

Appendix A – Completed Tender Programme October 2021 to September 2022

Explanation of savings categories.

Overview

1. This note seeks to provide guidance in defining a saving and the categories of saving which can be claimed.

Principles

2. All descriptions follow Cabinet Office guidance on savings, and are reported to the National Fire Chiefs Council (NFCC) and the Home Office for publication in appropriate government sources.
3. All savings reported represent annual values only. For a term contract, a saving may be reported in each year the contract is active.

Savings Categories

There are a number of ways in which savings could be delivered.

Category 1 – Volume/Scope Reduction

Examples include savings secured resulting from a reduction of planned volume. The reduction must not materially impact the core outcome of benefits derived. For example, a forecast demand of 100 software licences is made either by FRS or by the supplier and then reduced to 80 licences following renegotiations. Assuming the core outcome is still met, the saving of the 20 licences is claimable. An example of scope reduction could include less frequent cleaning of office space provided this does not materially impact the provision of a sufficiently clean, fit for purpose office environment. This is a legitimate saving.

Category 2 – Price Reduction

Where the procurement has a lower unit price than the last procurement i.e. $(\text{old unit price} - \text{new unit price}) \times \text{new volume}$. Or, total package this year less package last year. In some cases, a certain number of additional free services that would have otherwise been paid for may be provided free of charge by the supplier. Care should be taken when attributing savings to 'free services' to ensure that robust evidence exists that the service would have been paid for to ensure it is genuinely cash releasing otherwise it should be categorised as a 'Non Cashable Saving' (See Category 4)

Category 3 – Cost Avoidance

E.g. We stopped the supplier charging the contracted RPI linked annual price increase and therefore reduced expected contractual expenditure.

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Category 4 – Non-Cashable Savings

This category of savings relates to savings delivered by FRS that cannot be classified as ‘Cashable’ savings because they do not release ‘folding money’ but will produce other benefits. For example, where a further competition is coordinated by a single FRS on behalf of many FRSs, there is benefit in that it would be fair to assume that if each FRS ran its own further competition the resources required would be greater than a single FRS coordinating on behalf of all. Non cashable savings can be estimated by calculating the cost of each FRS running their own further competition less the cost of one FRS managing on behalf of all.

Category 5 – Other

Any type of saving, whether cashable or non-cashable that does not fit with the criteria set out in categories 1 to 4.

Completed Tender programme October 2021 to September 2022 – By Category

Contract	Category	Method of Savings calculation	Saving Category	Value
Type B Rescue Pumps	Fleet	Average Bid Price vs Winning Bid - Saving based on the difference between the average of the unsuccessful bids and the winning bid.	Category 4 – Non Cashable	£108,140.00
Barnsley Station Community Building Refurbishment	Construction and FM	Average Bid Price vs Winning Bid - Saving based on the difference between the average of the unsuccessful bids and the winning bid.	Category 4 – Non Cashable	£65,035.00
Fuel Maintenance System	Construction and FM	Saving for the new item against the previous price paid.	Category 2 – Price reduction	£8,629.00
LED Lighting Project Estate Wide	Construction and FM	Average Bid Price vs Winning Bid - Saving based on the difference between the average of the unsuccessful bids and the winning bid.	Category 4 – Non Cashable	£49,799.00
Uniform and workwear - Fleeces and Outer Jackets	Clothing	Average Bid Price vs Winning Bid - Saving based on the difference between the average of the unsuccessful bids and the winning bid.	Category 4 – Non Cashable	£18,771.00
Lightweight Portable Pumps	Operational Equipment	Average Bid Price vs Winning Bid - Saving based on the difference between the average of the unsuccessful bids and the winning bid.	Category 4 – Non Cashable	£39,472.88

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Computer Aided Facilities Management System	ICT	Saving for the new item against the previous price paid.	Category 2 – Price reduction	£6160.00
CFRMIS Cloud Hosted Solution	ICT	Saving for the new item against the previous price paid.	Category 2 – Price reduction	£5,000.00