



**Police and Crime Plan Priority:** *Supporting Economic Development*

**Title:** *Joint Procurement Strategy – Progress on Delivery*

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

**Purpose of paper**

1. This report will 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. The force (acting on behalf of the PCC) spends approximately £90m per annum (recurring) on procuring goods, works and services and invests between £5m to £20m on change initiatives, including WMP 2020. This ensures the force is efficient and capably equipped to deliver modern policing services which meet the needs of our communities. Therefore, 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, a Joint Procurement Strategy for the period 2017 – 2020 was created and agreed by the SPCB in September 2017.
5. 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 able to hold the

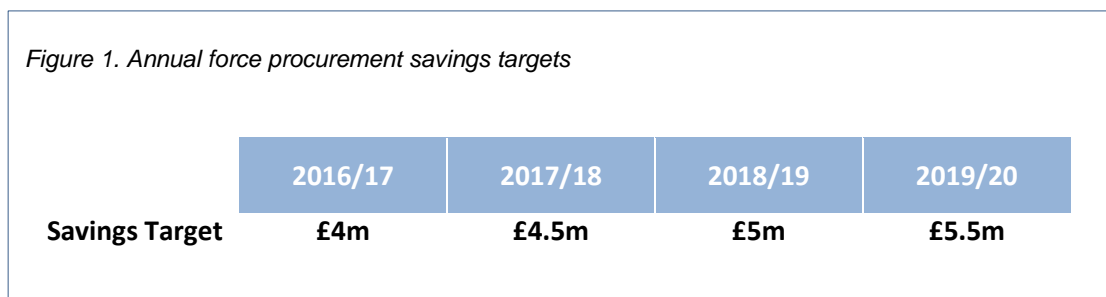
force to account with this activity. Therefore, periodic updates on progress will be provided to the SPCB.

### Key points

6. The agreed Strategy set out the following Strategic Procurement Objectives and Priorities:-
  - 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:-

### Obtaining Value for Money

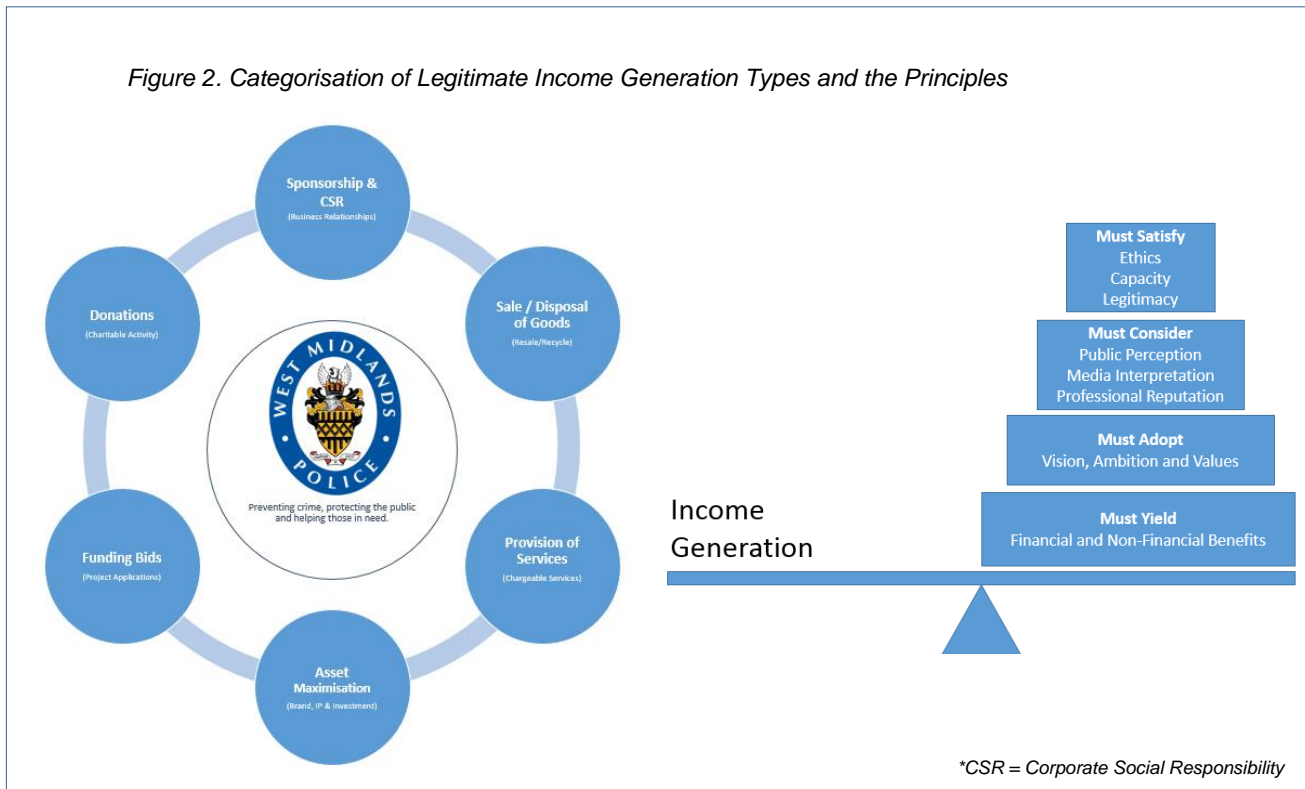
8. **Measure:** Savings delivered through the Commercial and Procurement Department.
9. The Next Generation Enabling Services (NGES) Programme specified the annual procurement savings target would rise on a yearly basis, as follows, between 2016/17 and 2019/20:



10. Against these targets, the force achieved a total of £5.2m in procurement savings over the course of the 2018/19 financial year. Thus, the force was able to better the stated savings target last financial year. By way of comparison, for financial year 2017/18, the force achieved a total of £4.75m in procurement savings, meaning that an additional circa £500k of procurement savings were achieved over the course of the last financial year.
11. For the current financial year to date, the force has realised procurement savings of £2.7m against the annual target of £5.5m. Given the anticipated commercial savings that have yet to be realised, it is felt that the force is on course to meet this target.
12. In addition to the annual procurement target, a new income generation target has been established for the 2019/20 financial year. This target seeks an increase in

income that the force generates by £300k, in order to protect and help to grow police funding and allow (re)investment to be made into front line, core operational policing.

13. The force has appointed an Income Generation Officer who ensures all income opportunities take due consideration of both the legalities of a police force (and PCC) generated income and that the initiative falls within a permitted income type. The following framework has been developed:-

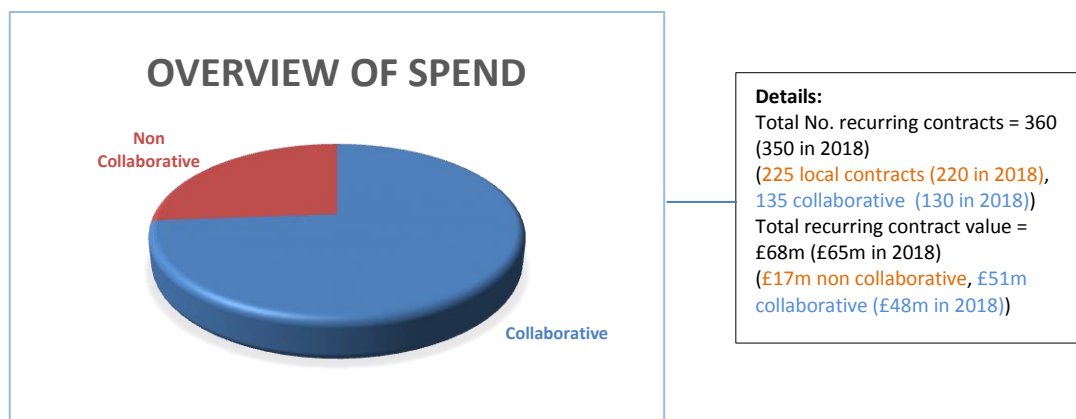


14. The force has established a robust governance framework for income generation with an evaluation criteria for income opportunities which considers both business and confidence risk along with the scale of the potential income. Against this criteria, for the financial year to date, new income generation agreements to the value of circa £70k have been let.
15. Throughout the reporting period in question, the force has continued to let a significant amount of contracts. From this work, there have been several notable examples of how Value for Money and financial and non financial savings have been achieved without compromising the quality of the goods and / or services that the force receives. These include contract awards and continued contractual improvements for a replacement to the national Chemical, Biological, Radiological and Nuclear equipment for CTU policing, uniform and equipment via the National Uniform Managed Service and Vehicle Telematics.
16. Effort is also 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 planned and reactive property and building maintenance requirements. Based on tendering the force's requirements on a basis which encourages proactivity in how the force's estate is maintained, a new contract was established which has seen the performance against the specified service levels improve without there being an increase in overall service cost.

17. 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 continuing as the national procurement lead for elements of IT, CTU CBRN, Consultancy, Drug Intervention and, at present, Fleet.
18. The force continues to act as the commercial lead for the vast majority of regional collaborative procurement activities, with the most recent and significant example of this being the creation of a regional contract for the Police Education Qualification Framework (PEQF). Leading on these collaborative regional initiatives in something which the force does without charge in order to ensure that both value for money is secured against police spend for the region and so that the force continues to support the collaborative agenda.
19. The force is actively exploring potential collaboration opportunities with Warwickshire Police at present. This includes the force providing a Hosted Data Centre IT service to Warwickshire, which the PCC recently approved.
20. As the following diagram illustrates, the majority of force spend continues to be through collaborative agreements.

Figure 3. Breakdown of formal force contracts



**Measure:** Assessing supplier and contract performance, post contract award

21. Historically, the force has lacked a co-ordinated, consistent approach to how contracts and suppliers have been managed following the award of contract. This has often 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 Internal Audit of Contract Management, which supports the implementation of a revised approach to this area.

22. Recognising these challenges, the force appointed a Supplier Relationship Manager. The purpose of this role is to lead on establishing and implementing a Supplier Performance Management (SPM) Strategy and framework for supplier and contract management. This SPM approach shall see all suppliers being subject to formal reviews (with varying frequencies depending upon their priority to the force) via a rigorous supplier review and scorecard process. This review process will also capture the views of suppliers in regards to how the force performs as a customer by way of 360 feedback.
23. Significant progress has been made in this regard since the last Procurement Strategy update. Of particular note, a pilot with 6 force suppliers is currently in place. The intent is that the learning from this pilot will then allow a full SPM rollout to all force suppliers on a proportionate basis depending on the standing of the supplier from the January 2020 onwards. The suppliers and contracts being covered under the pilot are as follows:

*Figure 4. SPM Pilot Suppliers*

Supplier	Contract(s) Covered	Supplier Segmentation Classification
<b>Northgate Public Services</b>	Connect	Strategic
<b>Specialist Computer Centre (SCC)</b>	IT Hardware and Software, inc. Managed Print Service	Collaborative
<b>Staffordshire University</b>	Police Educational Qualification Framework (PEQF)	Collaborative
<b>Click Travel</b>	Business Travel	Commodity
<b>Mercedes Benz UK Limited</b>	Vehicles - Protected Personnel Carriers	Collaborative
<b>Alere Toxicology</b>	Drug Testing Service using Hair Samples	Commodity

24. In addition, an initial segmentation of all force contracts has been undertaken. Accordingly, all suppliers have been segmented into one of four classification types: Strategic, Collaborative, Custom and Commodity. This segmentation process will then help to inform how all force suppliers shall be managed based on business impact and risk, once the full SPM rollout commences.
25. Subject to the findings of the pilot and any amendments that are made to the Supplier Segmentation Model as a result, the force shall then focus its efforts on those suppliers considered to represent the greatest business impact and risk to force performance. Naturally, however, all suppliers shall be subject to a form of SPM oversight but this level and frequency of scrutiny shall align to the risk and impact the supplier performance (or failure of) has to the force, along with the availability of alternative supply.
26. Given the lack of historic oversight in this area, detailed performance data is not available from which to measure against. 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. In this respect, valuable baseline data for existing contracts is being acquired in parallel with the SPM pilot, from which a meaningful assessment as to the effectiveness of the SPM approach in comparison with the previous lack of oversight will be possible.

#### **Supporting Economic Development of the West Midlands Including Social Value**

27. 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. In particular, this extended to how social value achieved from the supply chain can be maximised.
28. As advised in last year's SPCB Procurement Strategy progress update, providing a direct comparison of performance against this target has historically proven to be challenging. The reason for this is that social value considerations have not previously formed a part of the tender evaluations. However, with the support of the PCC's Office, this has now changed thanks to the recent implementation of a new social value evaluation tool / capability provided by the Social Value Portal.
29. All new contracts where permitted and appropriate that exceed £100k in total value now has a minimum of 10% of the core evaluation criteria attributed to a tenderers social value offering (in addition to the traditional price and quality considerations). In evaluating tenderers offers in relation to social value, the following Themes, Outcomes and Measures (known as TOMS) are considered. These TOMS and the relative weightings for each were agreed with the Social Value Portal by the force and the PCC's Office based on our organisational priorities in this regard:-

Figure 5. Social Value TOMS and Evaluation Criteria

Theme	Outcomes	Notes
<b>Jobs: Promote Local Skills and Employment</b>	More local people in employment	West Midlands localised value, 'local' is defined as having a post code based within the geographical boundary of the PCC for West Midlands
		Record only. 'Local' is defined as having a post code based within the geographical boundary of the PCC for West Midlands
	More opportunities for disadvantaged people	A disabled person is defined as someone with a physical or mental impairment that has a 'substantial' and 'long-term' effect on their ability to do normal daily activities
	Improved skills for local people	
	Improved employability of young people	
<b>Growth: Supporting Growth of Responsible Regional Business</b>	More opportunities for local SMEs and CSEs	VCSE <sup>1</sup> is defined as a Voluntary, Community and Social Enterprise. 'SME' is defined as a small to medium-sized enterprise
		West Midlands localised value. This should be calculated as the cumulative spend with SME suppliers that are based within the local area of the West Midlands.
	Improving staff wellbeing	
	A workforce and culture that reflects the local community	
	Promote Ethical Procurement	
	SV embedded in the supply chain	
<b>Social: Healthier, Safer and more Resilient Communities</b>	Crime is reduced	
	Creating a healthier community	
	Vulnerable people are helped	
	More working with the Community	Ensure that volunteering activities recorded here are powerfully aligned with what WMP does and wants to achieve
<b>Environment: Protecting and Improving Our Environment</b>	Climate Impacts are reduced	
	Reduced Air pollution	
	Better places to live	
	Promote Sustainable Procurement	
<b>Innovation: Promoting Social</b>	Other measures (TBD)	

30. Social value now represents a key evaluation criteria and influence on the results of force tenders. There is a strong focus on the importance of this measure. This approach was officially launched in the first quarter of 2019, meaning that only a limited amount of tenders have been subject to this process to date; however, moving forward, this approach shall apply to all relevant tender exercises.
31. Having a tool that allows progress against suppliers social value commitments to be monitored and tracked means that timely and wholly accurate update reports will be available at regular intervals moving forward. Monitoring of supplier performance against their commitments in regards to social value will, naturally, form part of the SPM work stream outlined above to ensure that they are ultimately delivered upon.
32. It is notable that the force continues to play a leading role in UK policing in driving forward the importance of social value in commercial matters, as few other forces are considering this at present. With the support of the Social Value Portal, the force is actively encouraging others to adopt this proactive approach to social value in their commercial activities. Further, the force continues to lobby the various national framework providers such as Crown Commercial Services (a Governmental body) to ensure that they consider social value when establishing framework agreements on behalf of the public sector. Indeed, the force has advised these framework providers that our continued use of these frameworks will be dependent upon proper consideration of social value having been made.
33. Of course, amongst the continued 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. It should be noted, however, that, there has not been signs to this effect to date.
34. The force has supported the PCC's Office over the past year in developing a sustainable procurement and supply methodology in support of the green agenda and to be environmentally conscious. In specific, this has seen a focus on reducing the amount of plastic consumption by the force's suppliers and its contracts and has resulted in significant improvements being made in this regard. This work has included the removal of plastic utensils in the café in the force's Headquarters, Lloyd House. Further work is required in this area to ensure that this approach is fully embedded; however, positive progress has been made over the course of the last 12 months.

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

35. 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. As such, lower value expenditure (which is largely obtained from local suppliers given the nature of the requirements) is not featured.



36. When compiling this information, per the national Home Office 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 6. Breakdown of force contracted expenditure per category and the percentage of spend made locally

Category Area	Total Contracted Spend	Total Spend Within WMP Area	% Spend Within WMP Area
Crime	£ 7,695,404	£ 4,968,676	64%
Security & Operations	£ 1,440,442	£ 641,537	55%
Fleet	£ 13,541,284	£ 9,317,629	69%
POD	£ 15,144,155	£ 9,577,600	63%
Property & Facilities	£ 11,526,541	£ 6,232,627	54%
IT&D	£ 18,852,660	£ 8,576,065	45%
<b>TOTALS</b>	<b>£ 68,200,486</b>	<b>£ 39,314,134</b> <b>(£35m in 2018)</b>	<b>58%</b> <b>(54% in 2018)</b>

37. As outlined in the table above, significant year on year improvements have been made in this regard in comparison with the baseline figures set last year. It is considered that the success achieved with this target is due to the concerted effort taken to encourage local companies to bid for force business.
38. 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. However, the force continues to encourage local suppliers to bid for contracts. Indeed, as part of the force's wider efforts to make it easier for prospective suppliers to bid for force business, regular 'Meet the Buyer' days for each category continue to be held.
- Measure:** The number of apprenticeships created through the organisation's suppliers.
39. This is one of the main Measures that the implementation of the social value tool will allow the force to monitor more effectively moving forward. In the meantime, acquiring such historic information from the force's supply chain has been challenging.
40. Despite these current reporting challenges, force suppliers have confirmed that a total of 81 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. By way of comparison, 31 apprenticeships were created as a result of last year's contracting activities. It is felt that this significant year on year increase can be

attributed to the fact that this information is now increasingly available to the force as a result of the usage of the Social Value Portal in contracting activities, whereas this would have previously gone unreported. In addition, there is now a renewed, concerted effort in driving forward social value in force contracting activities. The fact that both the increase in the amount of spend retained within the region, coupled with the types of contract awards made over the last year (e.g. PEQF) lending themselves to the creation of apprenticeships and jobs (per the target below) will also have significantly contributed towards this year on year increase.

41. The proposed suppliers under the Estates Programme have also committed to creating significant apprenticeship opportunities (along with wider local employment opportunities) as outlined in paragraph 43 below. These commitments are in addition to the apprenticeships outlined in paragraph 40 above.

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

42. As with apprenticeships, it has been historically difficult to obtain meaningful data for this Measure. Despite this, force suppliers have confirmed that 982 jobs have been created over the last year within the region as a result of contracts that the force have awarded (either directly or indirectly). This compares very favourably with the 407 jobs that were created as a result of force contracting activity over the prior reporting period. Again, the primary reasons for this increase in the amount of jobs created as a result of force contracting activities is the additional local spend and the number and types of service contracts the force has let having grown. Information pertaining to the characteristics of those employed has not been able to be obtained in a cohesive manner at this stage, however, due to the limited reporting capabilities that the force has had available to this point. However, this is an area that will be supported by the new social value evaluation tool moving forward.
43. It should be noted that the forthcoming contracting activity relating to the Estates Programme also creates a prime opportunity to improve these local employment opportunities further. Indeed, based on the contracting approach that has recently been approved by the PCC, the proposed contractors for the Estates Programme (supported by the framework provider, Scape) have committed to the following cumulative social value offering:-

Figure 7. Breakdown of committed employment opportunities by the contracted suppliers for the Estates Programme.

<u>Type of Engagement</u>	Total No.
<b>Work Experience</b>	
Under 16	10
Over 16	42
<b>Engagement with Schools</b>	
School Visits / Workshops	16
Lectures at Schools	8
School Leaver Recruitment	1
<b>Engagement with Universities &amp; Colleges</b>	
University / College Visits	4
University / College Lectures	1
Work Placement During Degree / Course	3
Graduate Recruitment	4
<b>Adult Employment Opportunities</b>	
Number of Opportunities Created	18
Number Employed	9
<b>Apprentices</b>	
Number Created	35
<i>*It is acknowledged and expected that there will be some degree of attrition throughout the apprenticeship process in terms of the numbers created and the number completed.</i>	
<b>Professional &amp; Academic Qualifications</b>	
Accreditation Starts	4
Accreditation Completions	4
Degree / HNC or Similar Starts	5
Degree / HNC or Similar Completions	5
NVQ Starts	31
NVQ Completions	27

44. With the local employment and apprenticeships achieved by both the force's recurring contract activities and the opportunities created by the significant Estates Programme, it is considered that great improvements have been made against this measure over the preceding year.

### **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.

45. 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.
46. 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. Confirmation can again 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. For the force, this means that invoices should be paid within 30 days of receipt of a correct invoice.

47. In order to ensure that the force is perceived as being a 'good customer' for suppliers, 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.
48. 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.
49. With regards to this Measure, Shared Services have confirmed that for the financial year to date, 76% 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 90% over the next quarter.
50. 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.

51. The Commercial and Procurement Department have concluded their restructure as outlined in the Strategy. 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. Additionally, 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.

52. Whilst further, ongoing developments for how the force deals with commercial matters will likely be required to support the force's changing needs and demands, it is considered that the service that the Department provides has improved. These improvements have resulted in greater overall Value for Money being achieved for the force. However, particular attention will need to be given as to how the force's commercial needs may alter and develop upon the conclusion of the 2020 Change Programme, the Partnership with Accenture, the force having stronger links with academia and the 2025 Programme thereafter. Therefore, the Department will need to continue to develop and adapt to meeting these changing needs.
53. Over the period covered by the Strategy to date, the Department has been able to successfully transition from being a traditional public sector Procurement Department which predominantly focuses on compliance to one which offers wider commercial support. This support extends to all aspects from contracting to managing supplier performance and relationships and also income generation. Therefore, to date, it is considered that all commitments made under the Strategy have been achieved and that the force remains on target to deliver upon the remaining targets covered by the Strategy through to its conclusion at the end of 2020. The accomplishments (and challenges) achieved under this Strategy will then help to inform the revised Strategy from 2021 onwards.

### **Next Steps**

54. 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