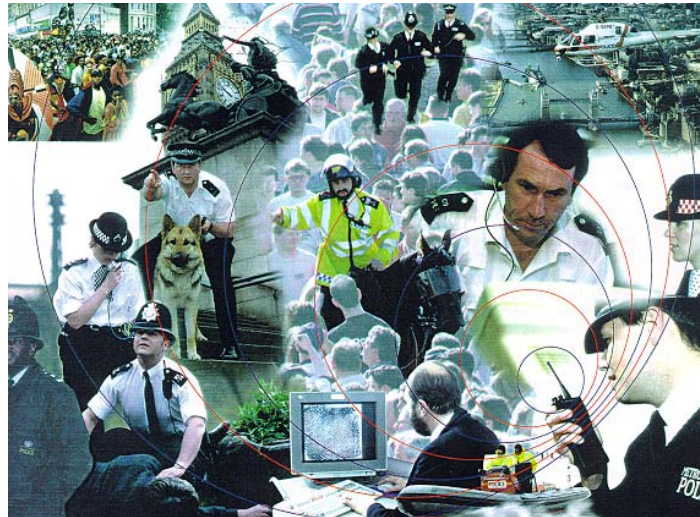


DRAFT

Appendix 1

# MPA/MPS PROCUREMENT SERVICES STRATEGY 2007-10

*“TO BE THE UK LEADER IN PUBLIC  
SECTOR PROCUREMENT”*



# DRAFT

## ***Foreword***

The Procurement Strategy was first published in 2003 and since then most of the key actions have been fulfilled. This has helped to professionalise procurement practice and raise awareness of the impact that good procurement has on cost and quality of service. This revised Strategy is necessarily more ambitious and aims to take account of broader procurement issues (e.g. collaboration and sustainable procurement) as well as recognising that in addition to having a robust approach to sourcing, we need to embrace supply chain management in order to be considered the leading procurement organisation in police force and public sector procurement.

The Metropolitan Police Service (MPS) Management Board and the Metropolitan Police Authority (MPA) have endorsed the Strategy and they will be monitoring progress on its implementation. The Strategy continues to set high standards for procurement in the MPS and requires co-operation and commitment from all staff to ensure it is successfully implemented. Implementation of the Strategy will ensure the MPS benefits from value for money, probity, strong customer focus and assistance from a more modern, effective procurement team.

# DRAFT

## ***Introduction***

The MPS is famed around the world and has a unique place in the history of policing. The MPS works together with its citizens and community partners to execute its vision to make London the safest major city in the world. The MPS is the UK's largest police force with c. £3bn budget and is London's largest employer with over 50,000 staff. Procurement Services (PS) is the central team that buys the goods and services to support the diverse and complex requirements of the MPS.

The MPA scrutinises and supports the work of the MPS through its objective-setting, governance and auditing role.

The MPS Procurement Strategy is the primary document that outlines the Procurement plan, which needs to be implemented in order to achieve the procurement aims and objectives. The Strategy will provide the framework for how the procurement of all goods and services will be conducted in the future.

From a corporate perspective, procurement is the process of providing the goods and services necessary for the effective operation of the organisation, over the lifetime that they are required, at the lowest whole-life cost in the most optimum and cost-effective manner.

Good procurement within the MPS should be, more importantly, an essential tool in achieving the operational efficiency and business improvement goals of the MPS by: -

- Delivering step change in how we procure by identifying and delivering cashable savings, which can be re-directed for use on corporate priorities. This will be achieved from a combination of improved sourcing; reduced consumption; improved compliance to contracts and better management of suppliers.
- Directly supporting the strategic direction and corporate priorities of the MPA/MPS.
- Ensuring the organisation acquires the goods and services it needs from suppliers that provide best value for money, deliver service excellence and are committed to the policies of the MPA/MPS.

# DRAFT

- Promoting the Sustainable Procurement aims of the organisation.
- Seeking to leverage the potential benefits of collaborative procurement activity with other police forces, the GLA family and other public bodies.

This Procurement Strategy has also been designed to address the requirements of: -

- Best Value principles in the Public Sector;
- MPA Contract Regulations and Standing Orders;
- Relevant legislation.

# DRAFT

## **Objectives**

The mission of Procurement Services is:

***“To work proactively together with customers and the supply market to deliver corporate goals through professional strategic procurement”***

To this end, Procurement Services must create and install a procurement service that is:

- Designed, organised, structured and trained to support key operational initiatives;
- Supported by strategic and operational procurement processes that match the best in public and private sector;
- A provider of tangible efficiencies and benefits, in the form of cost savings and significant business process improvements;
- Flexible and innovative in supply routes to support initiatives such as the Met Modernisation programme;
- A foundation for future sustainability, resilience and continuous improvement;
- Supportive to the aims of the MPA/MPS and GLA Group with regard to Sustainable Procurement.

To this aim, a series of strategic goals have been set for the department in 4 key areas:

- The performance of the department;
- The departmental structure and the staff who underpin it;
- The policy and standards to which the department operates;
- The processes and procedures, which the department utilises to achieve these.

These strategic goals are as follows:

# DRAFT

## PERFORMANCE

## STRATEGIC GOAL

### Financial

Our core objective is to drive business benefit for the organisation. To this aim, we will identify, obtain and capture £35m in cashable savings over the period 2007-10. These savings are to be delivered back to Investment Board in order to contribute towards the MET Modernisation Programme and/or to support front line resources and operational commitments. These savings will stem from a variety of sources such as:

- Challenging demand and specification across the user population;
- Developing more efficient sourcing and procurement processes;
- Agreeing improved sourcing arrangements with suppliers;
- Implementing a supply chain management methodology to ensure delivery of identified benefits.

This will be supported by both the generation of detailed business cases for major spend categories, prior to the commencement of any initiative and a robust benefits verification and tracking process post completion.

### Compliance

A core Governance framework and capability will be established to ensure a robust, consistent process is developed, implemented and maintained for all Procurement activity, including compliance to legal and internal policies and procedures.

A Supplier audit capability will be established that focuses proportionately on areas of supplier financial integrity and security of supply.

Supplier and MPS compliance to contracts / process will be measured and reported on via an agreed set of key performance indicators.

### Service

Our objective is consistently to provide a service in terms of both performance and advice that goes beyond our customer expectations. Focus will be on:

- Establishing, delivering and measuring against agreed customer service and performance levels;
- Pre-establishing shared visions and values against business requirements and operating goals.

Adoption of a continuous improvement culture.

# DRAFT

PEOPLE	STRATEGIC GOAL
Skills	<p>The transformation of procurement has three primary elements. We will focus on reorganisation; development and training of staff to ensure our people have the capability and competency to raise Procurement's standing and profile within the MPS. We will fulfil the demand for high quality professionals at all levels who are:</p> <ul style="list-style-type: none"><li>▪ Equipped with a range of core business tools, procurement methodologies and processes, which can add significant value to customers within the MPS;</li><li>▪ Knowledgeable in their supply markets so that commercial opportunities can be maximised for the MPS;</li><li>▪ Strong in the cultivation of customer and supplier relationship management;</li><li>▪ Forward thinking and customer focused.</li></ul>
Organisation design	<p>Our people constitute a high value resource, whose contribution to procurement efficiency and effectiveness is crucial for the success of the MPS's procurement strategy. We will develop and implement, in conjunction with HR, a new organisational model focused on:</p> <ul style="list-style-type: none"><li>▪ The core areas of Strategic Sourcing and Supply Chain Management;</li><li>▪ Flexibility to cater for the varying demands of routine contracts and large complex projects;</li><li>▪ Allowing individuals to perform at their maximum potential whilst maintaining existing budget constraints;</li><li>▪ Communication and feedback;</li><li>▪ Embedding the corporate values and behaviors.</li></ul>
Reward and Remuneration	<p>The value of our people, as measured by their commercial contribution, increases with experience, while our ability to replace this resource by either internal or external recruitment decreases as they become more senior. Further, it is vital that Procurement retains a critical mass of suitably skilled/experienced personnel in order to fulfil its obligations and to meet increasingly more demanding performance targets. Recognising the contribution made by Procurement; that sourcing and supply chain management skills are in short supply and we are competing with other public &amp; private sector companies, we need to build a reward and remuneration model that is focussed on:</p> <ul style="list-style-type: none"><li>▪ Offering opportunities for progression to all members of Procurement via a competency based career structure that allows the development of particular skills to be recognised by technical promotion;</li><li>▪ Providing an attractive career "package" that will assist with the recruitment and retention of high calibre people;</li><li>▪ Ensuring any package keeps pace with the market in order to remain competitive.</li></ul>

# DRAFT

POLICY	STRATEGIC GOAL
Regulatory Compliance	<p>The issue of legal compliance is important to our organisation. The MPS must not only follow all relevant legislation but must be clearly seen to meet such requirements. Procurement Services will ensure that all corporate procurement processes and systems within the MPS will comply with all appropriate EU Procurement and other relevant regulatory legislation</p>
Sustainable Procurement	<p>Procurement Services will drive the Sustainable Procurement agenda and ensure that the MPS supports the aims of the GLA Group Statement on Sustainable Procurement across the following areas:</p> <ul style="list-style-type: none"><li>▪ Diversity of ownership and employees within our supplier base;</li><li>▪ Employment conditions within our supplier's workforce;</li><li>▪ Ethical sourcing;</li><li>▪ Environmentally sustainable procurement.</li></ul> <p>In addition, Procurement Services will establish a process to:</p> <ul style="list-style-type: none"><li>• Promote the MPS to diverse suppliers;</li><li>• Advertise procurement opportunities, which fall outside the normal OJEU requirements;</li><li>• Provide metrics on the category and number of diverse suppliers.</li></ul>
Governance	<p>Consistency of approach and certainty of method will underpin all Procurement activity. Procurement Services will ensure that all relevant policies, procedures and ways of working across the MPS, relating to procurement, reflect the latest legal, regulatory, MPA, MPS and Procurement Services strategic aims and objectives. All Procurement activity undertaken by the MPS will be consistent with the policies laid down within MPA Contract Regulations.</p> <p>In support of all corporate compliance activity undertaken by Procurement Services, Procurement Services will proactively communicate across the MPS on how Procurement should operate in the MPS. This communication strategy will comprise of both access to information through the appropriate use of internal and external media (e.g. intranet and internet) and the provision of training to appropriate officers and staff involved in procurement activity.</p>



# DRAFT

PROCESSES	STRATEGIC GOAL
Sourcing	<p>Strategic Sourcing is a proven and disciplined process that is widely used in industry and can be applied to all categories of expenditure. Strategic Sourcing focuses on three key components:</p> <ol style="list-style-type: none"><li>1. Total Costs - It is not just about price, as it includes quality, service and delivery. It reduces the demand and total lifetime operating cost of purchased products and services within the MPS;</li><li>2. Analytical Rigour – It is fact-based and involves extensive research, spend analysis and market investigation in determining the optimum way forward;</li><li>3. Wide Input – It is an inclusive process, as it is a cross-functional way of working, ensuring there is a broad-based input.</li></ol> <p>We will continue to embed a comprehensive sourcing methodology integrated with management and measurement programme to:</p> <ul style="list-style-type: none"><li>▪ Maintain and increased product and service quality;</li><li>▪ Leverage the MPS purchasing power more effectively through defined strategic alliances, to demonstrate ongoing financial benefits and cost savings;</li><li>▪ In value added activity and removal of non-core business activity;</li><li>▪ Transform from a largely transactional unit to an environment enabling end-users to purchase from strategic suppliers with integrated operating plans and visions.</li></ul>
Supplier Management	<p>Effective Supply Chain Management is key to retaining the negotiated value and unlocking additional value for the MPS. We will develop and implement a robust Supply Chain Management methodology, that is proportionate to the value and risk of each supplier, and fully integrate it with the Sourcing methodology. The Supply Chain Management methodology will be focused on:</p> <ul style="list-style-type: none"><li>▪ Ensuring that contracted services are delivered;</li><li>▪ Providing metrics on supplier performance;</li><li>▪ Managing the supplier relationships of our existing and new contracts in a more dynamic and consistent way;</li><li>▪ Accessing and driving innovative, continuous improvement and competitive ideas to secure best value for money;</li><li>▪ Meeting complex and differing business needs through increased operational flexibility and risk management;</li></ul>

# DRAFT

## Technology

- Identifying and promoting best practice.

Our transactional processes are the way in which we interact with our customers and suppliers. We will develop and implement efficient, streamlined processes, invest in appropriate Technology and via e-enablement, automate many of our interactions. In doing so we will focus on:

- Increasing the ease to purchase goods and services, whilst ensuring appropriate authorisations and controls are maintained or enhanced;
- Increasing compliance to corporate contracts;
- Ensuring that the majority of our spend goes through defined procurement routes.

Where our transaction systems only provide a limited source of information about our own and supplier performance, we will complete the picture by obtaining information from suppliers, the market and our customers. This will allow us to focus on:

- Accessing the performance of existing and new contracts, utilizing a set of meaningful and balanced metrics;
- Benchmarking our own and supplier performance.

# DRAFT

## ***High level actions over the next three years***

To facilitate the above strategic goals, the following high-level actions are planned for the coming three years:

- The recruitment and training of a number of supply management personnel coupled with the identification, roll-out and adoption of an appropriate Supplier Management methodology;
- The implementation of Project Prospa – a 3-year programme of procurement led initiatives, based upon an all-encompassing review of external expenditure, which aims to deliver £35m cashable savings that can be redirected to operational initiatives and frontline resources;
- The further embedding of increased functionality and utilisation of SAP (EBP) system and introduction of e-tendering and e-procurement, systems and methodologies;
- The agreement of an appropriate pay and reward mechanism that reflects the current market remuneration rates for Procurement staff that aids both retention and motivation of staff;
- Full and pro-active membership of relevant GLA Sustainable Procurement Strategy group, Home Office Procurement Council groups;
- Develop and implement a robust Supply Chain Management methodology, particularly for use across key/strategic suppliers.