

Procurement Services

Introduction

Procurement Services now comprises three strategic category management teams, a Supply Chain Management Team and an Infrastructure / Development team:

Category Management Teams

- The ICT team is responsible for all computer hardware and software, infrastructure and telecommunications, high security systems and all related major IT projects.
- The Corporate Services team provides procurement support in respect of all EBP contracts, catering, cleaning, travel, legal services, consultancy as well as providing specific procurement support to DPA, HR, OH and the Resources Directorate.
- The Operational Services team provides procurement support direct to all police officers on active operational duty including forensic services, uniforms, firearms, equipment and vehicles.

These three strategic category management teams provide the structured approach to the procurement of goods and services, by applying best practice tools and techniques to the integration of MPA/MPS corporate strategies and goals. Work is ongoing with Property Services colleagues to agree and implement a programme to transfer property procurement functions to Procurement Services.

Supply Chain Management

The Category teams are supported by a new supply chain management methodology to enable the team to deliver a first class service that best supports the MPS short, medium and long-term strategic goals.

Infrastructure/Development

The Infrastructure / Development team are responsible for developing and sustaining policies, processes, systems and ensuring that all aspects of supplier diversity and environmental procurement are adhered to throughout the procurement process.

Procurement plays a vital role at the MPS, ensuring the smooth day-to-day running of all police operations. From the most basic supply needs to the more complex services, procurement enables the MPS to operate efficiently and effectively.

Sourcing around £850 million of goods and services each year, Procurement Services deals in a diverse range of purchases on behalf of the MPS from helicopters to horses, power boats to police batons. All provide an essential component in the efficient running of the organisation.

Apart from ensuring the operational functioning of the police service, Procurement Services must also strive to achieve best value wherever possible. Our teams are committed to providing a top class service that balances the demands of cost effectiveness against operational deadlines and quality standards. It's our aim to be recognised as a world-class function and a benchmark for public and private sector organisations alike.

Supporting strategic priorities

Procurement Services supports the strategic priorities through a number of activities including:

- Implementation of the strategic sourcing programme to achieve £35m savings from Sept 2006 through to March 2009. This includes implementing a portfolio of approaches including:
 - Category Management;
 - Improved sourcing;
 - Compliance to contracts;
 - Demand management;
 - Reduced consumption;
 - Better supplier management.
- E-Tendering which is the implementation of a hosted electronic tendering solution. Benefits include levelling the playing field for SME suppliers; providing a secure and flexible approach; improving efficiency; releasing time for value-added activity; improving control over procurement activity; reduction in overhead costs for suppliers and the MPS (e.g. paper, printing, postage) and improving the audit trail. There are also environmental advantages to the approach.
- The Purchase to Pay Programme referred to in paragraph 6 has been in place for 9 months and successfully concluded at the end of March 2008.

The Programme approach has been to focus on the management and control of the entire Purchase to Pay process facilitating procurement compliance and ensuring that the MPS is in line with efficient and streamlined best practice in both the public and private sector. This Programme represents one element of change that the Resources Directorate focused on as part of ensuring improvements in corporate governance, efficiency, visibility and capability, which have combined to highlight fiscal benefits to the Service.

At the beginning of the P2P Programme a number of KPI's were agreed that have been regularly monitored since. The targets defined and end of project figures are highlighted below:

KPI Measure	Baseline Calculation (August 2007)	As at ^{31st} March 2008	Confident Targets	Stretch Targets
<i>Increase spend on system (as % of total spend)</i>	40.3% (£339m)	65.3% (£550m)	60% (£505m)	75% (£631m)
<i>Increase BVPI8</i>	64%	80%	85%	100%
<i>Decrease creditors days</i>	150 days	60 days	45 days	30 days
<i>Increase % of Invoices with a valid PO</i>	56%	74%	80%	90%
<i>Increased ££ through routes to purchase (as % of total spend)</i>	7%: 41%: 52%	33:49:18	20:60:20	30:60:10
<i>Decrease % of blocked invoices for trusted suppliers</i>	58%	3%	20%	10%
<i>Decrease number of new suppliers created per month</i>	190	214	30	15

- Confident targets have been met for 3 of the programme KPI's. A significant amount of expenditure is now being channelled through the corporate systems, increasing visibility and reducing risk.
- Good progress has been made towards achieving invoicing targets relating to aged debt and BVPI8. Steps are in place to continue the momentum gained in managing the overdue invoices, and the MPS can expect this position to continue improving.
- 1 KPI (number of new suppliers created per month) has not improved over the duration of the project. A number of these new suppliers relate to one-off purchases being made for categories not covered by the routes to purchase and is currently being investigated.

Based on evidence from similar organisations across the Public and Private sectors that have implemented similar scales of P2P type implementations, the following can be observed in line with the current deployment across the MPS:

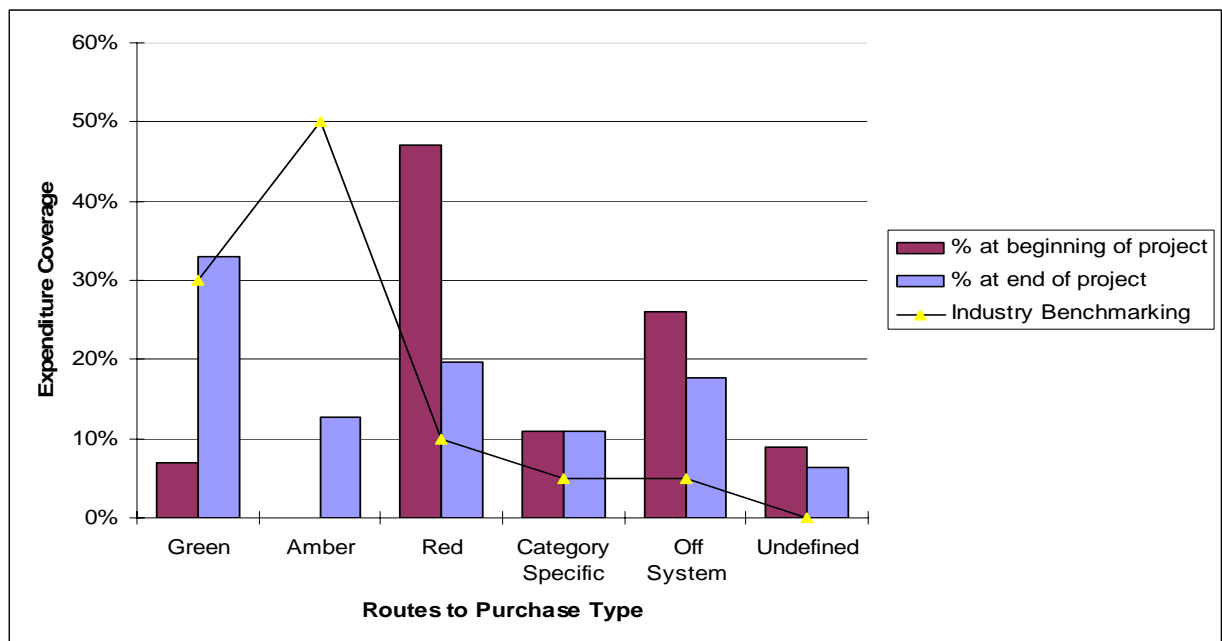


Figure – PO value per RTP, since 19th November

Further opportunities exist to continue moving a proportion of off system and red route expenditure onto the amber route for preferred suppliers, thus further improving the processing efficiency of these orders.

The P2P programme took the opportunity to introduce a 3rd and final phase of categories for the end of March. This phase is focused on category deployment only, and did not include further systems changes.

Supporting frontline policing

In addition to the benefits of the P2P programme highlighted above, further benefits have been derived which have had a direct improvement on operational policing:

- Improving quality of information - improving the quality of evidence for prosecution.
- Improving quality of service - reducing the risk of contaminating evidence.
- Improving safety and security - approved laptop purchases
- Highlighting health and safety risks - non-tested covert and specialist uniforms.

Supporting MPS modernisation

Procurement Services has led on a number of modernisation initiatives, for example, arranging for the MPS to join the MoD/OGC framework for the largest collaborative e-auction ever undertaken by public sector organisations. The agreement covered stationery, IT consumables, magnetic media and paper and, in addition to improvements in service and quality, there are substantial cost savings to be gained over the next four years. In addition, Procurement Services delivered substantial savings when negotiating for

three large Mobility contracts: Mobile Gateway, Mobile Data Replacement and Operational PDAs. These contracts have a potential value of £27m and savings were negotiated by selecting a sole supplier. They will help to increase effectiveness, efficiency and productivity of police officers/support staff and will deliver benefits in line with the MPS Mobility Strategy.

Procurement Services has also had an application for Framework Partner status accepted. This gives the MPS access to additional EU funds, otherwise unavailable to non-FP organisations. In addition as a Framework Partner, the process for applying for funding is more streamlined and we are likely to receive 95% funding instead of the normal 70%.

Diversity and Citizen Focus

Procurement Services is active in the area of diversity and citizen focus, particularly in respect of Responsible Procurement where there has been significant progress. The MPS is an active member of the Central Responsible Procurement Team which has been established to improve efficiency, capacity, expertise, policy and profile. In particular, the MPS has demonstrated significant progress in implementing the environmental sustainability strand, has made a strong forward commitment against the Fair Employment strand and with the CRPT is initiating work across the remaining strands. Examples of progress made are as follows:

- The supplier diversity strand has been identified as a priority for MPS and three supplier diversity measures have been incorporated into the MPS Procurement Services Balanced Scorecard:
 - Promoting MPS to diverse suppliers
 - Advertising opportunities below the OJEU threshold
 - Providing metrics on the number and category of diverse suppliers.
- The MPS has established links with the business support programmes operated by the London Development Agency (LDA) to ensure that small businesses which have received business development support are able to compete for MPS contracts.
- The MPS attends a number of “Meet the Buyer” events where potential suppliers are able to meet MPS buyers and gain an understanding of the procurement process and areas of opportunity. MPS contract opportunities are also published on the supply2.gov web-site, which is an OGC and Small Business Service initiative to make public sector contract opportunities more visible to small businesses.

In addition, Procurement Services has implemented the following initiatives:

- Changes that the P2P project will bring such as the trusted supplier status (automatic goods receipting after lead-time) and an Accounts Payable (AP) review, will contribute to providing an improved service to our suppliers. We have communicated with suppliers affected by P2P changes and ensured that they are fully aware before implementation. This has meant improvements in MPS supplier communications as we have formalised the way we procure. Any recommendations for change arising from the AP Review will also be communicated to MPS suppliers.

- The MPS Procurement Policy and the supporting Standard Operating Procedures aim to set clear guidelines for the procurement of all goods, supplies and services, including the disposal of property and land on behalf of the MPA. This policy was written to ensure that appropriate steps are taken to deliver best value in the procurement process, in line with the MPS diversity and equality policies.
- The updated Contract Regulations promote good procurement practice and supply chain management, public accountability, solid audit trails, and compliance with the Disability Discrimination Act 2005, European Community public procurement rules and best environmental practice.
- The Greater London Authority diversity questionnaire continues to be incorporated into our ITT (Invitation to Tender) pack to suppliers.
- MPS procurement staff have been trained, have access to and have begun to use the Supply London database of approved suppliers in their tendering activity. This database has the objective of making it possible for large London based public and private sector organisations to purchase more from a wide range of diverse small to medium sized local businesses which reflect all aspects of London's working population.
- Procurement Services will ensure that the impact of disability is always considered in the specification, selection and award criteria and the contract conditions in a way which is consistent with European Union and UK procurement rules.
- Training for staff involved in procurement work so that they understand the provisions of the Disability Act and the relevance of the Disability Equality Duty to their area of work was carried out during 2007.
- In large value procurements, an assessment of the Disability policies and standards is a marked element of the initial qualification process.

Challenges/Risks

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. It is vital that Procurement is able to recruit and retain a critical mass of suitably skilled/experienced personnel in order to fulfil its obligations and to meet increasingly more demanding performance targets.