS) for the Fire Service.
  - 3.1. In order to deliver Fire & Rescue Service (FRS) procurement at a national level, the then Office of the Deputy Prime Minister (ODPM) established Firebuy Limited as a national body to drive the National Procurement Strategy (NPS) for the FRS 2005-2008 forward.
  - 3.2. ODPM provided initial funding for set up costs in 2005/06, but intended that the on-going costs should be met from the savings generated. Originally, it was intended that the costs of Firebuy Ltd would be met by the FRS via a transfer of the Revenue Support Grant (RSG) as Firebuy Ltd would be a company undertaking procurement on behalf of the FRS and paid for by the Fire and Rescue Authorities (FRAs). However, this approach could not be adopted since the savings that Firebuy Ltd was to generate to offset the reduction in RSG would not have accrued immediately, leaving an unfunded pressure on FRAs.

- 3.3. To ensure that Firebuy Ltd could continue to be set up and to commence its program of work ODPM made funding available for the financial years 2006/07 and 2007/08, as shown in Diagram 1.

**Diagram 1 – ODPM/DCLG Funding of Firebuy Ltd**

	2005/06	2006/07	2007/08
Cash	£1,800K	£2,040K	£2,021K
In kind*	0	£100K	£100K

\*Use of 2 DCLG staff at no cost to Firebuy Ltd to assist with development of Technical Services Unit.

- 3.4. The NPS stated that the ODPM would hold a public consultation on the future funding mechanism that would need to be established post March 2008. The Department for Communities and Local Government (DCLG) who took over responsibility for fire issues upholds the policy established by the ODPM. The consultation paper fulfils the obligation given in the NPS. The consultation paper (and cover letter) can be found on the following links

[http://www.communities.gov.uk/pub/375/FRSCircular652006ConsultationontheFutureFundingofFirebuyLimited\\_id1504375.pdf](http://www.communities.gov.uk/pub/375/FRSCircular652006ConsultationontheFutureFundingofFirebuyLimited_id1504375.pdf)

[http://www.communities.gov.uk/pub/202/FuturefundingoptionsforFirebuyLimitedaconsultation\\_id1504202.pdf](http://www.communities.gov.uk/pub/202/FuturefundingoptionsforFirebuyLimitedaconsultation_id1504202.pdf) . The consultation paper asks a series of questions about funding arrangements.

### Response

4. Members will recall that the Authority has set up and co-ordinates the National Fire Finance Network at a national level. (This group shares information, best practice and consists of finance professionals from all UK fire authorities, DCLG finance officials, Audit Commission and indeed Firebuy reps). As part of chairing that group, the Executive Director of Finance, ICT & Procurement has been asked to prepare a national response on behalf of the Fire Finance Network, which is attached at Appendix A.
5. The key views expressed in that response are :-
- In the medium term, Firebuy must be funded on a management fee basis, and show that it is value for money to be successful.
  - There may be an argument for a short term transitional arrangement.
  - Large authorities with strong buying power have least to gain from Firebuy (e.g. we already have a best value long term contract for smoke alarms in place that Firebuy cannot be beat.

- The DCLG should consider funding Firebuy directly for the transitional period.
6. The opportunity has been taken to further express some general concerns echoed around the country about the setup and business case for Firebuy.
  7. The RMB has considered this Fire Finance Network response and is using it as the basis for its response to the consultation.
  8. It is proposed that the Authority use this as the basis for its response as well.

#### Equality & Diversity Implications

9. None arising directly out of this report.

#### Risk Management Implications

10. None arising directly out of this report.

#### Financial Implications

11. Depending on the funding options chosen, there may be an additional cost to MFRA from Firebuy. It is intended that savings and efficiencies will stem from Firebuy that will outweigh those costs. The savings stream is not transparent enough to be anticipated in budgets at present.

### **BACKGROUND PAPERS**