

West Midlands Police and Crime Commissioner and West Midlands Police Joint Procurement Strategy 2017 - 2020



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1. Vision

The Police and Crime Plan 2016-2020 sets out how policing in the West Midlands plays a vital role in the economic development of the region. This includes continuing to operate procurement practices and processes to support the local economy and encouraging local businesses to bid for West Midlands Police contracts.

Our vision for procurement is therefore to: ***“To deliver a high quality and cost effective service which assists in the performance of the force, whilst delivering value for the people of the West Midlands and that assists in the economic development in the region.”***

2. Forward

West Midlands Police (WMP) currently spends approximately £90m per annum recurring externally on procuring goods, works and services in the delivery of its service. In addition, a further £5m to £20m per annum is currently spent supporting the WMP 2020 Change Programme with our partner, Accenture (UK) Limited. This expenditure covers a wide range of goods, works and services for both operational and non-operational force needs (see figure 1 for a breakdown of this spend).

With such significant sums of public money being spent on the provision of goods and services, it is our responsibility to ensure that this expenditure is made in the most cost effective and efficient way possible. Therefore, an effective and efficient approach to commercial and procurement activity will directly contribute towards the successful running of the organisation (both in terms of monies saved and ensuring the right equipment and tools are in place to enable operational policing). It is also important wherever possible the procurement spend is used to deliver economic benefits to the region. This is through a number of methods including encouraging local suppliers to bid for policing contracts to assist in the significant amount of money spent on police procurement to stay in the West Midlands. In addition this strategy places an increased focus on encouraging suppliers to deliver against their corporate social responsibilities.

As the force changes how it operates overall between now and 2020 as part of its WMP 2020 Change Programme, it is important that force procurement also adapts, develops, improves and is dynamic in doing so in order to support these emerging needs.

It is on this basis that a revised Procurement Strategy has been developed for the years 2017 – 2020. It is a strategy that is centred on a category management approach to procurement as well as giving consideration to a ‘whole life’ commercial approach and wherever possible supporting the economic development of the West Midlands. The strategy also sets out clear responsibilities and accountabilities, along with an intent for openness and transparency.

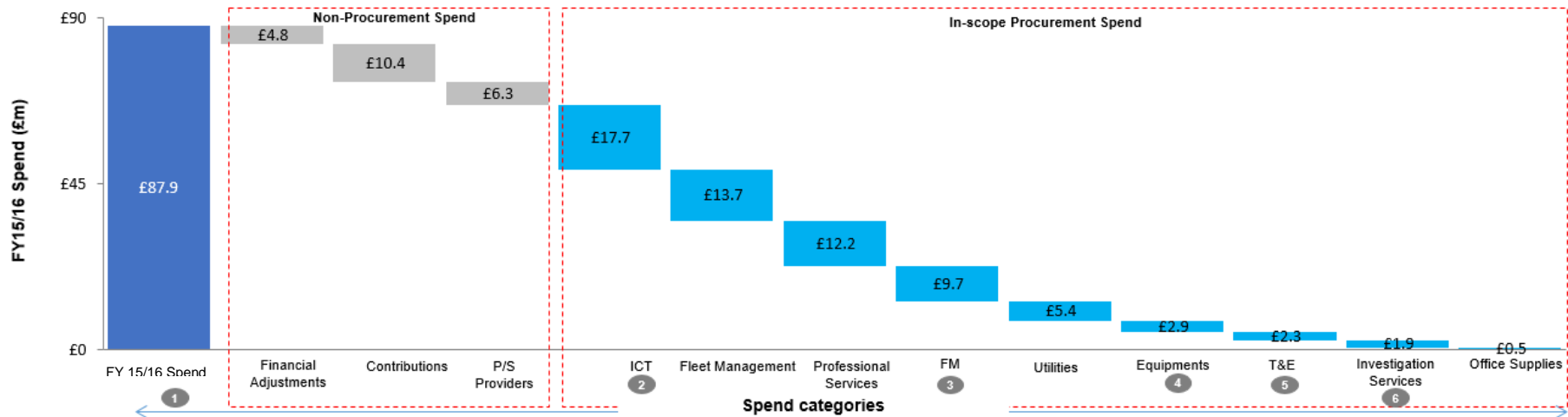
This strategy and the Objectives and Principles will underpin all force commercial and procurement activity moving forward and reflects our ambition of delivering a recognised leading commercial and procurement service across UK policing and the wider public sector. As such, we will ensure these Objectives and Principles are effectively delivered upon to benefit the performance of the force and the public in which we serve.

David Jamieson
West Midlands Police and Crime Commissioner

David Thompson
Chief Constable, West Midlands Police

Figure 1. Breakdown of the force's yearly revenue expenditure for the 2015/16 financial year.

Total spend is £87.9m. Of this spend, only £60m is addressable by Procurement considering £21.5m spend is non-supplier type payments. A further £5m-£20m spend is procured for per annum on an ad-hoc basis (e.g. for force change initiatives).



- For spend classification, WMP account descriptions have been mapped to standard Level 1 spend categories (e.g. ICT, Utilities) applicable to WMP.
- Non-Procurement spend of £21.5m consist of financial adjustments, contributions and spend with public sector providers.
- Financial adjustments includes spend such as Tax, Income, Payment adjustments.
- Contributions includes payments such as donations, subsidy, contributions to Police associations, employment and police tribunals.
- Invoice payment to Public Sector (P/S) providers (e.g. County councils, other Police forces, PCCs, NHS, Home office) have been assumed as out of scope from sourcing/procurement perspective.

Note

- 1 FY15/16 invoices are assumed to include all non-pay spend
- 2 ICT is acronym for information, communication and technology.
- 3 FM stands for Facilities management
- 4 Equipment include both Capex purchases and equipment rental/hires
- 5 Travel & Expenses include the spend on meetings, venues and conferences
- 6 Investigation services include forensic and DNA service used for crime investigation.

3. Introduction and Background

Context

This new Procurement strategy replaces the previous Corporate Procurement and Commissioning Strategy which was last updated in 2013. It is designed to remove unnecessary complexity from commercial processes and procedures and to retain only those that add value to the services that are delivered.

Since the last strategy was updated, there have been a number of significant changes in both the strategic and legislative environments in which the public sector operates. The National Procurement Strategy for Local Government sets out a vision for local government procurement and commercial activity and encourages all authorities to engage with the delivery of outcomes in four key areas:-

1. Making savings
2. Supporting local economies
3. Leadership
4. Modernising procurement

As such, this strategy is consistent with the themes outlined within the National Procurement Strategy.

The purpose of this strategy is to set out the force's and the Commissioner's position regarding its strategic procurement and overall commercial activity, outlining what it sees as the main Strategic Objectives, Guiding Principles and challenges will be for the three year period covered by this strategy and to demonstrate how these will be achieved. It supports the force's vision of ***"Preventing crime, protecting the public and helping those in need"*** and directly aligns to the objectives outlined in the Commissioner's Policing and Crime Plan.

Definition of Procurement and Commercial

Procurement is a strategic process of acquiring goods, works and services, covering acquisition from both third parties and in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a works or services contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision.

Procurement ensures we seek value for money (the best whole life cost and quality ratio to fulfil the stated requirements) in how we deliver commissioning plans. Procurement is supply market facing - the customer is internal within WMP.

Commercial activity, however, is the proactive management of post contract award expenditure and the associated performance of suppliers to ensure the full procurement cycle is maintained.

4. Strategic Procurement Objectives and Priorities

The Strategic Objectives that will be delivered by this strategy are outlined as follows and are predicated upon ensuring that force commercial activity supports the force's vision and the Police and Crime Commissioner's Police and Crime Plan to deliver economic benefits to the region. :-

Value for Money

This objective covers the commitment to ensure that Value for Money is obtained for all commercial activity. In practical terms, this will require the following factors to be considered:-

- objectives of the Force and the Police and Crime Commissioner
- policing operational requirements
- legal compliancy (Procurement Law and force level policies and procedures)
- best value in terms of price and quality
- efficiency and expediency
- collaboration opportunities (particularly on leading on these opportunities)

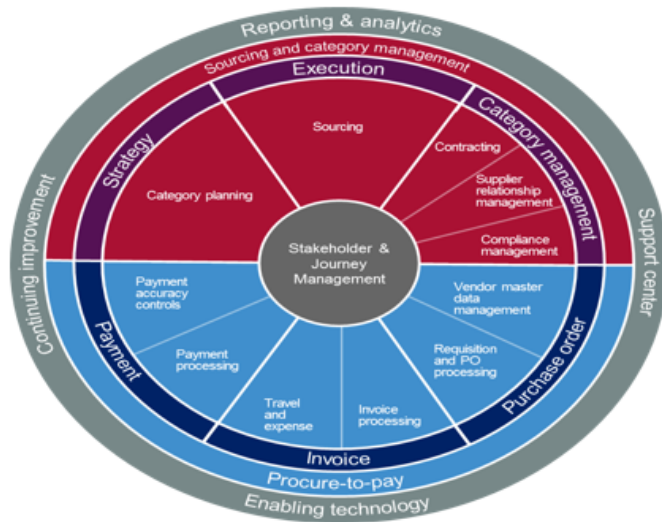
These considerations will then determine the most appropriate approach to be taken.

To enable the delivery of this objective, a category management approach to procurement will be maintained, whereby the procurement of similar commodity areas is grouped together in order to take advantage of potential economies of scale and to allow better intelligence of the various supply markets from which the force procures to be obtained. In addition, through the adoption and implementation of a comprehensive supplier and contract management framework, a whole life cycle approach will be delivered. This approach will allow value for money and quality outcomes to continue to be monitored and achieved post the conclusion of the procurement process and into the contract management phase.

A key factor in delivering value for money will be for both cashable and non-cashable (efficiency savings) targets to be set and monitored for both individual procurement processes and force commercial and procurement work as a whole. These savings targets should be directly linked to force budgets and adjustments should be made as and when benefits and savings are realised.

In support of this objective, the force shall ensure that it is open and transparent regarding its procurements, with this being an important pillar in ensuring confidence is maintained in how public monies are spent.

Figure 2. Value for Money cycle and expected outcomes

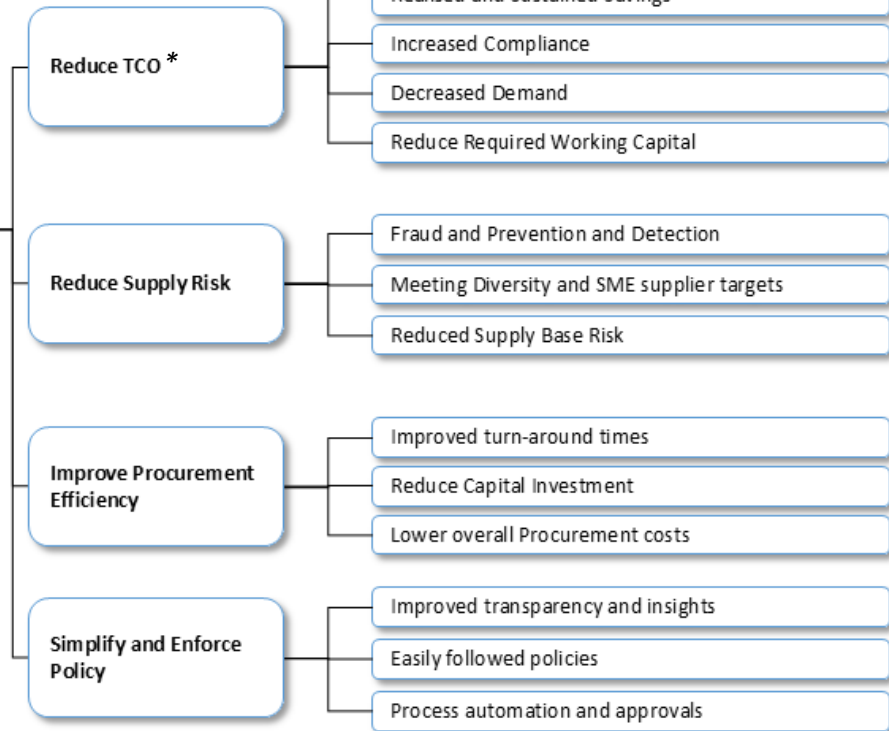


Deliver integrated and End to End Procurement service.

*TCO denotes Total Cost of Ownership

2020 Strategy Components

Expected Business Outcomes



Supporting Economic Development of the West Midlands Including Social Value

Whilst not to the detriment of ensuring that Value for Money is obtained, it is important the force supports economic development of the West Midlands wherever possible. This includes its corporate and social responsibilities in regards to how it procures goods and services and, therefore, expects its suppliers to demonstrate their commitment to this.

To support economic development the procurement strategy will:-

- Encourage local businesses to bid for police contracts and wherever possible support local employment and training
- Ensure that the Living Wage applies to all service contract suppliers whose staff are wholly employed in delivering services to the force
- Provided the procurement is lawful and non-discriminatory, ensure we buy local when local knowledge and expertise is important for the particular service
- Where possible contractors have procedures and policies in place to ensure any requirement around the mental health of employees are fully met. This includes having regard to the Public Health England mental health toolkit for employers
- Introduce an approach to assess social value when evaluating contracts to ensure social value is a priority where necessary

This objective requires the force to ensure that where appropriate, local businesses are able to bid for force requirements. In ensuring that the best placed provider is identified for each procurement and contracting process, this shall be inclusive of opportunities for local and small and medium sized enterprises (SMEs) and third sector providers where appropriate. To assist with the above, a mechanism for assessing local spend against the totality of force non-pay expenditure will be established. This is included in the measures of this strategy and how performance will be monitored against.

Key points as to how suppliers will be evaluated in regards to their commitment to social value shall include where appropriate:-

- Suppliers equality and diversity proposals
- Requirements relating to employment and skills opportunities
- Paying the Living Wage
- Apprenticeship schemes
- Maintaining and increasing local employment

The Living Wage requirement applies to service contract suppliers whose staff are wholly employed in delivering services to the force to be Living Wage Employers. Whilst this objective only extends to suppliers whose staff are wholly employed at this stage, the force will continue to encourage its other suppliers to also pay their staff in line with the Living Wage as and where it is appropriate to do so.

Force and Commissioner Priorities

It is important that cognisance is maintained to force priorities for all commercial activities. Indeed, all commercial work and requirements should be driven by an operational need or so as to ultimately improve operational performance.

To support this approach, the implementation of this strategy will look to support the wider force vision and priorities and in specific the implementation of WMP 2020, paying regard to its four principles of being: geared to prevent crime, prepared to respond at pace, designed to listen and reassure, and ready to learn and adapt.

The delivery of an efficient and effective Commercial and Procurement service shall help to support and enable operational policing. One of the key facets of this will be to ensure that the sourcing of force transport requirements facilitates the stated desire for the force to act as a leader in the adoption of new transport technologies.

A current key force priority is to explore opportunities for innovation in order to improve the way in which the force operates. Therefore, the force will encourage innovation, whilst still maintaining compliance, with its supply chain during both the procurement phase (e.g. utilising outcome specifications rather than being overly prescriptive) and thereafter in how contracts and suppliers are managed and opportunities for continuous improvement are addressed.

Strategic Commercial and Procurement Function

As noted in this strategy, the procurement of goods and services forms a significant part of the force's expenditure. In order to ensure that this expenditure is optimised, a centralised approach to force commercial and procurement activity via the Commercial and Procurement Department is crucial. Against the prescribed force and Police and Crime Commissioner commercial governance structure, there will be demonstrable ownership and accountability from the Department for force commercial and procurement work, with clear, timely and auditable decision making processes in place.

The centralised Department should act as a professionalised centre of excellence for the force in delivering:-

- A category management based approach to commissioning and procurement activity
- A framework for effective supplier and contract management via the Supplier Relationship Manager (SRM) role and the category teams
- Engage with service users to help shape their service requirements prior to a procurement process commencing
- Compliancy and best value procurement processes. The Department shall directly lead on procurement for all force cumulative expenditure exceeding £25k. Ensuring off-contract spend for expenditure above this value is kept to an absolute minimum
- Effective stakeholder engagement and building relationships with the client Departments
- Understanding the impact that any forthcoming legislative changes are likely to have on force commercial activity (for example, the Country's pending withdrawal from the European Union)
- Accessing and maximising upon collaborative procurement opportunities as and when they arise
- Supply chain management
- Effective supplier engagement
- A central source of expertise, advice and support, providing check and challenge as appropriate

Figure 3. Supplier Relationship Management (SRM) overview



Innovation area	Recommendation	Benefits
Spend Analytics	Proactively identify areas of cost reduction	<ul style="list-style-type: none"> • Supports identification of data backed procurement strategy • Helps identify cost reduction targets • Ensures buy-in from force • Helps category managers target key areas of spend
Supplier Relationship Management	Regular engagement with suppliers to identify ways of improving supplier and force performance	<ul style="list-style-type: none"> • Continuous engagement with suppliers to capture innovative ideas • Service credits for poor performance • Utilises all of suppliers' capabilities • Identifies areas for improved service • Improve performance and return on investment

In order to ensure that the delivery of these areas is possible, investment and continuous development in the Commercial and Procurement Department and its staff as the force's centre of excellence is required. Such investment shall occur as part of the restructure of the function and will continue thereafter as appropriate throughout the remainder of the period covered by this strategy. The investment and development will focus on the skills and capacity of our people, with an ultimate view of ensuring that our vision is met and our ambitions are achieved.

The centre of excellence will be expected to continually work with the rest of the force in order to educate on commercial best practice and to provide support and challenge to these areas.

5. Guiding Principles

In support of these Strategic Objectives and Priorities the following Guiding Principles shall be adopted:-

Value for Money

- Be proactive and plan ahead
- Take a long term, strategic view of procurement and commercial requirements and look for areas for potential innovation
- Prior to embarking on any new procurement process, conduct an evaluation of the need and assess whether a tender is the best option (e.g. demand management, cessation of activity)
- Ensure that the most appropriate and effective procurement route is utilised for all requirements (e.g. consider the use of regional and national framework agreements)
- Aim to increase value for money garnered from all procurement and commercial work streams and reduce processing costs
- Be clear on the outcomes and desired objectives that the procurement is looking to achieve
- In selecting contractors the force will generally evaluate offers received on the basis of Most Economically Advantageous Tender (MEAT)
- Comply with all relevant legislations, policies and procedures
- Be open and transparent in procurement activities
- Exploit economies of scale opportunities in order to drive greater value
- Deliver savings associated with procurement through initiatives such as demand management, partnership working and contract management
- Embed continuous improvement in procurement and contract and supplier management processes

Economic Development Including Social Value

- Implement an assessment criteria to evaluate each bidders proposal in delivering social value to ensure it is considered alongside cost and quality
- Meet the requirements of the Public Services (Social Value) Act 2012
- Be accessible and easy to sell to
- Where appropriate, consider sourcing locally and, in turn, supporting the local economy
- Where appropriate, ensure that force service suppliers are a Living Wage Employer

- Understand and consider Social Value obligations in all procurement activity
- Ensure that appropriate and proportionate equality and diversity considerations are taken
- Procure ethical goods wherever possible
- Encourage innovative proposals relevant to services that help address problems often linked to areas subject to deprivation in the West Midlands
- Novel ways of delivering services that have wider indirect benefits, such as a positive impact on the local environment and sustainability
- The option to ask bidders to propose what appropriate social measures they have in place, where relevant to a particular procurement
- Other forms of social value that are specific to any particular service being procured that provides broader benefits consistent with the Police and Crime Plan
- Ensure bidders have good working and health & Safety practices

Force and Commissioner Priorities

- An understanding of operational and business need shall be maintained and be at the heart of all procurement and commercial work
- Support and align to the WMP 2020 Change Programme
- Deliver upon any associated actions from the Police and Crime Plan
- Ensure that anticipated benefits required to support the optimum running of the force are realised
- Enable and consider innovation opportunities from bidders by expressing requirements in terms of outcome and performance
- Enable and consider innovation opportunities from suppliers and contracts via effective contract management
- Assess the risk associated with each procurement, so as to achieve a balance between operational need and the desired commercial outcomes

Strategic and Commercial and Procurement Function

- The force will act as a 'good customer' and will honour its contractual commitments
- To collaborate and ideally lead on a local, regional and national level where possible and sensible to do so
- Look to build partnership approaches with our supply chain and avoid adversarial relationships with our suppliers as a result of instilling a robust supplier and contract management structure
- Engage with our suppliers to understand their needs and to improve access for SMEs and social enterprises
- Reduce the bureaucracy associated with procurement processes and increase transparency
- Provide training both internally and for our suppliers on procurement systems and review processes to improve clarity
- Standardise procurement documentation wherever possible to reduce the administrative burden on suppliers and officers
- Ensure that the highest standards of honesty, integrity, impartiality and objectivity are preserved in all strategic commercial and procurement activity
- To act as a consultative function, communicating, consulting and engaging as appropriate with key internal and external stakeholders

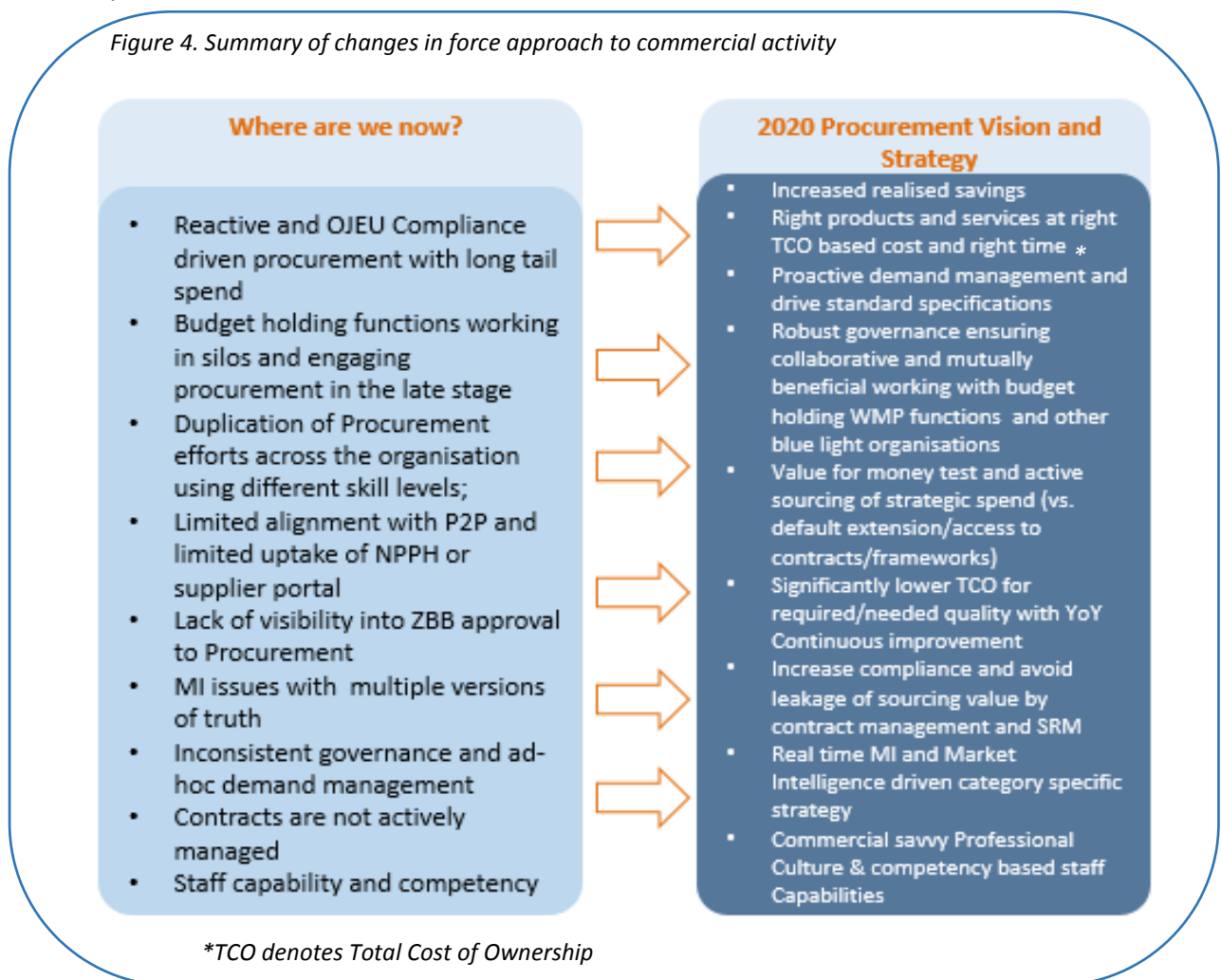
- Ensure that procurement processes and documentation reflect the force’s Equalities and Diversity Policy
- Ensure that procurement processes comply with the force’s Sustainability strategy and promote awareness of this within tender activities and ongoing contract management
- Act as a centre of excellence, providing guidance and support so as to ensure that the right balance is struck between meeting operational demands and obtaining Value for Money for the citizens that we serve. In doing so, don’t over complicate matters
- Consider innovative procurement processes such as co-design or innovation partnerships

6. Commercial and Procurement Structure

In reviewing the services provided by the current Contracts and Procurement function within the force as part of the WMP 2020 programme, it has been acknowledged that the function and the wider force could realise additional benefits in its commercial activities if a more commercially astute approach were to be adopted.

For this reason, and so as to ensure that the Strategic Objectives and Priorities and Guiding Principles outlined in this strategy can be accomplished, over the course of 2017 the Contracts and Procurement function will transition to Commercial and Procurement. This transition will see the implementation of a new structure and with it, an approach which is driven towards ensuring value for money in all force procurement activity and full life-cycle supplier and contract management, which will be undertaken in conjunction with force service departments.

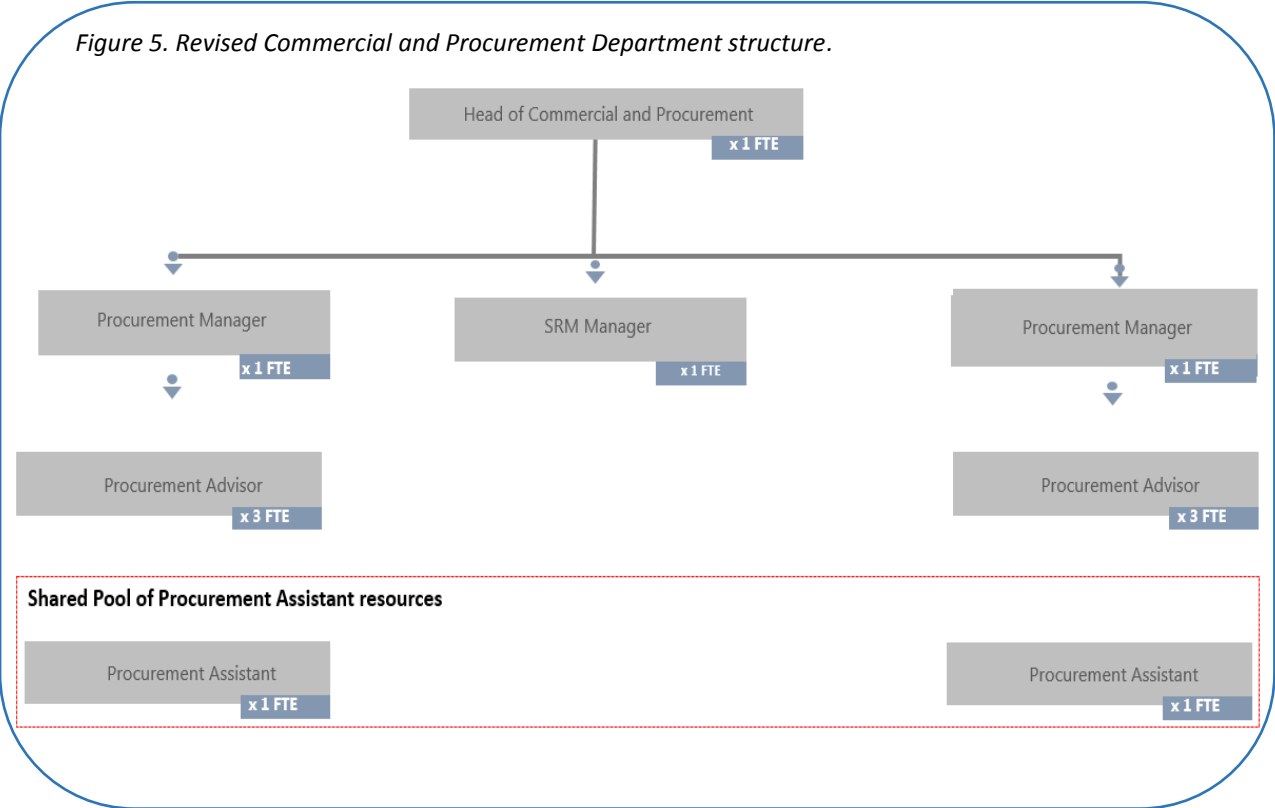
Figure 4. Summary of changes in force approach to commercial activity



This revised structure and approach is a removal from the previous predominantly compliancy driven outlook that the force has taken in its commercial activity and is geared towards enabling the Objectives of this strategy to be realised. This shall include delivering against the Commissioner’s Economic Strategy including supporting the local economy wherever possible including encouraging local suppliers to bid for work.

The Department, which is outlined as follows, will be led by the Head of Commercial and Procurement, supported by two Procurement Managers, a Supplier Relationship Manager and a team of eight support staff. The portfolios of contracts associated with each Procurement Manager and Procurement Advisor are categorised to ensure that economies of scale from combined requirements can be realised wherever possible:-

Figure 5. Revised Commercial and Procurement Department structure.



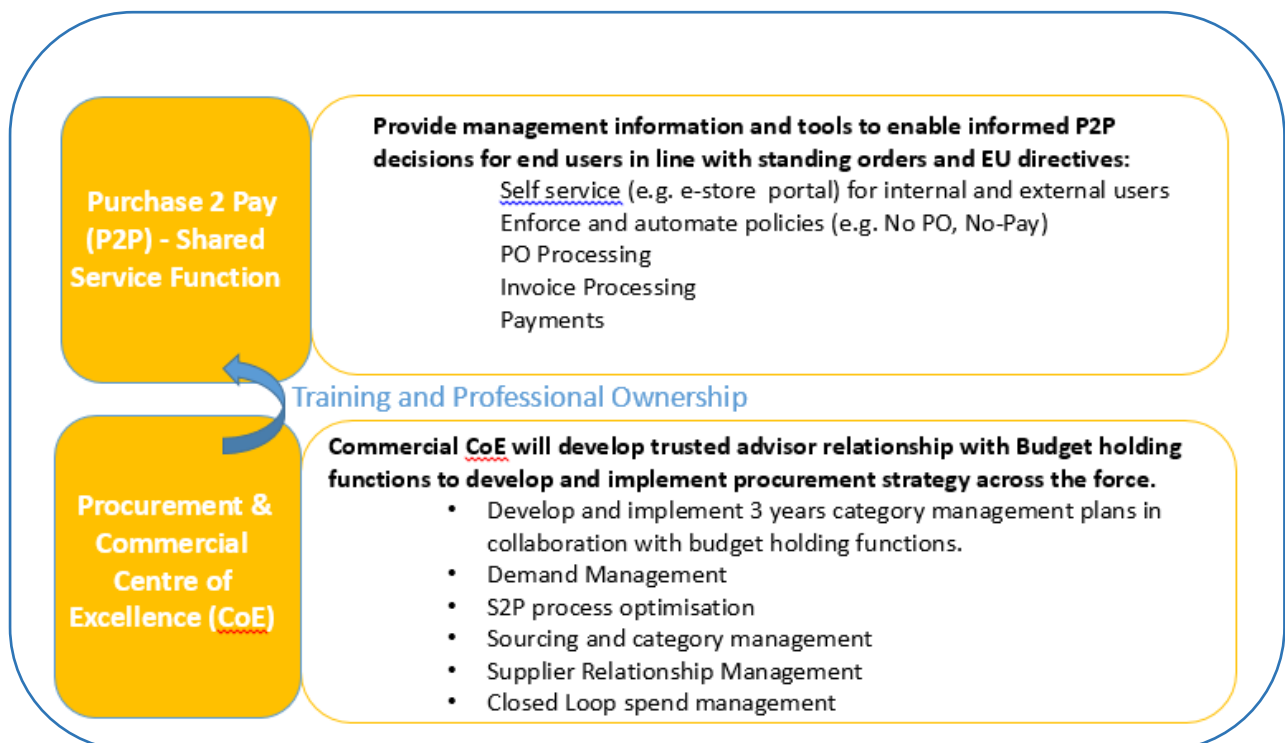


Figure 6. Overview of split between strategic force procurement activity and transactional purchasing.

7. Maintaining and Delivering the Strategy

This strategy shall be owned by the Head of Commercial and Procurement, Leigh Jones and will be subject to an annual review or as and when force priorities change, so as to ensure that they remain aligned. In addition, with the vote in June 2016 for the Country to leave the European Union, it is likely that there will be changes to the legislative environment in which the public sector operates under. It will therefore be necessary to review this strategy with a degree of frequency to ensure that any changes brought about by the Country's exit from the European Union are reflected as well.

The delivery of this strategy shall be made via the creation and implementation of an action plan aligned to the Strategic Objectives and Priorities outlined in this strategy. There will be a period of transition from current practice to new practice and it is anticipated that it will take circa two years to fully implement this strategy across all force commercial and procurement activity.

The action plan will include the measurement of the following areas:-

- The proportion of spend and amount that is spent in the West Midlands
- The savings delivered through the Commercial and Procurement Department
- The number of apprenticeships created through the organisations suppliers
- Confirmation that all suppliers who fall under the Living Wage Foundation's criteria are paying their staff in accordance with the Living Wage
- Assessing supplier and contract performance, post contract award
- Local employment created and secured and characteristics of those employed

Baselines are currently being developed for the above measures. Once these are developed they will be reported on accordingly.

In regards to accountability, performance of the strategy overall shall be reported upon in the appropriate methods (for example, forward plans of decisions) to the governance forums that hold force commercial and procurement activity to account: The Police and Crime Commissioner, the Strategic Police and Crime Board, the Contracts Review and Approval Board (CRAB) and the Joint Audit Committee (JAC).

Figure 7. Force Commercial and Procurement governance structure

