

Police and Crime Plan Priority: *Strengthening communities and growing the economy*

Title: *Joint Procurement Strategy – Progress on Delivery*

Presented by: *Neil Chamberlain, Director of Commercial Services*

Purpose of paper

1. This report sets out to provide the SPCB with an update of the force's progress against the agreed Joint Procurement Strategy for the period 2017 to 2020 (a copy of which is appended to this report).
2. It is intended that this report shall inform a discussion at the SPCB regarding force commercial activity as a whole and how it aligns with progress against the Objectives and Priorities outlined in the Strategy.

Background

3. Given that the force (acting on behalf of the PCC) spends approximately £90m per annum recurring on procuring goods, works and services, along with a further £5m to £20m on WMP 2020 change initiatives at present, it is important that these public funds are spent in the most cost effective manner. Further, based on the PCC's expressed commercial priorities, ensuring that local businesses have the opportunity to bid for force contracts in order to help support the economic development of the region is of particular importance.
4. In order to ensure that these key priorities are delivered upon, a Joint Procurement Strategy for the period 2017 – 2020 was created and approved by the SPCB in September 2017.
5. As the PCC delegates commercial matters to the force by way of the Scheme of Delegation and Standing Orders, it is important that the PCC is still able to hold the force to account with this activity. Therefore, and as agreed in the Strategy,

periodic updates on the progress against delivering this Strategy will be provided to the SPCB. With the first year covered by the Strategy having now passed, it is felt opportune to provide a progress to the SPCB at this stage.

Key points

6. The agreed Strategy set out the following Strategic Procurement Objectives and Priorities, progress against which are outlined in this report:-
 - Obtaining Value for Money
 - Supporting Economic Development of the West Midlands Including Social Value
 - Supporting force and Commissioner Priorities
 - Having an effective Strategic Commercial and Procurement Function
7. Where appropriate, each of these stated Objectives and Priorities are underpinned by the following Measures, from which progress and performance updates are provided:-

Obtaining Value for Money

8. **Measure:** The savings delivered through the Commercial and Procurement Department.
9. As part of the Commercial and Procurement Department's restructure under the Next Generation Enabling Services (NGES) Programme, it was agreed that the annual procurement savings target would rise on a yearly basis as follows between 2016/17 and 2019/20:

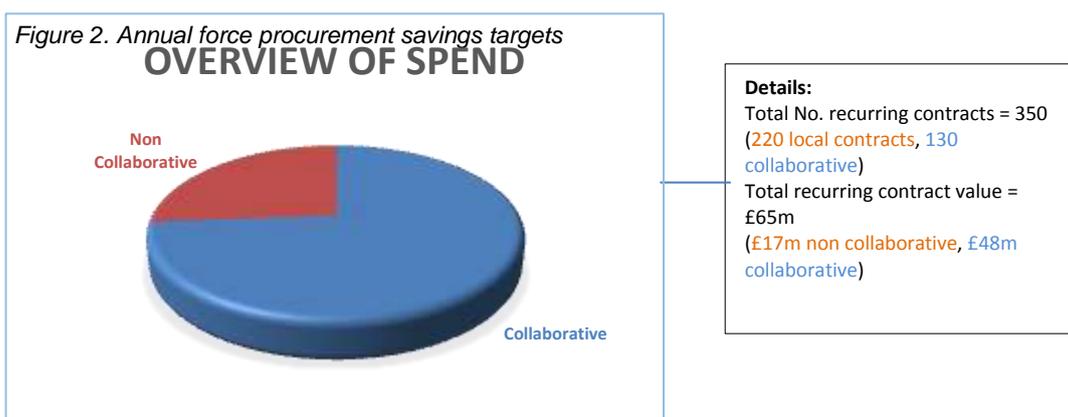
Figure 1. Annual force procurement savings targets

	2016/17	2017/18	2018/19	2019/20
Savings Target	£4m	£4.5m	£5m	£5.5m

10. Against these targets, the force achieved a total of £4.75m in procurement savings over the course of the 2017/18 financial year. Thus, the force was able to better the stated savings target last financial year.
11. For the financial year to date, the force has realised procurement savings of £2.6m against the annual target of £5m. Given the anticipated commercial savings that have yet to be realised, coupled with the forthcoming significant tender exercises that the force will shortly be embarking upon, it is felt that the force is on course to meet this target.
12. Throughout the reporting period in question, the force has continued to let a significant amount of contracts to the degree outlined in the Strategy. From this

work, there have been several notable examples of how Value for Money and financial savings have been achieved without compromising the quality of the goods and / or services that the force receives. These include contract awards for a replacement Command and Control Solution, an Operational Policing Solution and Multi-Functional Printers.

13. In addition to setting out to improve how the force conducts its commercial matters in order to secure greater levels of Value for Money and realise savings (both cashable and non-cashable), effort is made to achieve greater, non-financial, benefits and help to improve force performance. A key recent example of this was the revised approach that the force took to contracting for its Healthcare in Custody service needs, which had historically proven to be a failing service and is an area that is notoriously challenging for all forces throughout the Country. Based on this revised approach, a new contract was let and, with it, a new supplier appointed, which has resulted in the service greatly improving without there being an additional cost to the force.
14. In an effort to enhance the value achieved through commercial activity and so as to contribute towards the collaborative agenda, the force continues to play an active and leading part in both regional and national commercial collaborations. Amongst other areas, this includes the force being the national procurement lead for Fleet, elements of IT, CTU CBRN, Consultancy and Drug Intervention. In addition, the force continues to act as the commercial lead for the vast majority of regional collaborative procurement activities, with the Police Education Qualification Framework acting as the most recent example of this.
15. As the following diagram illustrates, the majority of force spend is made via collaborative Agreements.
- 16.



Measure: Assessing supplier and contract performance, post contract award

17. Historically, the force has lacked a co-ordinated, consistent approach to how contracts and suppliers have been managed following the award of contract.

Routinely, this has resulted in supplier performance issues not being addressed until the point that they become critical, along with there being a failure to realise anticipated contract benefits and to drive forward ongoing improvements. These concerns were also highlighted in a recent Audit of Contract Management, which supports the implementation of a revised approach to this area.

18. Recognising these historic challenges, the force has recently appointed a Supplier Relationship Manager, who will set about establishing a Supplier Performance Management (SPM) Strategy and framework for supplier and contract management. Initially, this will see a pilot being undertaken between September 2018 to March 2019 with a limited number of suppliers and contracts, with a view to then rolling this approach out to all areas thereafter.
19. Given the lack of historic oversight in this area, detailed performance data is not available from which to measure against, save for anecdotally recognising that opportunities have been lost as a result of this lack of oversight. However, a key facet of developing and implementing this SPM framework will be the creation of contract and supplier Key Performance Indicators and a reporting dashboard. As such, performance updates against this Measure will be available for future SPCB updates.

Supporting Economic Development of the West Midlands Including Social Value

20. One of the key priorities of the PCC when developing the Strategy was to focus on how the force's commercial dealings can help to support and develop the economy of the West Midlands and, particularly, how social value achieved from the supply chain can be maximised.
21. Due to these priorities being emerging in nature, it is difficult to compare and contrast the force's performance in this regard compared with previous years. In addition, capturing this information from which to report is challenging. As such, whilst being fairly raw data, the information contained in this report is intended to provide the SPCB with confidence that the force is heavily focusing on this area. Moving forward, this year's return can then act as a baseline to measure against.
22. In order to ensure that social value is considered in the force's procurement activity, it has recently been agreed that this shall be included as an evaluation criteria (along with price and quality) in appropriate force tenders.
23. To support this focus on social value, the force is in the process of implementing a social value evaluation tool, with the support of the PCC's Office. The first procurement exercise being conducted under this criteria is scheduled to be commenced prior to the end of September 2018.
24. It is notable that the force is playing a leading role in UK policing in driving forward the importance of social value in commercial matters, as few other forces considering this at present.

25. Of course, in implementing this focus on social value, it is important that the force continues to monitor that these Measures do not have a detrimental impact on the Value for Money obtained in force procurement.
26. In addition to these social value activities, the force is currently developing a Plastics Policy in conjunction with the PCC's Office. Once established, the intent is that obligations stemming from the Policy will be cascaded to the force's supply chain and progress against reducing plastic consumption will be monitored and reported.

Measure: *The portion of procurement spend and the amount that is spent in the West Midlands*

27. As follows is a breakdown of force contracted spend that is made within the West Midlands. It should be noted, however, that this information only includes spend against formally contracted areas, meaning that lower value expenditure (which is largely obtained from local suppliers given the nature of the requirements) is not featured.
28. When compiling this information, per the national reporting standards, spend being considered as local is represented by a combination of where force suppliers are based in regards to their head office being in the conurbation as well when their services are delivered within the West Midlands (primarily on the force's sites).

Figure 3. Breakdown of force contracted expenditure per category and the percentage of spend made locally

Category Area	Total Spend Contracted Spend	Total Spend Within WMP Area	% Spend Within WMP Area
Crime	£ 7,943,559	£ 5,038,676	63%
Security & Operations	£ 6,972,326	£ 3,942,565	57%
Fleet	£ 13,401,112	£ 9,969,713	74%
POD	£ 5,617,786	£ 1,608,000	29%
Property & Facilities	£ 12,008,587	£ 5,961,258	50%
IT&D	£ 18,852,660	£ 8,576,065	45%
TOTALS	£ 64,796,030	£ 35,096,276	54%

29. As denoted, this information shall act as a baseline from which the force shall measure against moving forward.
30. Whilst it is considered that a proportionate amount of force spend already emanates from within the West Midlands (appreciating what goods and services suppliers in the region are able to offer) as the above table outlines, the force continues to encourage local suppliers to bid contracts. Indeed, as part of the force's wider efforts to make it easier for prospective suppliers to bid for force

business, twice yearly 'Meet the Buyer' days for each category will be held from this point forwards. Thus far, such events have been held for Property requirements under the Estates Programme, the People and Organisational Development category and IT&D.

Measure: The number of apprenticeships created through the organisation's suppliers.

31. This is one of the main Measures that the implementation of the forthcoming social value tool will allow the force to monitor effectively. In the meantime, acquiring such information from the force's supply chain is not easily acquired.
32. Despite these current reporting challenges, force suppliers have confirmed that a total of 31 apprenticeships within the West Midlands have been created over the last 12 months as a result of force contracts. However, it is felt that this information is not comprehensive due to the limited information available to date.

Measure: Local employment created and secured through procurement and the characteristics of those employed.

33. As with the apprenticeships Measure, it has been historically difficult to obtain meaningful data for this Measure. Despite this, force suppliers have confirmed that 407 jobs have been created within the region as a result of contracts that the force have awarded (either directly or indirectly). Information pertaining to the characteristics of those employed has not been able to be obtained in a cohesive manner at this stage, however.
34. Clearly, there is additional development required with this Measure in regards to how this information is recorded and scrutinised. Therefore, the commitment is that with the implementation of the social value tool, the force shall continue to expand on the information it captures and measures in this regard.

Supporting force and Commissioner Priorities

Measure: Confirmation that all suppliers who fall under the Living Wage Foundation's criteria are paying their staff in accordance with the Living Wage.

35. At the point that the force became a Living Wage Employer in 2016, it necessitated all suppliers that fall within the Living Wage Foundation's criteria to confirm that their staff involved in delivering goods and services to the force are paid in accordance with the Living Wage.
36. Subsequent to obtaining this confirmation and making the necessary contractual adjustments at the time that the force became a Living Wage Employer, the force has continued to ensure that its relevant suppliers adhere to this obligation. To this end, confirmation can be provided to the SPCB that all force suppliers who fall under this criteria do, indeed, pay their staff associated with delivering these goods and services in accordance with the Living Wage.

Measure: Supplier invoices shall be paid within the time limits set out in central Government's prompt payment policy.

37. In order to ensure that the force is perceived as being a 'good customer' and one that suppliers wish to deal with, ensuring prompt payment of invoices is critical. Further, when dealing with smaller companies who are more reliant on force business, any delays to payment could well have a significant impact on their ability to continue to operate. As such, this is a key requirement and Measure for the force.
38. All force transactional purchasing activity (i.e. raising of orders and payment of invoices) is handled by the Shared Service Centre via the force Oracle Fusion finance system.
39. With regards to this Measure, Shared Services have confirmed that for the financial year to date, 93% of invoices received from force suppliers have been paid within the stipulated payment terms of thirty days from receipt of invoice. Shared Services have advised that the primary reason for invoices not being paid within the specified thirty days is due to budget holders failing to confirm that they have actually received the goods and / or services (known as 'receipting') to allow the associated invoice(s) to be paid. This is an important process in ensuring that payment is only released when the force has received the items or services it has ordered; however, as noted, it is causing delays to payments being made in some instances. In an effort to resolve this challenge, Shared Services have begun to proactively expedite budget holders confirmation, the results of which are expected to increase the percentage of invoices paid within thirty days to 96% over the next quarter.
40. As this is a developing area and a Measure that needs to strike the right balance between supporting payment to force suppliers in a timely fashion in order to best support their financial standing, whilst also protecting the force from releasing payment for goods or services that either haven't been received or haven't been received to the right standards, performance against this Measure will continue to be closely monitored and reported against. Indeed, depending upon how effective these revised proactive processes prove to be, there may be a need to revisit the target assigned to this Measure.

Having an effective Strategic Commercial and Procurement Function

Measure: Successfully conclude the restructure of the Commercial and Procurement Department as part of the NGES Programme.

41. The Commercial and Procurement Department have concluded their restructure as outlined in the Strategy, save for carrying several vacancies at this stage. In support of this, a full category management approach to commercial matters has been implemented, which aligns to the Executive Team's portfolios. This

structure allows a greater connection between commercial effort and how the force operates. To ensure that the Department continues to adapt and develop, a continued professional development plan and training schedule (including for the wider force in regards to commercial acumen) has been created and will be continually refined.

42. With this restructure having concluded, improvements as to how the force handles its commercial matters such as those outlined in this report have been achieved. Whilst further, ongoing developments will be required in this area to support the force's changing needs and demands, it is considered that the service that the Department provides has improved resulting in greater overall Value for Money being achieved for the force. This is particularly noteworthy considering the increased demand placed on the Department (and the force in general) over the last year.
43. In attempting to continue to expand upon the force's overall commercial focus, the Department have recently recruited an Income Generation Officer, whose role will be to develop a consistent approach to income generation for the force. This work will focus on increasing revenue generation, sales of goods and services where appropriate, maximising the value of the force brand, and protection of force intellectual property. As this work stream develops, further updates shall be provided to the SPCB.

Next Steps

44. The board is asked to consider the update provided regarding progress against the Joint Procurement Strategy and to comment as necessary.

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Appendix 1 – Joint Procurement Strategy 2017 to 2020



2017 - 2020
Procurement Strategy