

CONTRACTS AND PROCUREMENT
DEPARTMENT

ANNUAL REPORT 2015/16

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1 Executive Summary

- 1.1 The role of the Department is to manage the acquisition of goods and services. The Department manages contracts of varying types from one-off purchases to contracts for supplies, services or works that will last for a specific period. Not all of the Force's needs are met by purchasing directly ourselves and where ever possible the department makes use of collaborative contracts with other Police Commissioners and Public Sector Organisations.
- 1.2 With the current austerity measures strategic procurement is a key function in the organisation to exploit further efficiencies and savings in contracts through collaborative opportunities, aggregation of spend, improved specifications and effective contract management.
- 1.3 This report advises on progress made from 1 April 2015 to 31 March 2016. The main focus during 2015-16 has been on retendering activities for collaborative contracts on behalf of the Joint Police Procurement Unit Southern Wales (JPPSW) , utilisation of frameworks (where appropriate) and award of local contracts for Gwent only when a collaborative contract is not the most appropriate route for procuring goods and services. Whilst delivering value for money, contracts that are fit for purpose.
- 1.4 It is not possible to quantify all savings as procurement contributes towards improved goods and services, better terms and conditions and value for money. Ensuring legislative and reputational risks are minimized and operational requirements are met to support front line policing. The Department has achieved cash releasing savings of £492,491.57 for the period.

2. Introduction

- 2.1 The Department provides the following services:

Sourcing

- carrying out assessments and management of potential risks associated with differing sourcing strategies
- benchmarking of available frameworks to assess suitability and value for money to inform the sourcing strategy
- provides specialist advice and guidance to all departments considering making expenditure

Challenge

- challenges the drafting of specifications to ensure contracts are fit for purpose
- negotiation of contracts to drive out further cost savings
- actively delivering an objective and robust value for money challenge mechanism to user departments

Contracting

- drafting/reviewing Service Level Agreements ensuring requirements are fit for purpose and meets the operational needs of the force and Office of the Police and Crime Commissioner (OPCC)
- tendering of contractual arrangements for the acquisition of goods and services to support operational policing, taking into account equality and diversity and sustainable procurement during the tendering process
- managing the exception to the tendering process procedure ensuring appropriate approvals have been sought
- effective management of suppliers to sustain value throughout the life of the contract

Spend Analysis

- analysing spend in order to develop the potential for obtaining further savings resulting from contract activity
- contract compliance to check adherence to Standing Orders Relating to Contracts

2.2 The Contracts and Procurement Department has remained centred on Priority 5 of the Commissioners Police and Crime Plan, to make best use of resources and provide value for money.

2.3 The Strategic Lead has been in place for a number of years on an informal basis and was formalised by the three Police and Crime Commissioners in June 2015. The Department is committed to aligning the corporate objectives, processes and development of common procurement techniques and practices across the Southern Wales forces.

3 Work completed during 2015/2016

3.1 Staying Ahead Reviews

The departmental structure is under review and following approval of the options paper a business case is currently being drafted for submission to the Staying Ahead Project Board on the future structure. The report will also consider the requirements of the collaborative unit.

3.2 Scope of contracting work

The value of contracts awarded for the year was **£3,824,417**. Where Gwent has let a collaborative contract as lead Force, the whole value has been reported.

3.2.1 Summary of Contracts Tendered

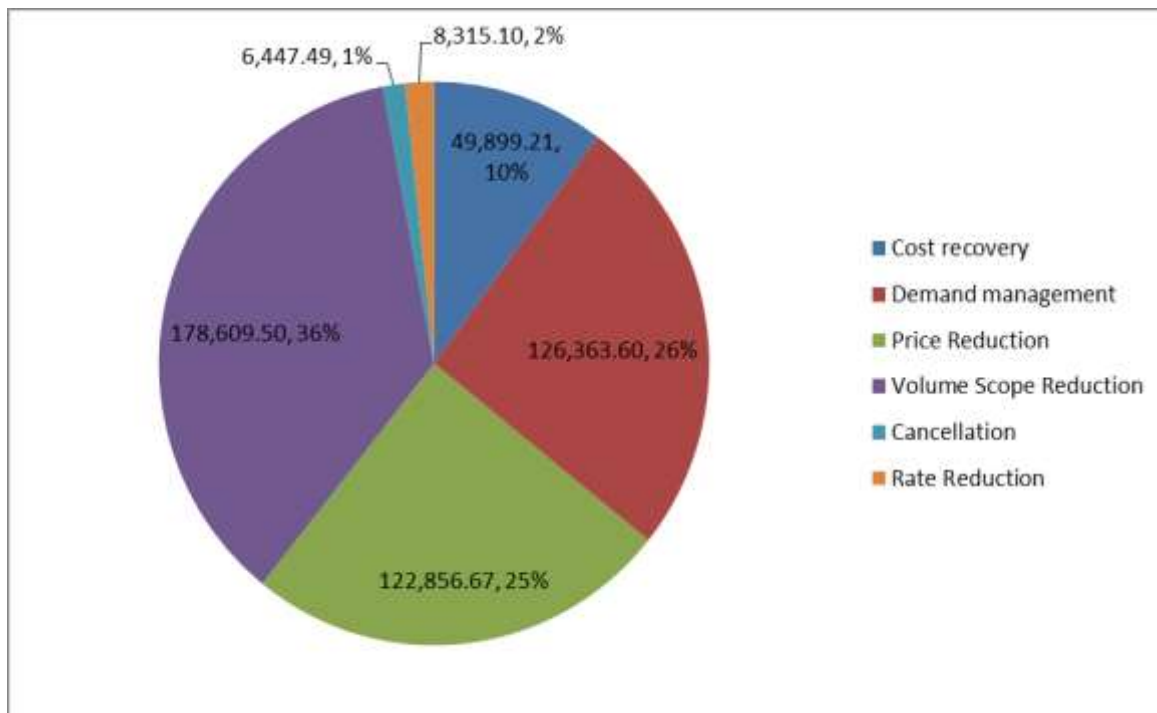
- The total number of contracts managed by the department are as follows;

| Type | Number | Total Value | Comments |
|---------------------------------|--------|---------------|--|
| Local | 10 | £201,923.05 | |
| Single Tender | 35 | £1,093,488.25 | Various goods and services |
| National Framework led by Gwent | 1 | £439,175.00 | Destruction and Disposal of Protectively Marked Waste framework delivered savings of 45% for on-site shredding. Gwent awarded a national framework agreement on behalf of UK Police Forces and other Public Sector Organisations affiliated to the emergency service sector. Further cost savings can be achieved if forces shred off site |
| Quotation process | 12 | £162,388.11 | |
| Collaborative framework | 6 | £198,680.68 | |
| Collaborative Contract | 9 | £2,515,66.05 | |
| Awarded under a Framework | 11 | £1,477,196.70 | |

4. Cash-releasing efficiency gains

- 4.1 The department has worked extremely hard in reducing costs in this financial year and it is reflected in the secured savings of £492,491.57 against a target of £200,000.00.

4.2 The graph below shows the total savings (by category) for 2015-16.



5. Estates

The allocation of a Senior Procurement Officer to the Estates Department as a single point of contact has been successful and any additional work requested by Estates is added to the forward plan to ensure that work is allocated according to operational priority. The officer also attends the Shared Facilities Management (SFM) operational meetings.

Key projects:

New Headquarters Project Manager – providing advice to Monmouthshire County Council on draft tender document

Assessing suitability and costs to outsourcing cleaning and statutory maintenance to a Facilities Management company

6. Fleet

The Senior Procurement Officer allocated to the Fleet Department has also been successful and procurement has better visibility and understanding of Fleet contracts.

Key Project:

The Officer has also been a member of the Fleet Services Project Board assisting with the collaborative Fleet Tranman system across the three South Wales forces.

7. People Services

Temporary Agency Workers

Gwent led a further competition process on behalf of the three South Wales forces utilising the National Procurement Service (NPS) Agency Worker Agreement for a new provider. The contract commenced in December 2015. The Senior Officer continues to contract manage with people services.

8. Contract compliance / Spend Data Analysis

8.1 The three South Wales forces have adopted a spend dashboard to ensure consistency of analysis.



8.2 The departments' efforts are focusing on carrying out more detailed spend analysis, highlighting and challenging anomalies in spend. Any identified non-compliant will be audited and further information requested from the purchaser. Where continued non-compliance is identified the information will be escalated to the Assistant Chief Officer – Resources.

9. Staffing

9.1 Establishment

Staffing levels of the department at the end of the period was 5.0 whole-time equivalents (wte).

| Position | Status |
|---|-------------------|
| Head of Procurement | Established post |
| Senior Procurement Officers x 3 | Established posts |
| Contracts and Procurement Assistant x 1 | Established post |

9.2 Contracting capacity

The demand on the department is increasing from the operational side and the Office of the Police and Crime Commissioner. The greater procurement involvement in Staying Ahead projects and collaborative initiatives has placed additional workload on contracting officers and a risk based approach informs the priorities of the department.

9.3 Qualifications and Professional experience

The level of professional qualifications and experience of the staff in the department are as follows:

| Position | Professional Qualifications | Professional Experience |
|-------------------------------------|---|--------------------------------|
| Head of Procurement | <ul style="list-style-type: none">•MCIPS•ILM Diploma in Management•MSc in Strategic Procurement (In Progress) | 21 years |
| Senior Procurement Officer | <ul style="list-style-type: none">•MCIPS | 10 years |
| Senior Procurement Officer | <ul style="list-style-type: none">•MCIPS | 10 years |
| Senior Procurement Officer | <ul style="list-style-type: none">•CIPS (Diploma) | 7 years |
| Contracts and Procurement Assistant | <ul style="list-style-type: none">•CIPS (Advanced Diploma) | 5 years |

All staff members undertook relevant free of charge professional development during the year.

10. Outlook for 2016/2017

10.1 Collaboration

10.2 Continue to embed and measure the Joint Procurement Strategy to facilitate the goal of securing best value for money. Collaboration in procurement is improving efficiency, making the best use of resource and supports rigorous value for money plans. The Department will continue to play a prominent part in the collaborative initiatives taken on an All-Wales basis.

10.3 Continue to standardise business processes for ordering across the forces in the common finance system. This could lead to standard workflows, common processes and the realisation of efficiencies through the sharing of sourcing information, better value for money on low level spend and an improved use of resources. The search for collaborative partners and the use of competitive framework arrangements has become standard practice for all contract activity of significant value. The implementation of Fully Integrated Management System (FIRMS) will facilitate standardisation.

10.4 Continue to work with the principles of the Welsh Public Procurement Policy

10.5 The procurement team will continue:

- benchmarking available frameworks to assess suitability and value for money to inform the sourcing strategy.
- carrying out assessments and management of potential risks associated with differing sourcing strategies
- effective management of suppliers to sustain value throughout the life of the contract
- contract compliance spend analysis to check adherence to Standing Orders Relating to Contracts and opportunities to collaborate
- negotiation of contracts to drive out further cost savings
- analysing spend in order to develop the potential for obtaining savings resulting from contract activity
- actively delivering an objective and robust value for money challenge mechanism

For OPCC use only

| | |
|--|--|
| Office of the Chief Constable I confirm the Procurement Annual report has been discussed and approved at a formal Chief Officers' meeting. It is now forwarded to the OPCC for information . | |
| Signature:  | |
| Date: 05.07.16 | |
| | Tick to confirm (if applicable) |
| Financial The Chief Finance Officer has been consulted on this proposal. | √ |
| OPCC The Chief of Staff has reviewed the request and is satisfied that it is correct and consistent with the PCC's plans and priorities. | √ |
| Legal The legal team have been consulted on this proposal. | n/a |
| Equalities The Equalities Officer has been consulted on this proposal. | n/a |
| Chief of Staff: I have been consulted about the proposal and can confirm that financial, legal, equalities etc... advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate report to be submitted to the Police and Crime Commissioner for Gwent. | |
| Signature:  | |
| Date: 13.07.16 | |
| Police and Crime Commissioner for Gwent I confirm that I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. The above request has my approval. | |
| Signature: | |
| Date: | |