



Police Scotland Procurement Strategy

2014 - 2018

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PROCUREMENT STRATEGY

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CONTENTS

1. INTRODUCTION	4
PURPOSE AND FOCUS OF POLICE SCOTLAND	4
AIM OF PROCUREMENT	4
BACKGROUND AND STRATEGIC CONTEXT	5
CORPORATE STRATEGY	5
SUPPORTING THE CORPORATE STRATEGY PRINCIPLES	6
PROCUREMENT COMMITMENTS WITHIN THE CORPORATE STRATEGY	7
SCOTTISH GOVERNMENT PROCUREMENT	7
<i>Capability</i>	9
<i>Competitiveness</i>	9
<i>Capturing Savings and Benefits</i>	9
<i>Coverage</i>	9
<i>Collaboration</i>	9
<i>Corporate Social Responsibility</i>	9
<i>Communications</i>	9
6. MONITOR EXPENDITURE WITH SMES - USE DATA FROM THE SCOTTISH PROCUREMENT INFORMATION HUB TO MONITOR SPEND WITH SMES TO REVIEW THE SUCCESS OF THE OTHER ACTIVITIES.....	11
PROCUREMENT PRIORITIES.....	11
ROLE OF THE PROCUREMENT FUNCTION	12
RESPONSIBILITIES OF THE PROCUREMENT FUNCTION	13
PROCUREMENT CATEGORIES	14
LEGAL REQUIREMENTS	15
WIDER BUSINESS BENEFITS	16
3. STRATEGIC APPROACH	18
1. FUNCTIONAL REALIGNMENT & INTEGRATION	20
2. COLLABORATIVE APPROACH TO IMPROVE COVERAGE AND ADDRESS PROVISION GAPS	21
3. RESOURCE MIX TRANSFORMATION AND DEVELOPMENT	22
4. RISK & OPPORTUNITY BASED PRIORITISATION.....	25
5. SHARED SERVICE WITH SCOTTISH GOVERNMENT	25
6. E-TENDERING & PROCESS AUTOMATION TO INCREASE PRODUCTIVITY	26
7. BETTER DATA MANAGEMENT & REPORTING	28
8. SINGLE NATIONAL PROCESS & POLICY FOR PROCUREMENT.....	30
4. CONCLUSION	31
GOVERNANCE.....	31
MEASURING OUR SUCCESS	32
ON-GOING REVIEW	33
TIMELINE.....	34

1. INTRODUCTION

Purpose and focus of Police Scotland

The inception of Police Scotland on 1 April 2013 has brought about the most significant change in Scottish Policing for a generation, bringing together the previous eight territorial policing organisations, Scottish Police Services Authority (SPSA) and Scottish Crime and Drug Enforcement Agency (SCDEA).

As a single national organisation Police Scotland aspires to provide the people of Scotland with the best police service possible, which is responsive to local needs and strives for excellence in all that it does.

Police Scotland's main purpose is to improve the safety and wellbeing of people, places and communities across Scotland, and working in collaboration with others where appropriate, should seek to achieve that main purpose by policing in a way which:

- Is accessible to, and engaged with, local communities; and
- Promotes measures to prevent crime, harm and disorder.

For Police Scotland to be as effective as it can be in Keeping People Safe, it requires all its component parts to operate in coordinated and integrated manner, aligned to a clear strategy and acting according to its ethics and values.

Aim of Procurement

The Procurement Strategy sets out our commitment to achieve value for money for the taxpayer through all procurement activity within Police Scotland and the Scottish Police Authority, in order to enable and support the organisation to improve the safety and wellbeing of people, places and communities in Scotland. In essence, this will result in tangible savings through a reduced cost of service and lower whole life costs.

This Procurement Strategy is a component part of the wider “Our Organisational Support” Delivery Plan, which in turn underpins Police Scotland’s overarching Corporate Strategy2.

BACKGROUND AND STRATEGIC CONTEXT

Corporate Strategy

Police Scotland published its first Corporate Strategy in April 2014 containing a full complement of interdependent, enabling plans and strategies – Our People; Our Organisational Support; Our Technology; and Our Finances – which inform and integrate with each other. This Procurement Strategy is an underpinning part of Our Organisational Support Delivery Plan.

Within Our Organisational Support, the five key corporate services business areas identified within the Corporate Strategy to facilitate and enable the delivery of our organisational priorities are listed below, with Procurement forming a key part of the Physical Resources portfolio.

The five business areas are:

- 1. Organisational Development;**
- 2. Analysis and Performance;**
- 3. Corporate Governance;**
- 4. Corporate Communications; and**
- 5. Physical Resources (which includes Procurement).**

Each of these is outlined in greater detail in the Corporate Strategy.

Figure 1 overleaf - Corporate Strategy Overview, highlighting where Procurement sits



The Procurement Strategy is supported by a suite of procurement documents, which include a national Procurement Manual and set of Standing Orders Relating to Contracts. Together, they highlight how we will support effective operational delivery; engage, collaborate and communicate with our people, partners and communities and operate in a responsible, ethical, environmentally friendly manner to address whole life costs.

The strategic approach set out in this plan is designed to support Police Scotland’s corporate planning processes by identifying, and maximising the use of available resources; supporting the delivery of our organisational priorities; and ensuring that our contracts are effectively managed to make a positive contribution towards securing continuous improvement in the performance of the organisation.

Supporting the Corporate Strategy Principles

A key set of Guiding Principles has also been developed and embedded in the Police Scotland Corporate Strategy to allow for a consistent and joined up approach, all of which has a robust financial underpinning.

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All of the activities contained within the Procurement Strategy are designed to contribute towards the five cross-cutting principles upon which our corporate strategy is based, the key business benefits that Police Scotland has identified and the Strategic Objectives that the Scottish Police Authority (SPA) has set out in its Strategic Police Plan.

Procurement Commitments within the Corporate Strategy

The commitments highlighted below were made within the Corporate Strategy in relation to Procurement.

Extract from Police Scotland Corporate Strategy

- We will continue to review our approach to procurement and develop our capability and processes in order to ensure that we can realise the potential benefits and savings made possible by the creation of Police Scotland. We will ensure that all procurement contracts are subject to robust scrutiny in order to ensure that public funds are appropriately used. In addition we will seek to adopt faster routes to market to address identified provision gaps. This is likely to be achieved by using appropriate collaborative frameworks and by aligning contract timelines with the Transforming the Service agenda.
- Where appropriate, we will seek to rationalise our contracts in order to provide a more efficient, co-ordinated approach and to ensure that potential economies of scale are realised. Further, we will ensure that post-contract monitoring and management arrangements are implemented in order to ensure that fit for purpose services and goods continue to be delivered.
- We are conducting this review and developing these processes in-house and therefore the work will not involve additional costs. It is anticipated that the development of procurement and post-contract monitoring and management arrangements will realise significant cost reductions and enable a number of the potential benefits of reform to be realised.

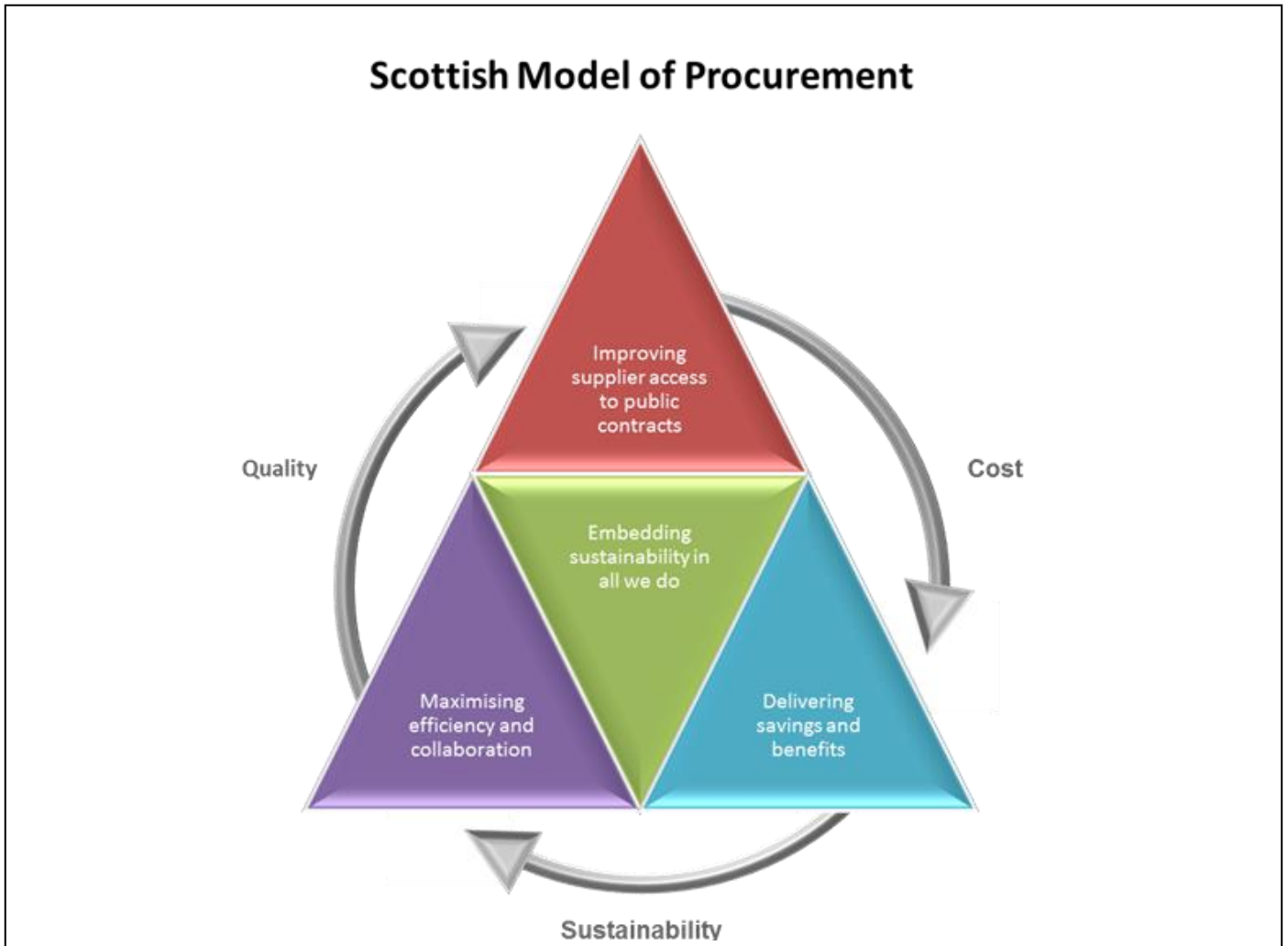
Scottish Government Procurement

This strategy has been developed in the wider context of Scottish Government's Procurement Strategy, which places emphasis on accelerating the pace of change and the delivery of benefits, and embedding sustainability in all we do, improving suppliers' access to public contracts, Maximising efficiency and collaboration and delivering savings and benefits. At the heart of this Procurement Strategy and

Scottish Government's strategy is the concept of value for money in procurement being an informed balance between cost, quality and sustainability.

The Value for Money triangle is at the heart of this, and sums up the Scottish Model of Procurement

Figure 2 - "Value for Money Triangle"



Underpinning these priorities Scottish Government has seven key strategic objectives - the Seven 'C's which are outlined below:

Capability

To ensure that procurement activity and decision-making is conducted to the highest possible standard; effort is not duplicated; and that resources are allocated where they are most needed.

Competitiveness

Encouraging a competitive supply base is essential if the public sector is to achieve value for money in its purchases, and is an integral part of the Scottish Economic Recovery Plan. Wherever possible, contract opportunities are structured to allow suppliers of all sizes to compete and to encourage innovative bids.

Capturing Savings and Benefits

Contract information is matched to spend data and fed into a national contract register. To give the Scottish public sector an unrivalled ability to seek out value for money - this can be either cash savings, or contributions to wider economic and sustainability goals.

Coverage

For the Public Procurement Reform Programme to be most effective, it is essential that it becomes embedded across all procurement activity.

Collaboration

The Public Sector is working collaboratively, ensuring that effort is not duplicated, that best practice is shared and we capitalise on the opportunity for economies of scale.

Corporate Social Responsibility

Procurement activity and the activity of those awarded public contracts conform to robust ethical standards and contribute fully to sustainable development.

Communications

Greater awareness of how procurement contributes to public services making the best use of public money and on helping achieve sustainable economic growth.

Improving Access to Police Contracts for SMEs

Scottish Government is committed to ensuring that small and medium sized enterprises (SMEs) have fair access to public sector contracts in Scotland, as specified in the Scottish Government's Economic Recovery Programme.

Police Scotland and the SPA will adopt the "Six Simple Steps" approach set out by Scottish Government for Scottish public bodies to improve access to Public Contracts for SMEs.

The six recommended steps are as follows:

1. Adopt the "Suppliers' Charter" - which commits public bodies to improving the way they work with businesses.

2. Use the Public Contracts Scotland advertising portal. Public bodies should:

- publish their "buyer profile" on the portal - to help suppliers find out quickly and cheaply whether a public body is a potential customer
- advertise as many contract opportunities as possible and publish contract award notices - to give suppliers free access to contract opportunities across the Scottish public sector
- use the 'quick quote' facility for very low value contracts - to allow suppliers to bid for very low value contracts with the minimum of bureaucracy.

3. Review contract award procedures - to ensure that they place the minimum possible burden on suppliers, for example through use of a core supplier questionnaire.

4. Use outcome based tender specifications wherever possible - to allow businesses to propose innovative and alternative solutions to public sector business needs.

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5. Include in our terms and conditions a requirement that contractors pay any sub-contractors within 30 days of receipt of a valid invoice - to ensure that sub-contractors, as well as contractors, receive prompt payment.

6. Monitor expenditure with SMEs - use data from the Scottish Procurement Information Hub to monitor spend with SMEs to review the success of the other activities.

Procurement Priorities

The goods and services we procure are essential to support the effective delivery of our service and it is critical that we contract and manage them in a way that not only meets our operational requirements, but is ethical and also offers best value for the organisation. To this end we recognise the value in promoting opportunities to work collaboratively with partners to allow us to be flexible and responsive to the needs of our communities, while making the best use of our collective resources in a manner that enhances public confidence and community safety.

We will fully consider the impact of proposals to transform our organisation and ensure that our approach is informed through engagement and consultation with our people, communities and partners. We will also seek to use our assets in a manner that is more responsible, ethical and sustainable in order to contribute to the improved wellbeing of our communities.

The strategic priorities identified for the new national procurement function will be in line with the public procurement reform agenda and are:

[Figure 3 - Procurement Priorities shown overleaf](#)



This strategy has been developed in the context of reducing public sector budgets and the need for all public sector organisations across Scotland to look for efficiencies and new ways of undertaking their business to ensure that we can continue to provide a high quality public service and at the same time deliver upon the challenge of balancing our budget each year.

Role of the procurement function

The main role of the procurement function within Police Scotland is to:

- provide professional, qualified procurement expertise, advice and services;
- provide strategic procurement advice;
- ensure that business needs are met through its procurement of goods, services and works;
- contribute to the aims and objectives of the organisation, as detailed in its corporate plan;
- pro-actively manage and develop the supplier base, including small and medium-sized enterprises (SMEs) and third sector and voluntary sector organisations, identifying and managing any supply risks or value add opportunities;

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- ensure that value for money is achieved, including through implementation of national contracts;
- advise, guide and support the development of and adherence to procurement policy, best practice and law;
- develop, promote and implement appropriate procurement strategies and procedures;
- establish and address training needs, utilising national / sector specific training contracts where appropriate;
- co-ordinate training development and registering of procurement officers across the organisation;
- assess procurement competencies across the organisation, using tools such as the Scottish Procurement Competency Framework;
- promote and engage in collaboration and information sharing with relevant partner organisations;
- support sustainable policies through procurement processes;
- comply with and, where appropriate, promote equalities legislation and policy; and
- promote and engage in the implementation of relevant technology solutions, including e-procurement, to minimise purchase to pay costs.

Responsibilities of the Procurement Function

The main responsibilities of the procurement function within Police Scotland encompass the following activities:

- act as the interface between the contracting organisation and the external marketplace on commercial matters;
- determine requirements and establish specifications in collaboration with end users;
- challenge the organisation's/end-users' requirements critically for need and cost effectiveness, taking account of whole life costs and corporate social responsibility/sustainability issues;

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- conduct market engagement and research;
- manage supplier relationships, including responding to suppliers' complaints;
- manage commercial relationships;
- manage procurement competitions;
- manage the award of contracts;
- contract management;
- establish a comprehensive contract register;
- establish arrangements relating to authority to procure;
- continually strive to develop improvements in process and procedures to ensure efficient and timely procurement;
- measure and report procurement performance, including Best Practice Indicators (BPIs); and
- encourage participation of users/feedback into relevant category advisory groups.

Procurement Categories

Phase 1 of the organisational restructure of Procurement has now been implemented and as result contracting activity within Police Scotland has been grouped in to the three primary categories of Estates Procurement, ICT Procurement and Corporate Procurement.

Procurement Categories		
Estates Procurement is the unit established within Police Scotland's Estates Department to manage and expedite the Authority's property estate procurement activities in relation to the administration of all property related construction and maintenance works	ICT Procurement is the unit established within Police Scotland's ICT Directorate to manage and expedite all procurement activities in relation to all ICT goods, services and projects	Corporate Procurement is the unit established within Police Scotland's Corporate Services Directorate to manage and expedite all corporate procurement activities outwith the responsibilities of the Estates and ICT Procurement units.

Section 3 (*Strategic Approach*) of this document highlights the next two phases of the organisational restructure within procurement and the eventual bringing together of all procurement functions under one portfolio.

The strategic approach outlined within this procurement strategy is common to all three categories.

Legal Requirements

The following is a list of the main legal requirements to which regard may have to be had during the procurement process:

- The Public Contracts (Scotland) Regulations 2012
- The Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- Police and Fire Reform (Scotland) Act 2012
- The Procurement Reform (Scotland) Act 2014
- Bribery Act 2010
- Human Rights Act 1998
- Equality Act 2010
- TUPE - Transfer of Undertakings (Protection of Employment) - Regulations 2006, as amended by Collective Redundancies and Transfer of Undertakings (Protection of Employment) Regulations 2014
- The Employment Relations 1999 (Blacklist) Regulations
- Trade Unions and Labour Relations (Consolidation) Act 1992
- The Waste Electrical and Electronic Equipment Regulations 2006
- The Construction (Design and Management) Regulations 2007
- Data Protection Act 1998
- Freedom of Information (Scotland) Act 2002

- Health and Safety at Work Act 1974

Wider Business Benefits

By coming together as a single national service, we can now access benefits afforded by the management of our collective procurement activities across Scotland.

As outlined below, the Procurement Strategy is closely aligned to the cross-cutting principles upon which the Corporate Strategy is based, the key business benefits that Police Scotland has identified in its benefits realisation plan and the Strategic Objectives that the Scottish Police Authority (SPA) has set out in its Strategic Police Plan.

The procurement strategy is closely aligned to the following Corporate Strategy principles:

- “Our services will be delivered with a focus on quality, consistency and accessibility”
- “Our assets will be managed in a way that will improve access to them, as well as improving efficiency and sustainability” and
- “Our approach to governance will be modern, streamlined and proportionate”.

The wider business benefits and **Intermediate Benefits of Reform** that will be impacted upon by the activity outlined within this plan are:

- Better targeted investment **(IB10)**;
- More efficient resource utilisation and reduced duplication of effort **(IB9)**;
- Reduced operating costs **(IB8)**;
- Greater consistency and quality of service delivery **(IB6)**; and

- Improved collaborative working practices with partners (**IB3**).

The activities in this strategy also make a direct contribution to the delivery of three specific SPA Strategic Objectives:

- Work in partnership to improve safety for the citizens of Scotland and reduce crime (**SPA Strategic Objective 1.1**);
- Deliver the benefits of reform effectively and efficiently (**SPA Strategic Objective 3.1**); and
- Promote a culture of excellence (**SPA Strategic Objective 4.2**).

This strategy will also enable the organisation to deliver upon its operational priorities (that are set out in the Annual, Local and Ward Police Plans), which in turn will contribute to three of the four SPA Strategic Priorities.

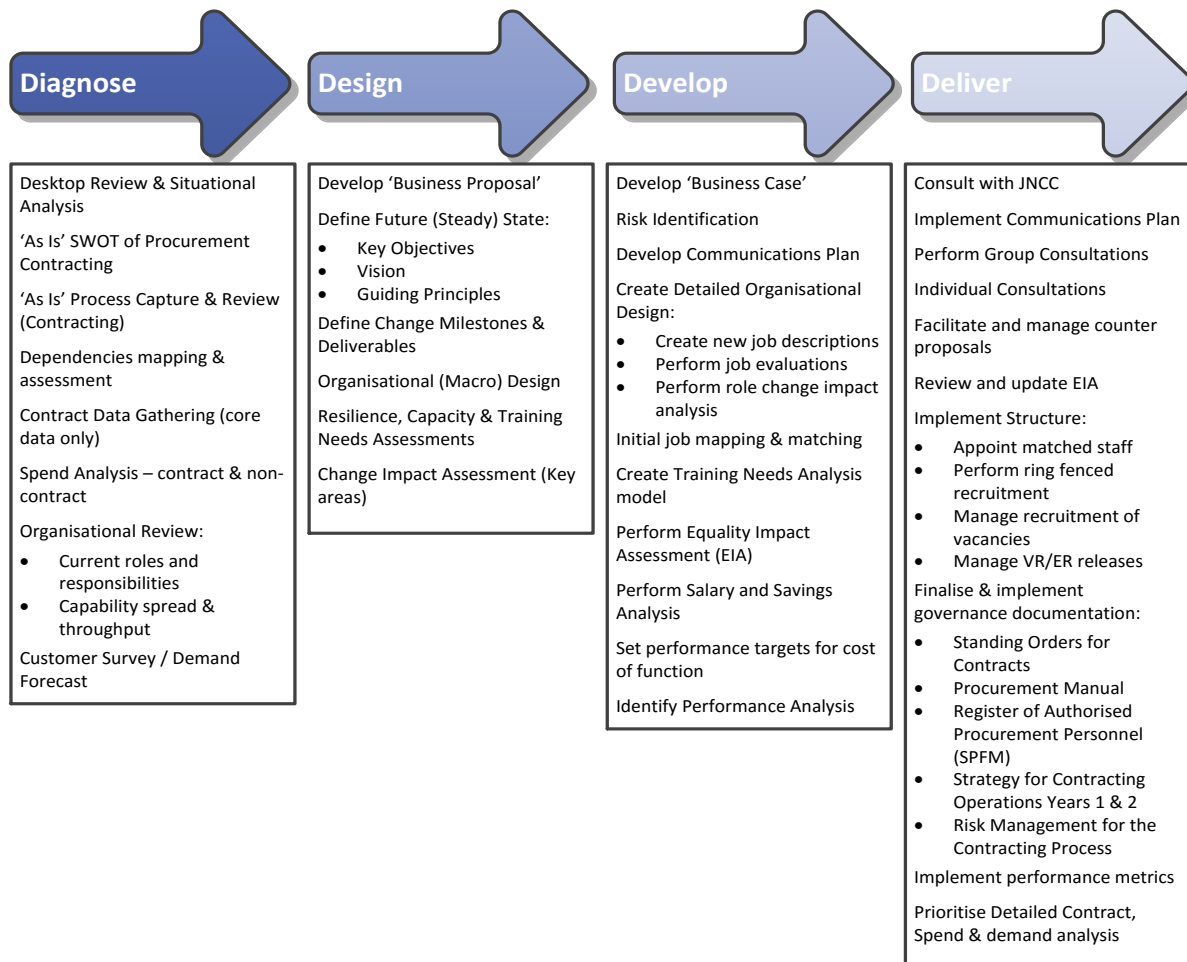
- **Strategic Priority 3** – Provide an efficient, effective service focused on protecting frontline services, delivering the benefits of police reform and promoting continuous improvement.
- **Strategic Priority 4** – Make communities stronger and improve wellbeing by increasing public confidence and reducing fear of crime, making the new Police Service of Scotland an exemplar of visible, ethical and responsive policing
- **Strategic Priority 1** – Make communities safer and reduce harm by tackling and investigating crime and demonstrating pioneering approaches to prevention and collaboration at a national and local level.

3. STRATEGIC APPROACH

In order to develop and refine our procurement activities, we have worked with professionals from across Scotland - from within legacy forces, the Scottish Police Authority (SPA) and the wider public sector. We have used a process of consultation and engagement to:

- review the current state (“baselining”),
- gain a robust picture of the needs of the organisation and our people going forward,
- understand the issues impacting procurement and
- set ambitions for the future.

The key elements of the procurement review and change management methodology utilised during the review are summarised below:



We have used this knowledge and information to develop our strategic approach for our people and the procurement needs of the organisation going forward.

This Strategy recognises that there is now a more challenging external environment impacting upon procurement activity and outcomes and that the current economic climate challenges our capacity to reduce costs. A more collaborative approach, therefore, both internally and externally, will be critical, if the organisation is to meet the economic challenges ahead.

The Strategic Approach describes how Police Scotland will deliver its six Strategic Procurement Priorities in line with Scottish Government’s seven key strategic objectives for procurement in public sector.

The strategic approach can summarised into eight key elements as shown below:

Figure 4 – “Strategic Approach”



1. Functional Realignment & Integration

Procurement activity within Police Scotland has been grouped in to the three primary categories of Estates Procurement, ICT Procurement and Corporate Procurement.

We will enable the procurement function to be flexible and responsive to the dynamic nature of policing through realignment and better integration of procurement professionals within specific customer business functions, such as ICT and Estates. This will improve communications and ensure an appropriate balance between requirement specifications which are fit-for-purpose and the flexibility to utilise product substitutes to deliver savings and enable faster, more collaborative routes to market.

In addition, a centralised national Corporate Procurement function has been established in order to contract all other business related commodities and operational services on a national basis e.g. body armour, uniforms, printing & stationery, personal protective equipment and laundry services etc.

Through this more integrated function, we will be better able to monitor and scan our internal and external business environment to identify potential or evolving critical factors that could affect the budget and requirement for the goods and services being procured.

The approach will engender early engagement, which will in turn allow the identification of any medium to long term issues and challenges relevant to the goods and services within the category. This will enhance the organisation's understanding of performance gaps, support the development of improvement plans and better capture functional / outcome based procurement requirements and service level measurement criteria.

Historically, legacy forces predominantly engaged in a "let and forget" approach to procurement, where contracts were "let" and then left to run, broadly unmanaged, until the time for renewal. Adopting the realignment and integrated category approach will promote active contract and supplier management

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throughout the lifetime of the contract. This will ensure that the goods/services which are delivered are in line with the performance or service level expectations (i.e. quality/service/cost/delivery) originally agreed.

2. Collaborative Approach to Improve Coverage and Address Provision Gaps

We will promote opportunities to work collaboratively with partners allowing us to be flexible and responsive to the needs of our communities and make best use of our collective resources in a manner that enhances public confidence and community safety.

We will improve contract coverage and address provision gaps through integrating and rationalising our contracts where appropriate, to maximise our capability and capacity in support of the front line delivery of policing services.

Where practical we will standardise products and services and use collaborative Frameworks, which give the economies of scale from the wider public sector spend and often provide faster routes to market.

To improve the likelihood of standardisation and minimise any impediment to the wider transformational change taking place within Police Scotland, we will adopt more appropriate contract durations which dovetail with the wider business reform agenda.

We will develop an agile supply chain that is incentivised to deliver fit for purpose services and goods to Police Scotland. We will aim to minimise and transfer the risk and costs associated with stock holding to the supply chain through improved contractual terms and, where appropriate, the application of a Just In Time (JIT) philosophy.

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We will participate in and contribute to the shared services advisory group to develop opportunities for collaborative working between emergency services and suitable options for co-location in local communities.

We will continue to identify suitable options for collaboration with partners in our local communities.

3. Resource Mix Transformation and Development

To improve the capability and capacity of the procurement function within Police Scotland, we will perform Training Needs Analysis based on the Scottish Government Procurement Capability Framework, to establish training requirements. This will enable us to create an appropriate training and development programme for procurement staff, which will include professional qualification commensurate with the role and level of responsibility.

In line with the Procurement Reform (Scotland) Act 2014 and our overarching commitment to sustainability, we will seek to ensure that all procurement contracting staff are formally trained in the Marrakech Approach to Sustainable Procurement.

This will deliver a procurement function with the right knowledge and skill sets, able to access and assess the right information to develop options, which will ensure that decision-makers are in possession of the information required to take informed and sound commercial decisions.

We will transition to a resource mix with a greater focus on Procurement throughput and utilisation of appropriate frameworks, through a reduction in management, administration and support resource and an increase in, and focus on, procurement practitioners expediting tenders and contracts.

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Through training and development, we will increase ability and our focus on downstream contract implementation and contract management to ensure that suppliers deliver agreed levels of service and are held to their terms of contract.

In legacy arrangements across Scotland, there were 61.1 FTE (Full Time Equivalent) posts within the Procurement structure. There were 27.1 FTE within the complex contracting and high value purchasing activities and a further 34 FTE within the wider Purchasing and Stores areas. Following the implementation of Phase 1 of the organisational change programme for Procurement, which focussed on the contracting and high value purchasing element of the Procurement process, the number of FTE posts within this area has been reduced by 28% from 27.1 FTE to 19.3 FTE.

Phase 2 of the organisational change programme for procurement will review the wider purchasing and stores functions. The objective of the review is to develop the business case and to initiate organisation change by Q4 of financial year 2018, which will:

- recognise the significant economies of scale and operational efficiencies within Purchasing & Stores, offered by a single National operating model,
 - minimise and transfer the risk and costs associated with stock holding to the supply chain through improved contractual terms and, where appropriate, the application of a Just In Time (JIT) philosophy.
- capitalise on the opportunity to reduce administration and transaction costs through the transition to e-procurement systems, as highlighted in section 6 and 7 of our strategic approach.

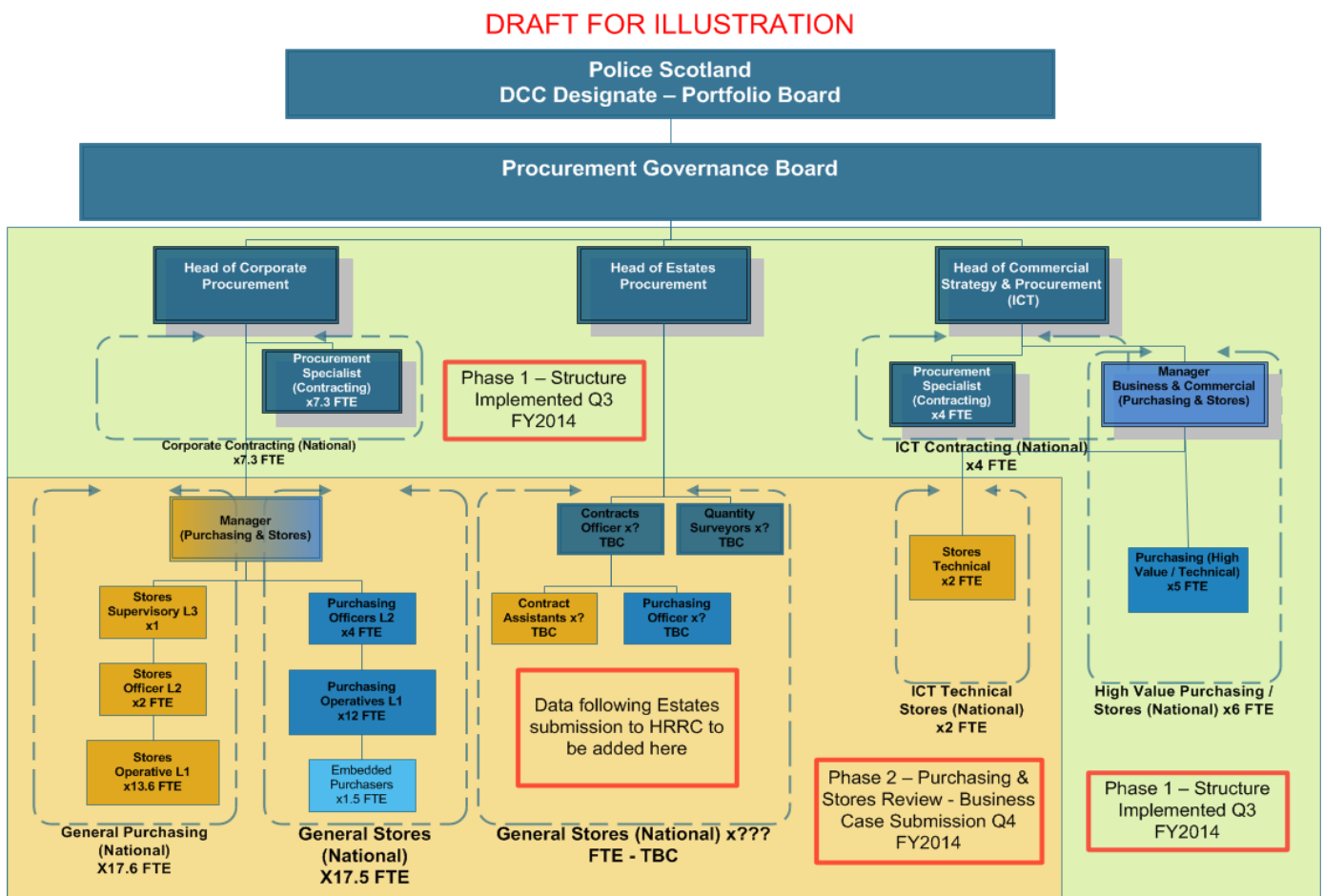
Phase 3 of the organisational change programme for procurement will look for further efficiencies following the implementation of this strategy and the transition towards the e-procurement model described within it. Phase 3 will, whilst recognising the technical specialisms within our three

PROCUREMENT STRATEGY

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main categories, (of Estates Procurement, ICT Procurement and Corporate Procurement) bring these three procurement units together under one portfolio. The current forecast for this structural change is 18 months.

Following Phase 1 of the organisational restructure the current overview of procurement accountability is summarised in the chart below:



We will continue to support individuals affected by our restructuring programme to provide them with the skills and opportunity to enable them to access alternative career opportunities within the organisation.

We have engaged with our people and trade unions regarding proposals to restructure our Procurement function.

4. Risk & Opportunity Based Prioritisation

We will develop and maintain a strategic procurement planning approach for major spend categories, creating a strategic focus on procurement workload prioritisation and throughput, which maximises the opportunity for savings and reduces operational, financial and reputational risk.

We will minimise risk to our organisational reputation by ensuring that all procurement contracts are subject to robust scrutiny to ensure that public funds are being appropriately allocated to reputable, legitimate businesses.

We will reduce operational risk through prioritisation of appropriate contracts which ensure that the goods and services are delivered in line with the performance and service level expectations (i.e. quality/service/cost/delivery).

We will seek to contract products and services in a manner that is responsible, ethical and environmentally friendly in order to contribute to the improved wellbeing of our communities.

Where appropriate, we will aim to rationalise the products and services obtained through our contracts to provide a more efficient, coordinated approach and realise economies of scale and minimise financial risk.

5. Shared Service with Scottish Government

To provide additional procurement capability, capacity and service resilience, Police Scotland will utilise existing arrangements with the Procurement Shared Service for Central Government Bodies in Scotland during this period of significant change and reform.

Police Scotland is working with Scottish Procurement and Commercial Directorate (SPCD) as part of Scottish Government's implementation of a Procurement Shared

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Service for the Central Government sector. The Procurement Shared Service will be delivered by Scottish Government, thereby maintaining skills and experience within the sector.

Scottish Government's contracting service has been specifically designed to support Central Government organisations with peaks in demand for tendering and contract management work and/or their requirements for short term specialist skills that they do not routinely employ. The service has been designed to complement, not compete, with the current skills and capacity in place across organisations in the sector.

Police Scotland support the initiative to collaborate across the sector and will be working with SPCD over the coming months to ensure that the service developed will best meet any of our future needs.

6. E-Tendering & Process Automation to Increase Productivity

We will increase throughput and productivity through migration from labour intensive paper-based Invitation to Tenders (ITTs) to semi-automated e-tendering solutions; including utilisation of Scottish Government's Procurement Portal, PCS Tender (Public Contracts Scotland) and the Government Procurement Service.

The PCS (Tender) e-tendering solution will provide a web-based application which will allow the organisation and suppliers to securely manage their interactions during the tender process. The tool being utilised is fully compliant with EU Directives and supports the full tender process including: advertising, expression of interest, pre-qualification questionnaire (PPQ), invitation to tender (ITT) and award notices.

This approach provides an improved and consistent supplier experience and helps standardise the procurement process through embedded best practice. It creates automatic alignment with the Scottish Government's Procurement Journey and

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creates a more efficient process, including the adoption of standard electronic templates.

PCS Tender was procured through a tender by Scottish Ministers on behalf of the entire Scottish Public Sector and the contract was awarded in September 2011 and is therefore a proven solution with low risk associated with its adoption.

The move to e-tendering gives the additional benefit of reducing the administrative burden in Procurement to support the focus on contracting and supply chain management and also reduces tender cycle time through automation and efficient buyer/supplier interactions. It eliminates the direct cost (paper, printing, couriers etc.) associated with legacy paper-based tendering exercises for our organisation and our suppliers.

We will implement a Scottish Government endorsed e-purchasing system (e.g. PECOS), to underpin and automate the Purchase-to-Pay (P2P) process and deliver greater efficiencies. The system will encompass all of the steps that are followed from the time someone requisitions a product / service that they need, through the authorisation process, to sending the supplier the purchase order and ultimately to receiving the products / services and paying the suppliers invoice.

The timing of a pilot project to ensure compatibility and suitability will be scheduled in accordance with the underpinning ICT infrastructure developments.

The PECOS P2P system was originally deployed in by Scottish Government in 2001 and is now well established and used by approximately 100 Scottish public sector organisations from across central government, local government, NHS boards, universities and colleges.

P2P e-purchasing will deliver a number of benefits over the manual processes currently employed, including:

- Increases visibility of spending behaviours and patterns across the organisation;

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- Develops insight and control over how items are ordered and invoices are processed;
- Automates the flow of transactions to release efficiencies and savings; and
- Provides management information to inform future procurement plans

7. Better Data Management & Reporting

We will introduce a centrally maintained national register and repository for contract information management and reporting. Collating details of all legacy contractual agreements and consolidating them into a central procurement register.

In addition to the practical benefits of a central contract register, the Procurement Reform (Scotland) Bill, which passed Stage 3 in the Scottish Parliament on the 13th May 2014 and received Royal Assent on the 17th June 2014, will require that all public bodies (from a date to be set in the future) publish a contract register for all contracts for goods and services valued at £50,000 and above and all works contracts valued at £2,000,000 or more. This is in addition to a requirement to publish individual contract notices. The PCS Tender system as mentioned above is currently being developed to allow a contract register to be automatically updated whenever we publish a contract award notice on PCS, therefore meeting both requirements.

The benefits of using the contract register feature on PCS will include the following:

- The register will be automatically updated when contract awards are made on PCS

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- Changes made to the contract register will be automatically passed to the Scottish Procurement Information Hub (The Hub) to allow matching against expenditure data
- Will facilitate greater transparency of public contracts

In addition, the PECOS P2P system, also integrates with the Scottish Procurement Information Hub, therefore, when implemented, will close the loop of the e-Commerce element of the strategy, by allowing data at a purchase order level to be accurately and consistently classified according to what has actually been purchased. This data will then be included within the analysis of contract commitments and commodity expenditure.

These e-procurement developments will enable us to increase our focus and improve the quality of our analysis on third party spend through use of the Scottish Procurement Information Hub (The Hub). This will provide a national overview of our activities and highlight opportunities for product and service rationalisation and the realisation of the economies of scale offered by the new national service.

We will improve the analysis and reporting of supplier payments arising from existing legacy arrangements, through the Scottish Procurement Information Hub, to provide greater visibility and improve our understanding of areas of spend which do not appear to form part of the identified contractual agreements.

To achieve continuous improvement in Procurement performance, we will agree a standardised set of performance targets and benchmarking criteria for Procurement.

To monitor the performance and effectiveness of the procurement function, we will implement a procurement performance framework.

Further information on measuring performance is contained within the *Measuring Our Success* section of this strategy.

8. Single National Process & Policy for Procurement

We will provide clarity of approach through the implementation of a single national process and policy for key procurement contracting activities, which builds on the best of legacy force activities and aligns them to Scottish Government's Procurement Journey.

We will publish clear governance arrangements for Procurement within the organisation, within our Standing Orders Relating to Contracts and the Procurement Manual which will clearly articulate and communicate the roles, responsibilities and accountability mechanisms.

This will facilitate the use of Scottish Government standard templates for PQQ, Commodity Strategy, Letters of Award and Debrief and other standardised materials as they are released.

The manual will document the day to day working practices for procurement practitioners, to ensure a transparent, consistent and auditable process which provides a clear mechanism for compliance with SPFM (Scottish Public Finance Manual), EU and Scottish legislation.

The adoption and implementation of the single process will improve operational efficiency through consistency and minimise risk to our reputation by reducing the likelihood of non-compliant contracting activity within the organisation.

A central focus for Procurement in Police Scotland is to embed sustainability in all that we do. This means awarding contracts on the balance of cost, quality and sustainability and incorporating Scottish Government's Scottish Model of Procurement. The Scottish Model for Procurement places social, environmental and economic sustainability at the heart of all that we do. Through our procurement processes, we will strive to maximise efficiency and collaboration, improve supplier access to public contracts and deliver savings and benefits. We will do this by considering options for procuring more sustainably in our contract strategies; engaging with our suppliers and including sustainable clauses in our contracts, where appropriate.

4. CONCLUSION

Governance

In line with the Corporate Strategy, our approach to governance will be modern, streamlined and proportionate.

Police Scotland is building its own effective and proportionate internal structures, performance management approach and controls to ensure that we are able to improve that service over time and also foster public confidence in the service that we provide. These structures include a Procurement Governance Board (PGB), through which all procurement activities within the three procurement categories (Corporate, ICT & Estates) will be scrutinised and governed, including the appropriateness of the procurement approach being proposed and that Best Value is being achieved. The PGB reports into the Deputy Chief Constable's Portfolio Board, which has the wider responsibility for scrutiny and governance across all corporate functions. These structures and controls will complement the governance and scrutiny role performed by the Scottish Police Authority.

The Scottish Police Authority also has a recognised governance and scrutiny role in procurement, which will be delivered through the SPA Board and Committee Governance structure and comply with the SPA scheme of Administration and supporting governance documents.

The Scottish Police Authority's specific governance role includes:

- Approving the Standing Orders Relating to Contracts, and
- Review and approval of major contract awards (valued above £500k) to ensure Best Value.
- Review and recommend to Scottish Government, Single Tender/NCA contract awards (above £25K) to ensure Best Value.

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- Review contract renewals, where appropriate, as detailed within the Scheme of Administration and Standing Orders Relating to Contracts, through the Finance & Investment Committee or SPA Board.

Responsibility for accepting lower value contracts is detailed within the Scheme of Delegation and Standing Orders Relating to Contracts in line with the Scottish Public Finance Manual (SPFM) and, in the main, has been delegated to designated individuals, for example the Chief Executive Officer of the SPA, as Accountable Officer.

Measuring Our Success

The objective of this Procurement Strategy is to clearly identify how Procurement will support the delivery of the Corporate Strategy and outline the specific activities that will be undertaken prior to April 2016.

We recognise the need to evidence how these activities are supporting the organisation and we will work with the Scottish Police Authority to establish an agreed set of measures/indicators. This activity will contribute to the wider element of work being delivered under the Corporate Strategy, which will look at corporate performance alongside existing operational performance measures (*Corporate Strategy, page 65, O2.1 "Developing our Performance Framework" to include corporate performance – being delivered by the Performance and Analysis department*).

We will track delivery of the enabling activities outlined in this plan as a means to assessing our progress in parallel to the development of the more specific metrics in the performance framework described in the Corporate Strategy over a longer timeframe. Progress against the implementation timeline contained on the last page of this strategy will be reported to the SPA members.

A Procurement Capability Improvement Programme (PCIP) will be carried out every two years from 2016, benchmarking the function against procurement functions in other Central Government bodies. This (PCIP) Assessment will play

a central role in our continuous development and ensure that we are flexible and able to adopt best practice in the profession. We will continuously measure our performance against the PCIP Assessment criteria in order to enhance and continually improve our capability.

The performance metrics being developed will align with the Best Practice Indicators for Public Procurement in Scotland's (BPIs) balanced scorecard and key performance areas (Core Deliverables, Key Processes and Organisational Capacity) and any financial indices will be consistent with the KPI recommendations within the McClelland Report.

The initial performance metrics proposed for Procurement within Police Scotland and the Scottish Police Authority are listed below, with the initial baseline being established following the review period, as published in the Corporate Strategy:

1. Cost of procurement as % of organisational running costs
2. % of buying done through collaborative contract
3. % of buying done outwith a contract
4. Total 3rd party spend by top 20% of suppliers
5. Total 3rd party spend managed through e-purchasing
6. Procurement savings achieved

On-going Review

This Strategy will be reviewed annually by the Procurement functions to ensure that it continues to be relevant to the needs of the organisation. The results of the (PCIP) Assessment carried out on behalf of the Scottish Government will feed into that review, as will any reviews of the Police Scotland Corporate Strategy.

The development of the procurement strategy document will continue and be informed by a detailed expenditure review currently being performed. The purpose of the expenditure assessment is to identify opportunities to reduce non-staff expenditure and identify ways to transform how Police Scotland undertakes Procurement. This review will provide input and detail for the future iteration of the procurement strategy, as well as being a detailed underpinning for the wider Policing 2026 strategy being developed.

PROCUREMENT STRATEGY

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The table below details the deliverables set in the initial period which have been delivered / are complete.

STRATEGIC DELIVERABLE	DELIVERY DATE (Financial Year)
Published Procurement Strategy	2014/15
Published a set of Standing Orders Relating to Contracts	2014/15
Published a National Procurement Manual with suite of operational templates	2014/15
Implemented New National Procurement Structure from Organisational Review Phase 1	2014/15
Reported Baseline status for Contracts and non-contract spend	2014/15
Creation of a National Contracts Register	2015/16
Implementation of a Central Repository for Procurement	2016/17
Migration to e-tendering solution	2014/15
Implementation of Shared Services with Scottish Government	2015/16
Implementation of Procurement Performance Management Reporting (including PCIP).	2016/17

Timeline

Since the creation of Police Scotland, the Procurement Department has undertaken a great deal of work to bring maturity to this function, against the challenges of a complex and fragmented contractual landscape, lack of robust underpinning ICT and management information, and lack of alignment and cross functional working. Achievements to date include the implementation of improved practices, the establishment of a more efficient model of procurement based on a central data repository, national contacts register, procurement manual and templates and the delivery of an e-tendering solution. The procurement function has also identified a range of further improvements and will continue to work towards achieving value for money, minimising non-contractual spend and the delivery of long terms plans for ensuring timely and cost effective supply of goods and services to support the objectives of Police Scotland. However, it must be acknowledged that a significant and lengthy journey remains in terms of rationalising the procurement process, consolidating contract spends and

PROCUREMENT STRATEGY

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delivering sustainable efficiency savings. The organisation has developed a plan for continual review of the procurement model and the refinement of processes to ensure the realisation of the potential benefits and savings of the single service.

The timeline below is a high level overview of the outline action plan that will be undertaken during financial years 2016/17 and 2017/18 in support of the delivery of the commitments outlined within procurement strategy.

STRATEGIC DELIVERABLE	DELIVERY DATE (Financial Year)
Identify and prioritise Procurement savings for 2017-2018	2016/17
Review Phase 2 – Purchasing & Stores.	2017/18
Develop Procurement Capability	2017/18
Deliver the identified Procurement savings for 2017/18 and 2018/19.	2017/18
Recruit to fill vacancies and ensure full complement of procurement staff	2017/18
Staff training and development (in line with procurement capability assessments)	2017/18
Improve spend management and data analysis	2017/18
Develop and implement Contract and Supplier Management plan	2017/18
Embed continuous improvement (specifically consistency of approach and practice across functions)	2017/18
Progress development / implementation of P2P Automation and Demand Management practices	2017/18