

MPS PROCUREMENT STRATEGY

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1. INTRODUCTION

The purpose of this Procurement Strategy is to define a common framework for the procurement of goods and services across the MPS. Effective procurement is an important enabler to the achievement of Best Value by delivering contracts which:

- further corporate strategy and objectives (including continuous improvement in service delivery);
- provide high value, complex and/or innovative services, including partnerships and systems; and
- meet user requirements in respect of goods, services and works being provided at the right quality, in the right quantity, at the right time, from the right supplier and at the right price.

The strategy has been designed to address the requirements of Best Value principles and legislation. It is a statement of policy to use procurement to bring about continuing service improvements both internally and externally.

The detailed procedures to be followed when letting MPA contracts are set out in MPA Standing Orders and Regulations Policies in conjunction with the Purchasing Policy and EC Directives Manual.

This document does not address the acquisition and disposal of land and buildings or building and construction works. Responsibility for these activities lies with Property Services Department.

2. RESOURCE IMPLICATIONS

The MPS is engaged in a process of continuous improvement and customer satisfaction. Coupled with constraints on finances, the need to devote maximum resources to front-line policing and the drive towards Best Value, it is essential that the organisation must strive to make the most prudent and effective use of its resources.

With an annual spend on goods and services of around £250m – of which some £100m relates to the provision of a range of key services under a number of outsourcing contracts – effective procurement can make a significant contribution to the achievement of MPS corporate objectives.

Much good work has already been, and continues to be, done. This strategy document will provide a clear strategic framework for procurement within the MPS in order that we can address the question “how can we change to provide better services?”

The key findings in Chapter 3 Bargaining for the Bill, HMIC Report (April 1998), "What Price Policing?" are relevant for the MPS in the context:-

- "Concern was expressed that the increasing drive to devolve budgets to local level was incompatible with a centrally driven procurement function. Those in Forces where devolution was supported by clear guidelines on relative roles and responsibilities were much more content with central procurement than those Forces where no guidelines were given. HM Inspector supports the former approach".
- "The belief that a budget holder should have total flexibility to go shopping for whatever goods or services required, is misplaced. Devolved budget holders should have the responsibility to determine whether they wish to purchase certain goods or services; having made that decision and specified the product, then purchase should take place within a professional procurement framework".
- "The inspection found in some Forces that delegated budget holders could exercise judgement and display financial innovation, whilst adhering to corporate purchasing arrangements. The consequence of devolved budgeting is such that unless controlled by appropriate policy guidelines, budget holders could circumvent procurement policies and undermine the corporate benefits of economies of scale at force, regional and national level. There is a danger of budget holders selecting cheaper options, as opposed to those which have been professionally determined to give best VFM. Care is also needed to ensure that pre-existing arrangements are not undermined."

3. THE DEPARTMENT OF PROCUREMENT AND COMMERCIAL SERVICES (DPCS)

DPCS is the custodian of MPS procurement policy and practice. These are set out in Contract Regulations, the "Purchasing Policies and EC Directives Manual" and relevant sections of the "Financial Memorandum and Finance Code".

These documents define roles, responsibilities and authority levels as between the MPA, the "centre" and devolved budget holders.

The key principles upon which the overall approach is based are:

- a separation of authorities as between those who hold budgets and those who are empowered to commit the organisation to contracts with outside suppliers;

- a recognition that the proper role of DPCS should be that of an “enabler” in that it should establish a framework of purchasing arrangements to facilitate the ordering of goods and services to permit its customers to focus on their core business. It is not DPCS’ responsibility to control or dictate to devolved budget holders how they should spend the money allocated to them.

4. DPCS AIMS

The aim of the procurement function within DPCS is to serve the needs of operational policing by:-

- ensuring that the MPS acquires the goods and services it needs in the right quantities, at the right time, at the appropriate quality and at prices which demonstrably represent best value; and
- maximising MPS’ purchasing power to achieve good deals.

In addition, procurement will protect the MPA’s interests as contracting authority by:-

- carrying out procurement activity professionally, to high ethical standards and in full compliance with all relevant rules and legislation; and
- awarding contracts to fit and proper companies under terms and conditions which provide legal and commercial protection for the MPA and an equitable balance of risk and rewards as between the MPA and its contractors.

In a sense, therefore, procurement serves two masters and it has to be recognised that this may cause tensions. Improved procurement should exploit the advantages of economies of scale resulting in more efficient and effective services. This will, however, depend on a consistent and common approach across the organisation in relation to both process and choice. In turn this may be perceived as a threat to local autonomy.

The key to addressing this potential tension lies in service delivery, utilising effectively the available resources, enabling local management to concentrate more on what they wish to achieve, and less on how they are going to procure the underpinning goods and services. Achievement of this will rely in large measure on good two-way communication between DPCS and its customers.

5. PROCUREMENT STRATEGY

This has a number of strands:

Simplify the Acquisition Process

We will continue to encourage the use of the Government Procurement Card which goes a long way to eliminating the effort and cost associated with processing low-value orders.

More importantly within the context of “Modernising the Met”, we will progressively roll-out an electronic ordering capability throughout the organisation based on MetFIN functionality. Whilst maintaining appropriate safeguards and controls, this will substantially reduce the bureaucracy associated with the ordering of goods and services. By providing a catalogue-based, user-friendly ordering facility for both internally and externally sourced products, we will encourage the use of corporate deals thereby enhancing the opportunities to benefit from economies of scale at both the local and corporate level.

Improve Service Delivery

This has three elements. The first is about the performance of DPCS itself and of the suppliers it selects. This will be addressed by enhancing communication between DPCS and the user community and using the feedback so obtained to effect improvements to quality of service. These may be formalised in “service agreements” between DPCS and relevant parts of the organisation with the aim of clarifying relative roles and responsibilities and thereby assisting in managing expectations.

Secondly, in recognition of the fact that key services to the MPS are provided by commercial organisations under a number of outsourced contracts, we will work closely with the Client Units involved to ensure that the continuing benefits of outsourcing are delivered and ensuring that an effective, efficient and economic service continues to be provided.

Thirdly, undertaking continuous reviews of the effectiveness of systems for ensuring procurement procedures are being applied comprehensively and consistently to all MPS procurement actions and ensuring that suitable performance indicators are selected which are truly measurable without increasing administrative costs.

Best Value

DPCS will play an active role in formal Best Value service reviews and lead on procurement issues arising from them. In addition, we will continue to focus on cost saving by such means as:

- standardisation which will reduce the number of suppliers and thereby the overhead associated with doing business; deliver

'economy of scale' benefits by increasing our leverage with a smaller number of suppliers; grouping activities to reflect prospective market competencies;

- rigorous negotiation and basing requirements on outcomes to allow for, and encourage, innovative methods of provision;
- adoption of appropriate procurement plans on a case-by-case basis; by packaging work appropriate to the market; by being clear about intentions towards relationships with suppliers;
- co-operation in procurement matters with other police bodies and Forces under the auspices of the ACPO Procurement Sub-Committee and such bodies as the Office of Government Commerce to the extent that this is of demonstrable benefit to the MPS;
- developing an understanding of potential sources of supply; increasing knowledge of existing markets and ensuring fairness, openness and transparency in all procurement actions and opening up potential markets, partnering and working with new suppliers;
- review longer-term contracts to ensure they provide best value and re-negotiate with suppliers if required to ensure the provisions for incentives and innovation deliver best value.

All of the above will contribute to the achievement of value for money in relation to the goods and services the MPS buys. It cannot address the potential for unnecessary expenditure which arises each year from excessive consumption and wastage. The following questions should, therefore, be regularly asked of budget-holders:

- What controls do you have in place to monitor use?
- How do you control demand/consumption?
- Do you challenge, or merely accept, requests to purchase goods/services – do you actually need it?
- How do you know that you are managing effectively and efficiently the resources at your disposal?
- Have you over-specified your requirements? Are there alternatives?

Professionalism

We will continue to encourage the acquisition of professional qualifications by all procurement staff. Coupled with this, we will seek to focus specialist resource where it can best add value. This implies a

cohesive central function with responsibility for ensuring that all major procurements, including outsourcing, PFI and major capital investments deliver the aims set out in this paper. (The concentration of expertise in relation to the acquisition/disposal of real estate and related matters lies within Property Services Department).

6. CONTINUOUS IMPROVEMENT

A number of factors are integral to the success of the Procurement Strategy:-

- implementation of a systematic approach to continuous improvement, shared with relevant stakeholders;
- ongoing reviews of existing supply arrangements to ensure that they are fit for purpose, deliver the right goods and services at prices which represent value for money;
- regular reviews and negotiation with suppliers to identify areas for improvement or innovation;
- use of benchmarking with other Forces, local authorities, public sector and appropriate private sector organisations to compare costs of goods and services and assess the relative efficiency of the MPS purchasing activity;
- regular monitoring of performance against efficiency indicators which cover all aspects of the service, including access to the service, quality of delivery including customer satisfaction, total cost efficiency levels, effectiveness of management and strategic objectives for ensuring that the service meets the needs of the users;
- the provision of relevant and useful management information in relation to such things as:
 - expenditure on goods and services by supplier/product/type/monthly/annually;
 - the total number of suppliers used;
 - expenditure by business unit;
 - savings delivered or enabled, the latter being a function of purchase decisions by devolved budget holders.
 - percent of net spend in Best Value services allocated to the competitive process in the last 2 years;

- percent of net spend in Best Value services delivered in the last 2 years through partnerships with public and private sector organisations;
- regular reviews of internal processes to ensure correct ordering frequency, right quantities, optimum stockholdings, most efficient supply chains.

7. ENVIRONMENTAL ISSUES

Best practice in Business in the Environment can be defined as:

- purchasing to environmental specifications;
- consideration of alternative products and services;
- monitoring the commitment and performance of suppliers; and
- working in partnership with suppliers and contractors for environmental improvement and cost-effectiveness.

The key aims in environmental purchasing are as shown below and the MPS will work in partnership with suppliers and contractors towards the achievement of the aims having regard to English Law, EC requirements and commercial considerations, such as whole life costings and fitness for purpose:

- to encourage the conservation of energy, water, wood, paper and other resources particularly those which are scarce or non-renewable, as appropriate whilst providing a safe and comfortable working environment;
- to encourage the reduction of waste through re-use and recycling and using recycled products and materials when available;
- to include environmental criteria within specifications thus encouraging manufacturers, suppliers and contractors to develop environmentally preferable goods and services at competitive prices;
- working in partnership with contractors and suppliers;
- aim to improve environmental performance wherever practicable within contracts and in line with the achievement of value for money;
- encouraging contractors and suppliers to ensure that products derived from wildlife such as timber, plants and leather goods are from sustainable sources and comply with EC and International rules;

- meeting and where appropriate exceeding the current and foreseen statutory regulations and official codes of practice and encouraging contractors and suppliers to meet the same standards;
- encouraging contractors and suppliers to produce CFC free, lead and asbestos free goods;
- encouraging contractors and suppliers to monitor their discharges and emissions to land, air and water to reduce the risk of pollution;
- encouraging suppliers to consider the development or provision of alternative products and services to reduce environmental impact;
- enabling disposal of all obsolete and used equipment in ways that minimise environmental impact and progressively requiring suppliers to take responsibility for disposal;
- monitoring the environmental performance of contractors and suppliers.

8. CONCLUSION

This paper provides a framework within which all facets of significant procurement activity in the MPS can be judged and, if necessary, overhauled.

Central to the approach are a desire for continuous improvement, a commitment to meeting operational needs and a recognition that success for the MPS can only be sustained through a collaborative approach between DPCS and the wider user community within the organisation. Effective integration into other business strategies and projects is a further pre-requisite to success.

As the strategy unfolds, actions and outcomes will automatically assist in achieving compliance with Statutory Best Value and with the application of scarce resources to the achievement of overall corporate objectives.

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