



Lancashire
Constabulary
police and communities together

REPORT TO :	STRATEGIC SCRUTINY MEETING – 24 MARCH 2016
REPORT BY:	JACKIE COLLETT & BRETT BISCOB
TITLE:	ITEM 8 - PROCUREMENT STRATEGY UPDATE

1. Summary

1.1 This report advises the Commissioner of the progress as against the Procurement Strategy 2015. A monthly spend update is supplied to the Commissioner's commissioning officer.

2. Decision Required

2.1 The Commissioner is asked to note the report.

3. Information

3.1 The Commissioner and Chief Constable both agreed the approval of the Procurement Strategy 2015 at the Joint Management Board (JMB) Meeting in May 2015. This report updates the Commissioner as to progress against the strategy objectives.

3.2 Attached at Appendix A is the current position as at mid-year.

3.3 By way of highlights, reported procurement savings of £1.2M for the period 1st April to 31st December has been achieved on the current spend programme. The breakdown of those savings is shown below with 76% of savings made to date through framework / collaborative arrangements representing £963,181. These procurement savings e.g. lower price are all reported to the Finance department for them to make a decision on budget reductions. The return on investment, in terms of savings achieved compared to staffing costs, is in excess of 5.5 and demonstrates good value.

3.4 Of particular note is the ongoing monitoring of Objective 5. The Commissioner has been part of the piece of work undertaken by Lancashire Anchor Institutions and examining local spend, such work led by Preston City Council and the Centre for Local Economic Strategy (CLES). Following detailed analysis of 2013/14 and 2014/15, spend data with third party suppliers (suppliers that we make payment to

for goods and services) it was established that 52% of total third party spend was with suppliers in the North West region. For 2014/15 this has increased to 54%. A lot of spend in Constabulary is awarded through national frameworks and agreements. In terms of controllable spend, the breakdown is as follows:-

Total annual spend on third party suppliers - £48.5 million

- Controllable spend - £44.2 million
- Uncontrollable spend - £4.3m e.g. utilities, rents, payments to local authorities, staff expenses, doctors' fees etc.
- Total analysed controllable spend represents 87% contract compliance

Of £48.5 million 54% of that spend is now being spent via suppliers in the North West region. A good example of a national procurement we participated in was the recent procurement for fleet vehicles. The purchase of a vehicle, over 2/3 costs are incurred on servicing, maintenance, fuel etc and contracts for these elements have been awarded locally (NW) through a competitive exercise.

4. Implications

4.1 There are no implications.

5. Links to Police & Crime Plan

5.1 The delivery of the procurement strategy is linked directly to objective 5 of the Police and Crime Plan, which is to deliver services in the most efficient and effective way possible. The procurement strategy contributes to the running of an efficient and effective police force, making best possible use of resources and overall contributes to Defending Frontline Policing.

6. Reason why Restricted

N/A

7. Background Documents

7.1 Appendix A – Current progress as at mid-year in response to Procurement strategy objectives

Procurement Strategy 2015 and report for submission to JMB in May 2015.

8. Contact for Further Information

Jackie Collett – Procurement Manager, Tel 412889

Brett Biscomb – Commissioning Officer (OPCC)

APPENDIX A

	Objective	Progress	Comment/RAG
1	To support operational policing and objectives of the Police and Crime Plan (PCP)	Procurement function provides timely and cost effective advice for Constabulary and Office of the Police and Crime Commissioner (OPCC) – currently 293 contracts ranging from low value goods to complex service contracts	Green
2	Demonstrate Best Value in the goods of service we procure and ensure further accurate specifications that we only purchase what is necessary	Early ongoing engagement with current departments takes place to ensure robust specifications are agreed to deliver Best Value in agreed timescales	Green
3	Demonstrate efficient processes that minimise cost in the procurement and contract processes	Regional/national frameworks and collaborative routes are utilised to ensure quick robust and legally compliant routes are procured. The approach supports the ethos under the Collaborative Law Enforcement Programme (CLEP) for policing.	Green
4	Make savings on goods and services we procure and reduce our costs by collaborating with other organisations	The procurement function continues to make savings (£1.83m in 2014/15) and for quarters 1,2 & 3 of 15/16 £1.2M. 76% savings are made through collaborative arrangements	Green
5	Where practical and permissible increase the number of goods and services procured from local enterprise including small, medium and voluntary sector to contribute to a sustainable procurement environment which stimulates business in the local economy	Total third party spend for 14/15 increased from 52%-54%.Data for 2015/16 will not be available until April/May 2016 when the spend analysis is completed. A simplified procedure has been introduced for £7-£70K to aid SME engagement	Green
6	To support the implementation of the living wage and ensure that all employees work in a safe environment	Embedded within all Lancashire lead tender documents. Appropriate wording is also contained within all tender advertisements. A recent example is Building Cleaning Services	Green

7	To consider social value at the point of when we review our services and consider how they are to be delivered in conjunction with stakeholders and bidding organisations	A recent example is for the procurement of the new Blackpool Police station. Pre-determined social value KPI's have been agreed with the main contractor eg Supplier event held in Feb 2016 at Blackpool & Fylde college to attract local suppliers within the main supply chain. KPIs include 75% of total construction contract value to be through SME's, 31% of project spend is within 10 miles of the site, 20% of labour on site to be within 10 miles of site.	Green
8	To work towards HM Government consultation document "making public sector procurement more accessible to SMEs" with an aspiration that 25% of procurement expenditure flows to SMEs directly through supply chain by 2015. This figure represents £9.25m at current expenditure.	In 2014/15 the Constabulary exceeded this figure and achieved a spend of £23.8m. Some 54% of spend in the North West Region. 2015/16 data will not be available until April / May 2016 when the full spend analysis is completed for 2015/16.	Green
9	To ensure customers and suppliers find it easy to do business with us due to limited bureaucracy.	Good use of e-procurement systems enables an efficient and cost effective use of resources. Customers tender through and tendering portal and Bluelight National Police Procurement database	Green
10	Ensure that the services of the procurement unit are communicated effectively to customers with appropriate levels of consultation to deliver procurement projects in a timely fashion and develop inter-relationships	Procurement team is appropriately structured – clear emphasis on focused service delivery giving dedicated category based professional support and guidance. A procurement toolkit has been launched to help all departments. The function has recently been audited and given substantial assurance and highlighted areas of best practice.	Green
11	To control procurement and manage expectations	Procurement officers attend the Strategic Spend Board to contribute to control, manage and plan key spend areas ensuring alignment of resources in affected business areas.	Green
12	Demonstrate that as a unit we are	For 2014/15, £1.83m was saved and £1.2M in year 2015/16 to	Green

	cost effective and endeavour to be self-financing	end of third quarter. Department structure costs £216,821 with on costs. The unit clearly recovers it's costs	
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