

Report on behalf of the Chief Fire Officer

Report to:	Pete Moore, Executive Director Resources and Community Safety
Date:	16 July 2012
Subject:	Replacement Aerial Appliances
Decision Reference:	
Key decision?	Yes

Summary:

This report sets out the circumstances with regard to the Council's Approved Capital Programme and how this relates to the provision of Fire Fighting Vehicles for the Fire and Rescue Service. In particular it considers the provision of aerial Appliances following the termination by the Council of a 20 year Public Private Partnership with AssetCo Lincoln (ACoL) for the managed provision of the Fire and Rescue Service Fleet and seeks approval for the procurement of two replacement aerial Appliances.

The decision will lead to expenditure not wholly in accordance with the Council's budget and therefore is being taken on an urgent basis under rule 6 of the Budget and Policy Framework Procedure Rules.

Recommendation(s):

That the Executive Director approves the procurement of two replacement aerial Appliances at a cost of approximately £1.3m utilising the tenders obtained through a mini-competition process utilising the Fire Buy Procurement Framework.

Alternatives Considered:

Do Nothing: The Fire Authority, through its Integrated Risk Management Plan has approved the reduction from three to two aerial Appliances. The current aerial appliances were due for replacement at end of life under the previous arrangements in 2013. It is probable that the current vehicles will continue to pass safety inspections and maintain appropriate certification for the foreseeable future. However the Authority would be at increased risk of having reduced or no capability to deal with high level incidents if one or both of the vehicles fails to meet the appropriate safety standards. The lead in time for the procurement of these vehicles would leave the authority in that position for in excess of 12 months should this happen. The authority would have then to make the capital

provision at this time.

Do Not Use Fire Buy Framework: Carry out a formal tender open to all suppliers in the market. Due to the value of the contract this would have to be carried out utilising the European Procurement Directive for Public Procurement. This would increase the time and the authority would incur additional cost to run the procurement process. It would also mean that the life of the current vehicles would have to be extended. The capital provision would still need to be provided.

Procure Second Hand Appliances: enquiries were made to other fire authorities who were known to be reducing the numbers in their aerial fleets to determine the feasibility of purchasing the appliances second hand. The feedback received indicated that those appliances that would be available would be either at the end or nearing the end of their operational life.

Reasons for Recommendation:

The Council as the Fire Authority has a responsibility to provide a fire and rescue service to meet the risks found in its area. Through its Integrated Risk Management Plan Consultation process in 2012, the public was consulted on the reduction of the number of aerial Appliances from three to 2. This change was approved. Both of these appliances will reach the end of their operational life in June 2013.

The existing aerial Appliances were introduced into service with Lincolnshire Fire and Rescue in 2008. Two of the three were redundant end of life appliances from London Fire Brigade (both chassis registered in 1995, second life booms first in service 1980), the third being an existing Lincolnshire Fire & Rescue vehicle with first life booms first registered in 1993. It could therefore be argued that the appliances are already outside their operational life. However all three appliances are scheduled for replacement at end of life by June 2013. All three appliances are subject to increasing levels of maintenance and cost to ensure the operational safety certificates

The Fire Buy Frameworks were set up to allow Fire Authorities to carry out procurement in line with the European Directives but to share the costs associated with the process. The existing framework expired on June 4th 2012; however a mini-competition process was undertaken in May 2012 prior to its lapse. The tender allows for the awarding of any subsequent contract up to 90 days after the completion of the process. Whilst this meets the requirements of the framework and ensures best value the actual placing of an order cannot be further delayed without serious impact on delivery times and the timescales in which the Council has to act therefore does not meet the cycle for full Council meetings to have the New capital Scheme approved through the normal channels and as such the procurement does not feature in the councils budget..

1. Background

The Fire Authority, through its Integrated Risk Management Plan has approved the reduction from three to two aerial Appliances. The current aerial appliances are due for replacement at end of their operational life in June 2013. It is probable that the current vehicles will continue to pass safety inspections and maintain appropriate certification for the foreseeable future. However the Authority would be at increased risk of having reduced or no capability to deal with high level incidents if one or both of the vehicles fails to meet the appropriate safety standards. The lead in time for the procurement of these vehicles would leave the authority in that position for in excess of 12 months should this happen. The authority would have then to make the capital provision at this time.

The replacement of these vehicles would have been the responsibility of AssetCo under the previous arrangements for the provision of Fire and Rescue fleet and equipment. However, on April 11th 2012 the Council terminated its managed services contract with AssetCo Lincoln (ACoL) for the provision and maintenance of the Fire and Rescue fleet.

As a consequence of the termination the vehicle and equipment replacement programme for fire and rescue now rests once again with the authority. Notwithstanding longer term decisions on how the fleet is provided in the future there is a significant capital investment required to replace obsolete fire engines in the next 12 to 18 months to ensure the operational capability of the fire and rescue service. Indeed one of the concerns considered with regard to the future of the previous contract was the ability of the contractor to meet this capital investment.

All of these vehicles were due for replacement as part of the contract during 2012/13 as they had reached the end of their projected operational life. All of the vehicles were envisaged as short term 'stop gaps' at the outset of the contract in 2006 to allow the phasing of the capital expenditure for the incoming contractor.

In the main the vehicles were refurbished redundant vehicles which had reached the end of their operational life with London Fire Brigade which over the period of their use in Lincolnshire have seen a higher than normal number of reliability and maintenance issues with which have increased as the vehicles have got older. In addition in the case of two of the aerial Appliances the booms have been re-chassis which means that the booms are actually much older than the 17 years of the current appliance.

Whilst there is an operational imperative to replace 22 Fire Tenders and 2 aerial Appliances, due to them all reaching the end of their operational life it was anticipated that the procurement process would be conducted utilising existing frameworks set up by the Department for Communities and Local Government (DCLG) through Fire Buy. This would allow the Authority to meet its obligations under European Procurement Directives, ensure best value and share the associated costs of the procurement process with other Authorities. This is still the case with the Fire Tenders; however the existing framework for aerial Appliances expired on June 4th 2012.

Following advice from Procurement Lincolnshire providing the mini-competition required by the framework was completed by this date the requirements of the directive would be met, however the order for any vehicles would have to be placed within 90 days of the completion of the process. The mini-competition has been conducted, however the Authority is not committed to progressing any order under this process as it was made clear as part of the mini-competition that it may not ultimately result in an order being made.

Therefore although it may appear that the Council has 90 days in which to take a decision, this is not the case. It is currently known that if an order was placed immediately the earliest production slots available are in January. Due to the construction and commissioning time required this is the last production slot that would be likely to deliver the vehicles in time for the June deadline by which the existing appliances are outside their extended operational life. Any delay in placing the order even within the 90 day period may result in the loss of the production slots and push the delivery date for the vehicles well past the June delivery date required. This would require the Authority to continue to use appliances outside their operational life with the attendant risks to the operational robustness of the service.

The timeframe therefore still allows the Authority to take advantage of the framework to ensure best value and share the procurement costs with others; however the timeframe does not allow for the approval of the addition to the capital programme through the normal process, with any procurement needing to be made outside the current approved budget.

The capital cost of the two new appliances is approximately £1.3m. Each vehicle will have an operational life of initially 15 to 20 years with a further option to re-chassis the booms after 15 years to extend the life of these up to 30 years on ‘second life appliances’. Best value is ensured through the use of a mini competition under the relevant FireBuy Framework. The frameworks have been through a full EU OJEU tendering process involving all interested suppliers in the market ensuring they are capable of meeting the technical and financial capacity required. By conducting a mini-competition process prior to award of the contract it ensures that the most competitive price is secured during the life time of the framework from those suppliers able to meet the contract criteria.

Whilst it is acknowledged that there is currently no budget provision for this scheme within the Councils approved Budget, the authority has recently received a Fire capital Grant from DCLG. This grant is approximately £1.1m and is un-ring fenced and as such could be utilised to off-set some of the required funding. In addition the current revenue budget provision to meet the Unitary Payment as required by the AssetCo Contract contains an element to meet the capital repayments of the contractor and as such is available to meet the additional capital repayments for the Council.

2. Conclusion

Following the termination of the managed service contract with AssetCo the responsibility for the vehicle and equipment programme for the Fire and Rescue Fleet reverts to the Council. These replacements are scheduled as part of that

programme, whilst they do not form part of the current approved capital programme the rebalancing and profiling of the existing Unitary Payment within the Fire revenue budget should mean a minimal impact on the overall cost to the Council. The use of the extant procurement framework provided by DCLG and Fire Buy provided the most cost and time efficient means of completing the procurement of the required two aerial Appliances which will allow the appliances to be replaced as near as possible to their scheduled end of operational life date.

3. Legal Comments:

The Council has the power to purchase the appliances proposed and the use of the Fire Buy Framework is compliant with EU procurement obligations.

The decision is within the delegated authority of the Executive Director.

Although the decision would incur expenditure not wholly in accordance with the Council's budget the decision can still be taken if the requirements of Rule 6 of the Budget and Policy Framework Procedure Rules are complied with. Those provisions have been complied with in this instance.

The Executive Director must, however, make a report to the next available Council meeting explaining the decision, the reasons for it and the reason why the decision was treated as a matter of urgency.

4. Resource Comments:

Fire Capital grant for 2012/13 was received after the Council set its budget for 2012/13 in February 2012. That grant of £1.1m was not therefore allocated in the 2012/13 budget and can therefore be applied to substantially fund the acquisition of these vehicles. The balance of funding of £0.2m can be met either from the new reserve the Council is establishing to fund acquisition of its fire fleet or through the saving arising from not now having to meet the unitary charge from Asset Co

5. Consultation

a) Has Local Member Been Consulted?

No

b) Has Executive Councillor Been Consulted?

The comments of Councillor Robinson are as follows:-

The contract Lincolnshire FRS had with AssetCo which was designed to deliver replacement equipment has terminated. It is nevertheless imperative that we retain an adequate aerial platform capability to deal with fires in important

buildings such as Lincoln Cathedral, Boston Stump and the new hotels being set up across the county. After a careful assessment of the requirement for aerial platforms, the professional opinion is that the risk can be managed safely with 2 rather than the current 3 platforms. The platforms now available to Lincolnshire FRS are in urgent need of replacement to meet modern safety standards and it would be irresponsible not to take steps urgently to secure the necessary production slots to enable replacement of the existing vehicles immediately on the expiry of their operational life.

I therefore strongly support the purchase by our council of 2 new Aerial Platforms as recommended in this paper.

c) Scrutiny Comments

This decision has not been subject to pre-decision scrutiny.

d) Policy Proofing Actions Required

N/A

6. Background Papers

No background papers were used in the production of this Report.

This report was written by Dave Ramscar, who can be contacted on 01522 582205 or dave.ramscar@lincoln.fire-uk.org