



**Lancashire  
Constabulary**  
police and communities together

## **JOINT MANAGEMENT BOARD**

<b>ITEM 5</b>	<b>DATE: 11 AUGUST 2016</b>
<b>PROCUREMENT ANNUAL REPORT 2015-16 (Appendix A refers)</b>	
<b>REPORT BY: JACKIE COLLETT &amp; BRETT BISCOMB</b>	

### **Executive Summary**

This annual report advises the Commissioner and the Chief Constable of the progress as against the Procurement Strategy.

### **Recommendation**

The Police and Crime Commissioner and the Chief Constable are asked to note the annual report

Signature	Signature
Police and Crime Commissioner	Chief Constable
Date	Date

## **Part I**

### **1. Information**

- 1.1. The Commissioner and Chief Constable both agreed the approval of the Procurement Strategy at the Joint Management Board (JMB) Meeting in May 2015. This report updates the Commissioner and the Chief Constable as to progress against the strategy objectives as at 31<sup>st</sup> March 2016
- 1.2. Attached at Appendix A is the year end position as at 31<sup>st</sup> March 2016.
- 1.3. By way of highlights, reported procurement savings of £1.8M up to 31<sup>st</sup> March 2016 have been achieved on the current spend programme. The breakdown of those savings show 76% of savings made to date are through framework / collaborative arrangements representing £1.37M. These procurement savings e.g. lower price are all reported to the Finance department for them to make a decision on budget reductions.
- 1.4. 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 2015/16 spend data with third party suppliers (suppliers that we make payment to for goods and services) it was established that 56% of total third party spend was with suppliers in the North West region. This represents an increase of 2% on the previous year. A significant level of spend in Constabulary is awarded through national frameworks and agreements. In terms of third party spend, the breakdown is as follows:-
  - Total annual spend on third party suppliers for 2015/16 - £54.5 million
  - Controllable spend - £42.2 million
  - Uncontrollable spend - £12.3million e.g. capital financing, rents, payments to local authorities, collaborations with partners, staff expenses, etc.
  - Total analysed controllable spend represents 88% contract compliance representing a 1% increase from 14/15
  - Spend through collaborative arrangements equates to 68% which is a 10% increase from 14/15

### **2. Implications**

- 2.1. Appropriate and robust processes ensure the risk of integrity and transparency is not compromised. The business area is subject to external audit on an annual basis to ensure value for money and public confidence.
- 2.2. The procurement process complies fully with the Commissioner's and Constabulary's equality and diversity requirements and requires suppliers to state their own policy in this regard. The procurement exercise ensures these requirements are met by suppliers and also adhere to the requirements of the Equality Act and Public Sector Equality Duty.

### **3. Links to Police & Crime Plan**

3.1. 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.

### **4. Reason why Restricted**

4.1. N/A

### **5. Background Documents**

5.1. Appendix A – Current progress as at end of year 15/16 in response to Procurement strategy objectives

5.2. Supporting data Annual report and spend analysis presentation 15/16

### **6. Contact for Further Information**

Jackie Collett – Procurement Manager, Tel 412889

Brett Biscomb – Commissioning Officer (OPCC)

## APPENDIX A

Objective	Progress	Comment/RAG
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 300 contracts ranging from low value goods to complex service contracts	Green
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 and stakeholders takes place to ensure robust specifications are agreed to deliver Best Value in agreed timescales	Green
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
Make savings on goods and services we procure and reduce our costs by collaborating with other organisations	The procurement function continues to make savings (£1.8m in 2015/16). 76% of these savings are made through collaborative arrangements	Green
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	Total third party spend within the NW region for 15/16 increased from 54% to 56%. A simplified procedure has been introduced for £7-£70K to aid SME engagement and support the local economy	Green

the local economy		
To support the implementation of the living wage and ensure that all employees work in a safe environment	Embedded within all Lancashire led tender documents. Appropriate wording is also contained within all tender advertisements. A recent example is Building Cleaning Services where subsequent contract award is with a provider that complies with UK living wage requirement..	
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	<p>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 &amp; Fylde college to attract local suppliers within the main supply chain. KPI's 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.</p> <p>Further examples include supplier engagement events with Lancashire County Council, held in July 2016 to encourage local suppliers to do business with us.</p> <p>Working with Constructionline to facilitate local supplier engagement, held in March 2016 in the Estates/Construction sector</p> <p>Inclusion of social value criteria within service contracts to encourage and</p>	

	<p>stimulate the local economy</p> <p>Working with Stonewall to enhance procurement processes and improve the Workplace Equality Assessment</p>	
<p>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.</p>	<p>In 2015/16 the Constabulary exceeded this figure and achieved a spend of £23.63m, representing 56% in the North West Region.</p>	<p>Green</p>
<p>To ensure customers and suppliers find it easy to do business with us due to limited bureaucracy.</p>	<p>Good use of e-procurement systems enables an efficient and cost effective use of resources. Customers tender through an e tendering portal and a national Bluelight Procurement database.</p> <p>Supplier toolkits have been produced and are promoted at supplier events.</p> <p>Local engagement with East Lancashire Chamber of Commerce to distribute and promote the supplier toolkit</p>	<p>Green</p>
<p>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</p>	<p>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 assist all departments.</p> <p>The function has been audited in 2015/16 and awarded a substantial assurance and</p>	<p>Green</p>

	highlighted areas of best practice.	
To control procurement and manage expectations	Procurement Manager with key stakeholders including OPCC attends the Strategic Spend Board to control, manage and plan key spend areas ensuring alignment of resources in affected business areas.	Green
Demonstrate that as a unit we are cost effective and endeavour to be self financing	For 2015/16, £1.8m procurement savings were identified through procurement activity.  Departmental structure costs £191,183 with on costs. The unit clearly recovers it's costs and has implemented a leaner structure with £27K saving on staff costs from 1 <sup>st</sup> April 2016.	Green