

**CONTRACTS AND PROCUREMENT DEPARTMENT**

**ANNUAL REPORT 2013/14**

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## 1 Introduction

- 1.1 The focus of the Contracts and Procurement Department during the period of review has remained centred on the elements of the Staying Ahead Review and Priority 5 of the Commissioners Police and Crime Plan, to make best use of resources and provide value for money. The areas in particular where the department progressed initiatives were;
- (a) the achievement of cash-releasing efficiency gains,
  - (b) supporting collaborative opportunities with Police Forces and Local Authorities
  - (c) using common standards and specifications with collaborative partners, whilst ensuring that the goods and services purchased are fit for purpose and satisfy operational requirements
- 1.2 Officers of the department continued to provide procurement services to its customers in support of the Commissioners priorities and offer advice and guidance where necessary.
- 1.3 A number of improvements to the contracting process have been implemented during the period.
- Contract management reviews are undertaken quarterly and annually to monitor Key Performance Indicators and spend.
  - Negotiations are undertaken with supplier prior to contract extensions to drive out further efficiencies.
  - Introduction of a Buyer Profile to assist potential suppliers
  - Involvement in projects at an early stage

## 2 Contract compliance

- 2.1 Contract compliance activities are embedded in the normal work plan of the department. Compliance action includes both new expenditure and contracts for which the expiry date is approaching where failure to make adequate arrangements for continuity would result in non-compliance. It also includes review of the transactions made by Procurement Card. Procurement card spend is reviewed on a monthly basis to ensure compliance with the Commissioners Manual of Governance.

## 3 Work completed during 2013/2014

### 3.1 Staying Ahead Reviews

The department has continued to support the Staying Ahead Review initiatives in the acquisition of goods and services. Procurement processes continue to be reviewed.

## 3.2 Scope of contracting work

### 3.2.1 Summary of contract value (including contract compliance).

The value of contracts awarded for the year was approximately **£6.883 million**. Where Gwent has let a collaborative contract as lead Force, the whole value has been reported.

## 3.3 Cash-releasing efficiency gains.

3.3.1 In the full year, Procurement secured recurring savings of approximately **£216k** against an additional target of **£200k** through contracting and negotiation of services.

3.3.2 These savings were achieved either by virtue of direct contracting by the department or where the department has been a contributor to collaborative or framework contracts.

## 3.4 Continuous Improvement

3.4.1 During 2013/2014 the department has implemented a number of process improvements:

### Three-Force Collaboration

The collaboration has achieved:

- Cost savings across 3 forces for the period for April-Dec 2013 of £542K
- 5% increase in collaborative procurement arrangements of the three forces from 52.8% to 57.9%
- Common tender document
- Introduction of a collaborative Sustainable Procurement Policy.

### Gwent Specific

- Negotiated cost reductions for all contract extensions and annual support and maintenance renewals.
- Embedded electronic tendering tools in the procurement process to ensure that the total costs of the procurement cycle are minimised.
- Actively participated in the 2013 Stonewall Workplace Equality Index.

## 3.5 Collaboration

The Department continues to be an active and effective collaborative procurement partner and continuing focus has been given to the advantages to be gained from collaboration of all types.

### 3.5.1 Value of collaborative contracts

The estimated value of contracts made under collaborative or framework arrangements of all types was **£4.7m** of a total value of **£6.8m**.

## 3.6 Support for All-Wales Procurement Group

3.6.1 This group continues to meet on a quarterly basis and considers the delivery of the recommendations through best practice guidance.

The sub-group (all-Wales Contract Group) has identified particular collaborative contract opportunities which result from the analysis of common spend areas and contract timings. The opportunities will form the basis of new collaborative work as contracts fall due for renewal.

## 3.7 Staffing

### 3.7.1 Establishment

During the period two permanent members of staff left the organisation. The role of Contracts Officer was reviewed and evaluated, the job title changed from Contracts Officer to Senior Procurement Officer in line with South Wales Police. Two Senior Procurement Officers commenced employment 1 January 2014. To date the role of Head of Procurement has been an Interim position, approval has been given to make the position permanent and the role is currently being advertised internally.

Staffing levels of the department at the end of the period was 4.0 whole-time equivalents (wte).

Position	Status
Interim Head of Procurement	Established post
Senior Procurement Officers x 2	Established posts
Senior Procurement Officer x 1	Vacancy
Contracts and Procurement Assistant x 1	Established post

### 3.7.2 Contracting capacity

The demand on the department is constant. The greater involvement in collaborative initiatives has placed additional workload on contracting officers and a risk based approach informs the priorities of the department.

### 3.7.3 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
Interim Head of Procurement	<ul style="list-style-type: none"> <li>• MCIPS</li> <li>• ILM Diploma in Management</li> </ul>	19 years
Senior Procurement Officer	<ul style="list-style-type: none"> <li>• MCIPS</li> </ul>	8 years
Senior Procurement Officer	<ul style="list-style-type: none"> <li>• AMCIPS (Associate Member)</li> </ul>	8 years
Senior Procurement Officer	Vacancy	
Contracts and Procurement Assistant	<ul style="list-style-type: none"> <li>• CIPS (Foundation level)</li> </ul>	3 years

All staff members undertook relevant professional development during the year.

## 4 Procurement Legislation and new guidance

- 4.1 Following extension consultation the new European Union Directives were approved in January 2014. It is not expected that the new proposals will come into effect in the UK until October 2014.

The purpose of the new Directives is to simplify and modernise public procurement. The most significant changes are;

- Distinction between Part A and Part B services abolished with a lighter regime for the procurement of social, education and other specific services
- Clearer rules on excluded procurement i.e. public to public contracts
- New rules relating to corruption and conflicts of interest
- More movement towards electronic procurement
- Public procurement in support of common social goals
- New procedures to assist SME's to participate in public procurement i.e. divide contracts into lots

## 5 National Procurement Service (NPS)

- 5.1 The National Procurement Service (NPS) for Wales has been set up to enable the Welsh public sector to collaborate more closely in procuring goods and services. The NPS is hosted by the Welsh Government and in its first three years of operation will receive funding from the Welsh Government's Invest to Save Fund. After the first three years the NPS will become self-funding.

- 5.2 While savings in goods and services will be a priority, it will also be promoting local economic regeneration, community benefits and supporting SMEs and the voluntary sector in competing for Welsh public sector contracts.
- 5.3 Gwent Police signed up to join NPS in November 2013 on the understanding that there will be a number of exceptions where the police service is unable to commit to using the contracts developed by the NPS. These contracts are the subject of mandate by the Home Office to use national procurement arrangements, such as the purchase of police vehicles and body armour.

## **6 National Police Procurement Hub (NPPH)**

- 6.1 The Force has made progress with implementing the Hub, and a procurement assistant has been recruited by the three Welsh Forces (Gwent Police, South Wales Police and Dyfed Powys Police) to assist with our NPPH implementation strategy.
- 6.2 The delay in adopting the full system has been due to the Forces' decision to change the current financial suite, options are currently being considered.
- 6.3 Training has been provided to the Business Support function to enable staff to view catalogues, ensuring contracted items are purchased at the correct price.

## **7 Outlook for 2014/2015**

### **7.1 Collaboration**

- 7.1.1 The Department will continue to play a prominent part in the collaborative initiatives taken on an All-Wales basis.
- 7.1.2 The search for collaborative partners and the use of competitive framework arrangements has become standard practice for all contract activity of significant value.
- 7.1.3 Standard terms and conditions (to include reference to the Bribery Act) for low value, low risk procurement have been drafted.

### **7.2 National Managed Uniform Service (NUMS)**

- 7.2.1 The Force has registered interest in the National Managed Service and a Senior Procurement Officer from Gwent is representing 3 of the 4 Welsh Forces on the project team. It is anticipated that NUMS will go live by the end of 2014

7.2.2 A Senior Procurement Officer also attends the Procurement National Estates Strategy on behalf of three Welsh Forces.

### **7.3 Collaborative Contracts In Progress**

- Speed awareness, on behalf of the 4 Welsh Forces
- Motorcycle Clothing, on behalf of Gwent, South Wales and Dyfed Powys
- Laundry on behalf of Gwent, South Wales and Dyfed Powys
- Destruction of protectively marked waste, national framework

#### **7.3.1 Gwent only High Value, High Risk Contracts In Progress**

Integrated Communication Control System  
Command and Control System  
Pre-retirement courses

### **7.4 Cash-releasing savings**

The focus on the importance of cash-releasing efficiency gains will continue. A target of **£200k** for recurring “cashable” savings has been agreed for 2013/14. Further efficiencies will continue to be achieved through contract management and negotiations.

### **7.5 General Collaboration**

The search for collaborative partners, whether within or outside the formal initiatives referred to in this report, and the use of competitive framework arrangements, will continue to be the norm for all contract activity of significant value.

### **7.6 SMEs**

We will continue to critically examine each contract opportunity as it arises for potential supply by SMEs.

## **8 Summary**

The Comprehensive Spending Review has placed Procurement in the front line of reducing expenditure and this will provide serious challenge. At the same time this presents an opportunity for the profession to demonstrate the contribution that can be made. To succeed we will require a greater degree of corporate innovation and demand management in the way goods, services and works are acquired with lower overall costs of process and ownership.