

**ORIGINATOR: CHIEF EXECUTIVE**

**PAPER NO: AC19/24**

**SUBMITTED TO: AUDIT COMMITTEE 26 JULY 2019**

**SUBJECT: PROCUREMENT FUNCTION - COLLABORATION**

**SUMMARY:**

- 1 The report explains the basis on which the Police and Crime Commissioner (PCC) and Chief Constable have entered into a collaboration with their counterparts in Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent and Norfolk in respect of a joint procurement function to operate across the seven force areas.
- 2 The structure of the collaboration and the protection of Suffolk's interests are briefly explained.
- 3 The full text of the procurement collaboration agreement and the revised contract standing orders that are contained within the agreement are available on the PCC's website.

**RECOMMENDATION:**

The Committee is invited to consider the report.

## **1 INTRODUCTION**

- 1.1 Collaborative working between forces is critical to the efficient and effective running of policing services. The Police Act 1996 enables PCCs and Chief Constables to make collaboration agreements for the provision of support for PCCs or police forces which they maintain. Collaboration agreements have been made across the country to enable the integration of, amongst other things, “back-office” functions. In Suffolk there has been a long-standing collaboration between Norfolk and Suffolk. As long ago as 2012 a joint collaborative procurement function was agreed so as to operate for the police service across both Norfolk and Suffolk. Both police areas have in progressing this joint procurement function operated under agreed processes and procedures and in particular, common contract standing orders. In short, Suffolk have operated a collaborated procurement function with Norfolk for seven years.
- 1.2 In 2016 the PCCs and Chief Constables of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk entered into a seven force collaboration agreement to work together to maximise efficiency in a number of areas and which included shared business support services. The overriding aim has been to deliver enhanced public service, value for money, efficiency and effectiveness and savings. As a result of this collaboration a business case for a seven force single procurement function was considered by PCCs and Chief Constables in 2018 and which has resulted in a formal collaboration agreement being executed in January 2019 between the PCCs and Chief Constables for the seven police areas under section 22A of the Police Act 1996. Accordingly this agreement provides for Suffolk to graduate from a two force to a seven force collaborated procurement. The essential principles of how the function operates are the same albeit there are clearly many differences of practical detail.
- 1.3 This report outlines the nature of the collaborated function which has been agreed and provided for in the collaboration agreement. The agreement is available within the document section of the PCC website (<https://suffolk-pcc.gov.uk/key-info/document-library>). It includes the contract standing orders that will operate across the seven force area. As far as Suffolk is concerned the provision of a procurement function on a seven force basis replaces the joint procurement function that has operated across Norfolk and Suffolk since 2012. The new arrangement has been written into the Scheme of Governance and Consent that operates in Suffolk and which was revised with effect from 1 April 2019. This document is also available on the PCC website.

## **2 SINGLE SEVEN FORCE PROCUREMENT FUNCTION – THE AGREEMENT**

- 2.1 The main features of the collaboration are as follows:
- The purpose of the agreement is to provide a single management and governance structure for the procurement of works, goods and services across seven force areas.

- The over-arching procedures of the procurement function are determined by the procurement collaboration agreement and its associated contract standing orders. No material change to the structure, management and organisation of the procurement function can be made without reference to the seven PCCs. No changes shall be made to the contract standing orders without the express consent in writing of all the parties to the procurement collaboration agreement.
- The development of the seven force procurement function is currently in a transitional state with the aim to launch the new single function by April 2020.
- The procurement function will be led by a Head of Strategic Procurement who will start in post in August 2019.
- Kent/Essex are the lead/co-ordinating partnership for the procurement function with the Head of Strategic Procurement being managed by an Assistant Chief Officer from Kent/Essex.
- The 7Force Strategic Procurement Governance Board has been established by the collaboration agreement to provide leadership and oversight to the implementation of the function and thereafter. The Board has a specified membership and rules of operation which include provision as to circulation of papers before meetings (held monthly and by telecon). Suffolk is currently represented at the meeting by the Chief Executive, as the Chief Executive Representative across the seven forces, and the Chief Constable's Chief Finance Officer. The Board has clearly articulated terms of reference which are found at pages 31 and 32 of the collaboration agreement.
- Regular updates are also provided upon the development of the procurement function in the transition phase to the Seven Forces Strategic Collaboration Oversight Group (meeting bi-monthly) and the Seven Forces and the Eastern Region Alliance Summit (meeting quarterly) both of which have senior level representation from Suffolk of those charged with governance, and both of which are provided for in the overall collaboration agreement which holds together the whole Seven Force Strategic Collaboration Programme. In short there are very clear opportunities for Suffolk to influence, shape and hold to account upon the development of all collaborations by the Seven Forces Strategic Collaboration Programme including procurement.
- The procurement collaboration agreement has extensive terms relating to, amongst other things, length, termination, audit and inspection, conduct, indemnity, liability and claims handling, insurance, disputes, governance etc.
- An internal audit can be commissioned by any party to the procurement collaboration agreement. Internal audit of the new joint function has already been discussed at the Governance Board and steps are being taken to ensure that an internal audit is undertaken that is supported by all seven force areas.
- If a liability arises from the operation of the procurement function, such liability is shared between the parties by reference to the net revenue expenditure of each force in a given year. By contrast where a liability arises from a procurement exercise or

contract, only those parties who are party to such shall bear responsibility for the liability.

- All savings and costs in respect of operating the function are apportioned by reference to net revenue expenditure.
- The function will be staffed by staff from forces in the seven forces group to an agreed establishment. Staff working in the function will remain employees of their original employing police body from the seven forces area. New staff appointed to the function will be employed by a single party to the collaboration agreement and this will be agreed by the Chief Constables. Chief Constables will retain legal direction and control for their respective staff and they will require their staff to work to the instruction of the Head of Strategic Procurement.
- The seven Chief Constables will resolve any high level strategic service delivery issues which cannot be resolved through line management arrangements.
- The budget for the function will be proposed by the Strategic Governance Board and East Region Alliance Summit and/or the seven Chief Constables for consideration by each PCC.
- All procurement processes will be run through the procurement function unless run by a policing body's local team as a reserved matter as defined.
- Financial thresholds set out in the contract standing orders determine the level of competitive process required for each procurement and the appropriate approval mechanism. For example, procurement values above £1m require a competitive tender process and for all contracts to be approved under the seal of each participating PCC. There are different procedures and authority levels up to £50,000 for Norfolk and Suffolk as compared to the other five police areas. Norfolk and Suffolk's procedures to this level are more stringent and are to be applied in any procurement where the financial resources of Norfolk or Suffolk are being committed. Above £50,000 the procedure and authority levels are common across all seven force areas.

### **3 RISK**

- 3.1 There are no risks currently appearing on the Police and Crime Commissioner's Risk Register that are engaged in the production of this paper.
- 3.2 The project to implement the single procurement function has a comprehensive risk register that is examined at every meeting of the 7Force Strategic Procurement Governance Board.

| <b>ORIGINATOR CHECKLIST (MUST BE COMPLETED)</b>   | <b>PLEASE STATE<br/>'YES' OR 'NO'</b>  |
|---|--|
| Has legal advice been sought on this submission?  | The writer is a solicitor and has had regard to legal issues in its production |
| Has the PCC's Chief Finance Officer been consulted?   | Yes  |
| Have equality, diversity and human rights implications been considered including equality analysis, as appropriate? | Yes  |
| Have human resource implications been considered?   | Yes  |
| Is the recommendation consistent with the objectives in the Police and Crime Plan?                                  | Yes  |
| Has consultation been undertaken with people or agencies likely to be affected by the recommendation?               | Not necessary  |
| Has communications advice been sought on areas of likely media interest and how they might be managed?              | Not anticipated  |
| Have all relevant ethical factors been taken into consideration in developing this submission?                      | Yes  |

In relation to the above, please ensure that all relevant issues have been highlighted in the 'other implications and risks' section of the submission.