Home Office

Police procurement

Our vision is to help the nation spend wisely.

We apply the unique perspective of public audit to help Parliament and government drive lasting improvement in public services.

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Amyas Morse, is an Officer of the House of Commons and leads the NAO, which employs some 860 staff. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of more than £1 billion in 2011.

National Audit Office

Home Office

Police procurement

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 25 March 2013

This report has been prepared under Section 6 of the
National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Amyas Morse
Comptroller and Auditor General
National Audit Office

21 March 2013

This report examines how procurement is currently undertaken and whether the Department is effective in discharging its procurement responsibilities to the police service. This includes how the Department assures the taxpayer that police procurement is value for money.

Contents

Key facts

43	25	£1.7bn
police forces in England and Wales	number of forces with joint procurement functions working across nine separate force collaborations	spend by all police forces in England and Wales on non-ICT goods and services, 2010-11

£2.1 billion   real-terms reduction in central government funding for the police service, 2010-11 to 2014-15

£474 million   savings planned by forces from better procurement of all goods and services by 2014-15

£62 million   savings on non-ICT goods and services in 2011-12 claimed by 27 police forces and two organisations, the National Policing Improvement Agency and the Collaborative Police Procurement Programme

£21 million   police force spending through the national police procurement hub, as at February 2013

280   full-time equivalent procurement staff in the 42 police forces that gave us comparable data, at January 2013

68 per cent   proportion of procurement staff in police forces that have professional procurement qualifications, at January 2013

Summary

1   The 43 police forces in England and Wales procure a wide variety of goods and services to support their work. These range from uniform and police cars to estate and facilities management services, such as cleaning. In 2010-11 police forces spent £1.7 billion on all goods and services (excluding ICT, which amounted to a further £633 million), representing around 13 per cent of total force expenditure.

2   Funding for the police service has grown significantly, increasing in real terms by 49 per cent between 1995-96 (when revenue data was first collected) and 2010-11. Under current pressures to reduce public sector spending, the Home Office (the Department) is reducing central government funding to police forces by £2.1 billion in real terms (£1.2 billion in cash terms) during the spending review period (2010 to 2015). In 2012 Her Majesty's Inspectorate of Constabulary (the Inspectorate) found that, to help protect frontline policing, forces were planning to achieve 24 per cent of these savings on procurement of goods and services (both ICT and non-ICT).

3   The Department oversees the police service. It has taken a role in providing leadership and support to help forces improve procurement, so that they can make the savings needed following the 2010 spending review. The Department is also responsible for putting in place a system of assurance for the value for money of police expenditure as set out in its Accountability System Statement for Policing and Crime Reduction. While the Inspectorate provides some national-level oversight, the Department has chosen to delegate responsibility for assuring value for money in individual forces to locally elected police and crime commissioners ('commissioners'). The commissioners replaced police authorities in November 2012 in holding individual chief constables to account. In this new system chief constables retain operational independence to direct their force.

4   This report examines how procurement is currently undertaken and whether the Department is effective in discharging its procurement responsibilities to the police service. This includes how the Department assures the taxpayer that police procurement is value for money.

5   Our January 2012 report *Mobile Technology in Policing* focused heavily on ICT procurement.[1] This report, therefore, looks at police procurement of non-ICT goods and services. We surveyed all forces about their procurement activities. We have not, however, evaluated the effectiveness of procurement functions for individual forces. Our methodology is set out in Appendices One and Two.

---

1   Comptroller and Auditor General, *Mobile Technology in Policing*, Session 2010-12, HC 1765, National Audit Office, January 2012.

Key findings

The police procurement landscape

6   The £2.1 billion reduction in central government funding for the police service will affect forces differently, with some having to make much larger savings than others. Central government funding is determined by a formula that considers relative need, and is supplemented by funds raised through local taxation. The proportion of funding each force receives from central government varies significantly. The forces that rely more on central government funding will need to make greater cuts, regardless of their ability to make them and how far they have already made savings (paragraphs 1.3 to 1.7 and Figure 1).

7   Procurement activity at force level has grown organically, with forces historically procuring most goods and services independently. The Department is working with forces to address the inefficiency of this approach given the savings forces need to deliver. The Department wants to end the culture of police forces procuring goods and services in up to 43 different ways. Working with stakeholders, it has therefore decided to improve coordination of force procurement through a number of initiatives. In parallel, forces have been trying to improve value for money, for example by increasing collaboration with other police forces (paragraph 1.12).

Police procurement in practice

8   We found that there are 280 procurement staff across 42 forces. The majority – around two-thirds – hold professional procurement qualifications, but good overall levels of professionalism mask variations across forces. The level of professionalism is higher than the Cabinet Office estimate for the wider public sector of 58 per cent. The Department does not routinely collect data on force procurement capability. However, seven forces reported in our survey that they did not have sufficient staff and resources to undertake procurement activity effectively (paragraphs 2.4 and 2.5).

9   To improve value for money in procurement, some forces have entered into voluntary collaborative arrangements with other organisations. Collaborative working offers potential for forces to improve buying power, negotiate lower prices, and make savings by combining back-office functions and reducing administration costs. Twenty-five forces are involved in nine collaborations, which have merged procurement teams. Many forces also work with local authorities and the private sector to make savings (paragraphs 2.8 and 2.9, and Figure 4).

10   As well as organisational collaboration, all forces use collective buying approaches for particular goods and services put in place by other forces. These national frameworks mean that each force does not have to carry out individual EU-compliant tender processes, and so saves money. Instead a lead force agrees terms and conditions for making specific purchases with suppliers, which other forces can then use. Forces have also used national frameworks set up outside of the police service, such as those for police vehicles and forensics set up by the Department, and for generic items such as office equipment and utilities offered by the Government Procurement Service. The Department is aiming for at least 80 per cent of police spending on non-ICT procurement to go through regional or national frameworks and contracts by 2014-15 (paragraphs 2.10 to 2.13, 3.14, and Figure 3).

11   Forces have not agreed common specifications for many types of goods and services, which reduces their ability to make savings by delaying or preventing collaborative purchasing arrangements being established. We found a minimum of nine separate specifications for each of five common items of equipment used by police officers. Forces have also found it particularly hard to agree common specifications for uniform, which they spent almost £8 million on in 2010-11. If forces could replicate cost reductions achieved through standardising uniforms in the prison service they could save around £2.6 million a year (paragraphs 2.14 and 2.15, and Figure 5).

12   We estimate that forces could save around £1.6 million per year, across five types of common equipment, assuming they paid the average of the five lowest prices paid. We examined police forces' procurement of five categories of goods, such as body armour and riot shields. For each category we found they procure a wide range of different specifications. Even for identical goods we found substantial variation in the prices paid. Given these savings relate to expenditure of just £6.6 million in 2011-12, if such price variation existed elsewhere this would indicate scope for considerable savings through better procurement (paragraphs 2.16 to 2.18, and Figure 6).

Effectiveness of the Department's support and oversight

13   The Department has teams that work with forces to support their procurement activity, but its efforts have so far been met with mixed reactions. Nineteen forces were complimentary about the support they received from the Department's regional managers. However, an equal number expressed concerns about the timeliness, quality and general quantity of wider support they received from the Department (paragraphs 1.12, 3.13, and Figure 3).

14   There is a tension between the Department's centrally directed strategies to increase collaboration and national procurement, and its reforms to increase local autonomy and accountability for police forces. The Department has made a policy decision to implement a light-touch oversight regime of assurance over value for money of police procurement. It has introduced commissioners to increase local decision-making and accountability. It has also implemented initiatives, such as enforcing national procurement of certain items, to improve value for money. With devolved delivery, central interventions need to have compelling evidence to maximise local buy-in. As we have found previously, where this evidence is lacking it can be difficult to achieve economies of scale and may be poor value for money. This type of oversight regime limits the amount of information available to the Department to direct their interventions and weakens the levers available to enforce the Department's initiatives. The Department is in the process of revising the system statement to clarify the accountability arrangements established by the Police Reform and Social Responsibility Act 2011 (paragraphs 1.9 to 1.11 and 3.27 to 3.29).

15   The Department has a strategy to improve procurement in police forces, but the effectiveness of its support is reduced by the complexity of the landscape in which it operates. The Department is working with multiple stakeholders, including the Association of Chief Police Officers, to improve police procurement and simplify governance structures. Blurred lines of accountability and the complex landscape have, however, contributed to delays in implementing wider procurement initiatives. Furthermore, many significant changes have been made to both governance and support arrangements, such as creating commissioners. This has introduced uncertainty for forces about committing to longer-term procurement arrangements (paragraphs 3.11 and 3.12, and Figure 7).

16   The Department intervened more directly in 2011 with legislation requiring forces to procure certain items, including vehicles and body armour, through national frameworks. Evidence of the value for money achieved through these approaches is, however, weak. While 24 forces we surveyed were positive overall about these frameworks, ten criticised the Department's consultation process, and 11 forces (25 per cent) told us they had incurred additional costs (financial or otherwise) from using them. This may create tension for forces and commissioners between their duties to achieve value for money and to collaborate, for example, through the use of national frameworks. It is difficult for the Department to show forces that its frameworks are beneficial as it does not have comparative baseline data. Furthermore, it is unclear how the Department can enforce these legal directives, and this has not yet been tested (paragraphs 3.14 to 3.19, 3.27 to 3.29).

17   The Department manages an online marketplace, the national police procurement hub, which forces can use to procure goods and services. With the volume of transactions going through the hub in 2012 well below target, the Department plans to make it a legal requirement for forces to use it instead of alternative procurement services. All forces were due to be using the hub by June 2012, but by January 2013 only 43 per cent of forces were doing so. The levels of spending and savings recorded through the hub were below predicted levels. The Department has not set out what level or type of usage it will require from forces compelled to use the hub, or how it will monitor this and deal with non-compliance (paragraphs 3.20 to 3.26).

18   There is no comprehensive data on police procurement. The Department's attempts to collect data have met with limited success, reducing its ability to improve value for money nationally. The Department needs robust data to monitor the effectiveness of procurement expenditure and therefore target its support where most needed. The Department has taken over responsibility from the National Policing Improvement Agency for commissioning data collection, but these data are available too late, lack information on unit costs and are difficult to compare. The way the data are categorised can also produce errors. As of January 2013, data for procurement expenditure in 2011-12 had still not been collated. The Department had intended to obtain real-time data on force procurement expenditure from the hub, but with the present usage levels, very limited data are available (paragraphs 3.3 to 3.5, and 3.25).

19   The Department struggles to collect accurate information from forces about savings made. The Department collects quarterly savings data in line with Cabinet Office requirements, but 37 per cent of forces did not comply with this requirement in 2011-12. Furthermore, the Department undertakes only limited validation of the returns that it receives. The Department is not, therefore, well placed to identify and share good practice, or keep track of what savings police forces are making, and how they make them. The absence of good savings data, taken together with the problems with its own procurement expenditure data, means the Department has to draw on other available sources of data to help fill gaps in its datasets (paragraphs 3.6 to 3.10).

Conclusion on value for money

20   Forces need to make significant savings over the spending review period and procurement expenditure is an obvious target. Both forces and the Department are implementing initiatives to improve value for money and although savings have been made, there is clear evidence that many opportunities for savings remain unexploited. Given the scale of the challenge and the need to minimise the impact of cost reductions on frontline policing, the Department, forces and commissioners must work together more effectively to identify and make further savings.

21   The Department has decided to operate a light-touch approach both to supporting the delivery of savings in the sector and overseeing the value for money of police expenditure, including procurement. This approach, combined with a complicated landscape and the lack of good quality, timely information about police procurement activities available to the Department considerably limits its ability to support forces' efforts to improve value for money. When revising its accountability system statement the Department should consider carefully how to manage the risks implicit in operating a light-touch oversight regime; in particular the consequences on its ability to identify whether forces are complying with central requirements designed to drive savings at national level, and the levers available to the Department to enforce its directives. Under the current system the Department is not able to assure the taxpayer that the £1.7 billion the police service spends on non-ICT goods and services is value for money.

Recommendations

a   The Department should review and map out the current governance structure for all police expenditure, including procurement. It should agree and document lines of accountability with all parties, and streamline current arrangements. The Department should consult with the Association of Chief Police Officers, the Inspectorate, the College of Policing and commissioners when revising its accountability system statement. It should set out clearly to all parties how the system of assurance will operate and the various parties' responsibilities.

b   The Department should make a clear statement to forces and commissioners about what mandate of the national police procurement hub will mean, and how forces will be expected to use it. The Department should take advantage of forces' support for the hub by identifying the barriers to implementation and supporting forces to overcome these, showing where it is achieving benefits.

c   The Department should improve and formalise how it collects data on police forces' procurement spending so it can support forces and obtain assurance effectively. In particular it needs to ensure that it makes data for 2011-12 available as soon as possible. The Department should agree with forces and commissioners a hierarchy of data requirements. It should communicate the rationale for collection, and consult widely on how data can be shared more effectively to assist forces.

d   The Department should set out milestones for how it will meet its aim for forces to procure at least 80 per cent of expenditure on non-ICT goods and services through regional and national frameworks by 2014-15. It should prioritise agreeing specifications for common equipment and consumables with forces. This should help forces collectively make savings in procurement spending and back-office costs by reducing the local procurement activity required.

e   The Department should prepare a contingency response for dealing with resistance to agreed national approaches from individual forces or commissioners. Commissioners are now responsible for ensuring they deliver value for money for their force, and may face difficult decisions if approaches that are nationally or regionally beneficial incur their forces extra costs. The Home Office will need to be prepared to deal with such circumstances as they arise to prevent further fragmentation.

Part One

The police procurement landscape

Police procurement in context

1.1   There are 43 territorial police forces in England and Wales, each headed by a chief constable.[2] Funding to forces to deliver their responsibilities is provided by both central and local government. Locally elected police and crime commissioners[3] ('commissioners') hold police forces to account for their electorates and can appoint and dismiss chief constables. Commissioners set budgets and priorities for their respective forces.[4]

1.2   Chief constables have independent authority to make operational decisions, and commissioners delegate authority to them to enter into contracts or purchase goods and services up to a specified value. High-value contracts may require their commissioner's approval, depending on where the threshold is set. However, forces are usually free to make their own decisions about what to buy, and from where. Forces employ staff to procure goods and services, and their responsibilities include meeting legislative requirements and securing value for money.

Police funding and the spending review challenge

1.3   We have calculated that between 1995-96 (the earliest year with comparable data available) and 2010-11, funding for the whole police service increased in real terms from £8.7 billion to £12.9 billion in 2010-11 prices, an increase of 49 per cent. The majority of this funding has come from central government, with the remainder raised through the precept, a specific element of council tax. The proportion of overall public funding that comes from the precept rose from 13 per cent in 1995-96 to 25 per cent in 2010-11. Police forces also obtain some other funding, such as through charging for policing commercial events.

---

2   The Metropolitan Police Service and City of London police force each have their own commissioner rather than chief constables.

3   The equivalent roles for the Metropolitan Police and City of London forces are fulfilled respectively by the Mayor's Office for Policing and Crime and the Common Council of the City of London. Throughout this report we refer to all these parties as 'commissioners'.

4   A separate police and crime panel oversees each commissioner to ensure they are fulfilling their duties.

1.4 Although nearly all forces receive the majority of their funding from central government, this masks some wide variations (**Figure 1**). The majority of central government funding is determined by a formula, which accounts for the relative needs of each force. Commissioners decide local funding (although funding in Figure 1 was determined by their predecessors, police authorities). The 2010 spending review budgeted for central government funding to reduce by £1.2 billion per year by 2014-15, or £2.1 billion in real terms, a 20 per cent fall in funding.

The goods and services that police forces purchase

1.5 Although forces spend the majority of their funding – 80 per cent – on staff costs, collectively in 2010-11 they spent £1.7 billion (around 13 per cent of total expenditure) on purchasing goods and services, according to data the Home Office (the Department) collected. This excludes £633 million of expenditure on ICT goods and services,[5] which is outside the scope of this report. The majority of non-ICT expenditure relates to property (for example, maintenance and facilities management) or support services such as finance, human resources and legal services. Substantial sums are also incurred that relate directly to core police work, such as vehicles, forensics and clothing, including uniforms and protective clothing. The latest available expenditure data from the Department, for 2010-11, are broken down by category in **Figure 2** on page 14. There are various limitations to these data, such as being produced late and a lack of detail, which we describe in Part Three.

1.6 Police forces are, on average, aiming to reduce their expenditure on goods and services by a greater proportion than the overall 20 per cent reduction in funding for the police service. Her Majesty's Inspectorate of Constabulary (the Inspectorate) assesses police forces and policing activity. The Inspectorate reported in July 2012 that forces plan to make 24 per cent of the overall savings required (£474 million of £2 billion) from reducing spend on goods and services. This would mean that proportionate reductions in staff costs would not need to be as large.[6]

---

5 The National Policing Improvement Agency also spent £41 million on non-ICT and £328 million for ICT expenditure on behalf of forces in 2010-11.
6 Her Majesty's Inspectorate of Constabulary, *Policing in Austerity: One Year On*, July 2012, Table 2, p.19.

Figure 1

The proportion of force funding from central and local government, 2012-13

The proportion of central government funding varies based on a formula that accounts for the relative needs of each force

Police force
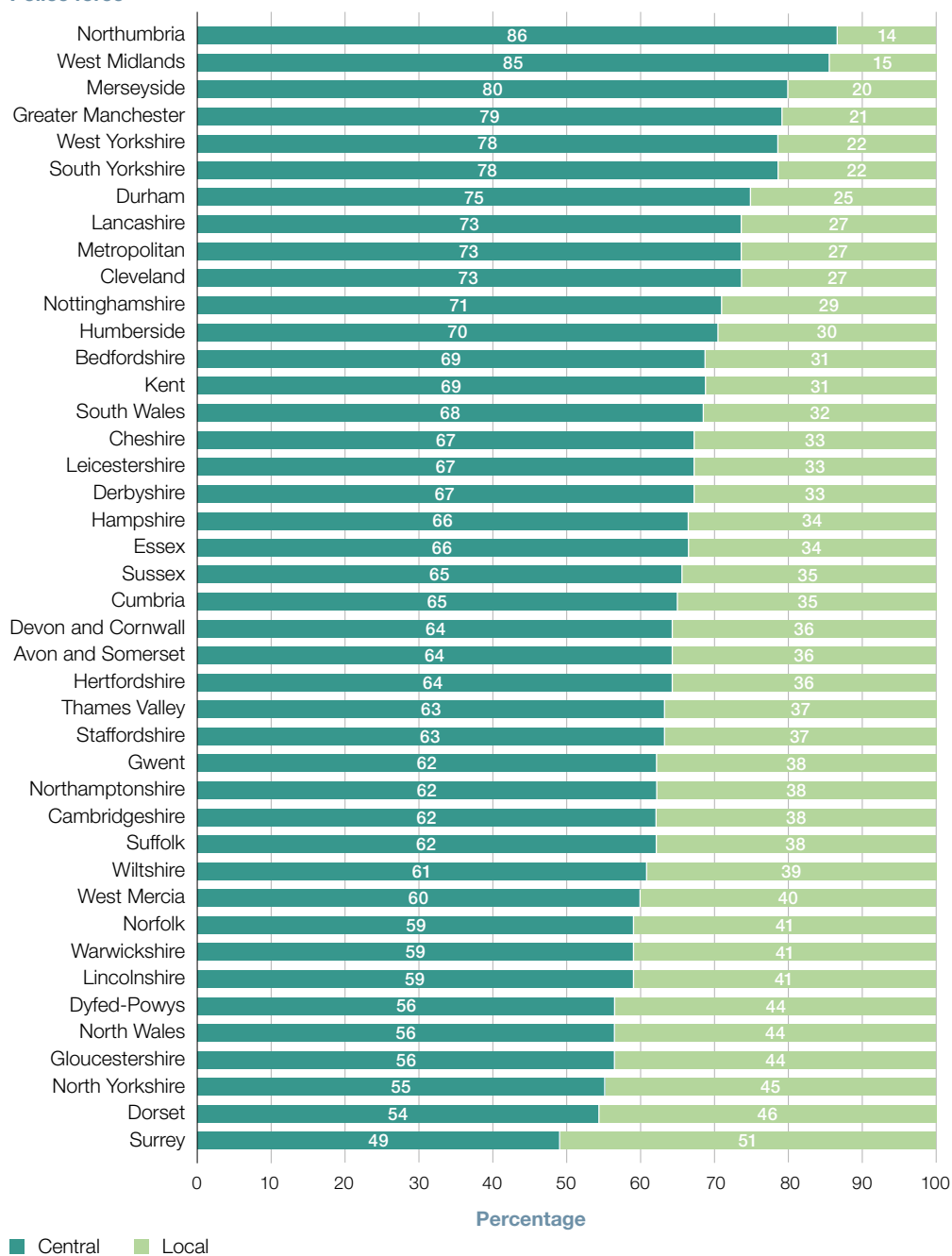
NOTES

1   These are estimates for 2012-13 funding made in October 2012.

2   Forces obtain some funding from other sources, which is not included in this figure.

3   We have excluded the City of London Police as it has different funding arrangements.

Source: National Audit Office analysis of Her Majesty's Inspectorate of Constabulary data

Figure 2

Top ten categories of expenditure on non-ICT goods and services in 2010-11

Total expenditure for police forces in England and Wales was £1.7 billion

Category	£ million	Notable sub-categories of spending	£ million
1 Facilities and management services	348	Property management	48
2 Construction	257	Buildings	106
3 Vehicle management	241	Commercial vehicles	81
		Fuel	58
4 Environmental services	160	Forensics and laboratories	131
5 Human resources	124	Temporary and agency staff	86
		Interpreters and translators	9
6 Financial services	123	Credit services	47
		Insurance	31
7 Utilities	95	Electricity	47
8 Consultancy	41	Management consultancy	30
9 Legal services	41	Legal opinion	41
10 Clothing	32	Protective clothing	20
		Uniforms	8
All other categories	204		
Total	**1,668**		

NOTES

1 Data for individual categories are estimates as at 25 February 2013. They are subject to changes as they are based on supplier categorisations which are updated regularly. For more detail, see Part Three.

2 These data include the British Transport Police, who are not funded by the Department but make use of some of their support and frameworks.

3 These data exclude other buying entities, such as the National Policing Improvement Agency, that the Department collects spend data from.

4 Some figures may not reconcile owing to rounding.

Source: Departmental data

1.7 The level of challenge, and the ability of forces to meet it, is likely to vary significantly by force for two main reasons:

- **The proportion of planned funding reductions for each force varies considerably.** This is primarily determined by the proportion of funding individual forces receive from central government[7] (Figure 1). Forces wholly or mostly funded by central government will have to make larger cuts. The Inspectorate estimated in 2011 that the cuts required varied between 8 and 19 per cent.

- **Forces' capability to meet spending challenges will depend on their circumstances.** The Inspectorate reported that planned savings on goods and services within forces varied between 8 and 50 per cent. Some forces face particular challenges, for example because they were committed to long-term, high-value contracts.

The Department's role

1.8 The Department has primary responsibility within central government for policing. In addition to providing police funding, the Department plays two key roles:

- The Department's accounting officer is responsible for ensuring that central government funds are spent with proper regard for value for money.

- The Department has chosen to support some functions police forces carry out, including procurement activity.

The Department's system of assurance for police procurement

1.9 The accounting officer has set out an accountability system statement for policing and crime reduction.[8] The statement details how the Department will reconcile operational independence and local accountability while ensuring that forces use grants with regularity, propriety and value for money. This statement, last updated in September 2012, establishes that the new police and crime commissioners are free to allocate the money across their services as they see fit, in line with the principles of the Financial Management Code of Practice for the police service.[9] The Department relies on commissioners to hold chief constables to account for their spending decisions, with external scrutiny from financial auditors and the Inspectorate. Commissioners, as well as being accountable to the public, are scrutinised by a local police and crime panel, one for each force, which includes locally elected councillors, independent and lay members. Also, the Home Secretary can intervene and direct commissioners or forces to take action in cases of systemic failure, lack of efficiency, or when public protection is at risk.

---

7   Commissioners do have the power to change levels of local funding raised in the precept.
8   Home Office, *Accountability system statement for policing and crime reduction*, August 2012, available at:
    www.homeoffice.gov.uk/publications/about-us/corporate-publications/accountability-system-statement
9   Home Office, *Financial Management Code of Practice for the Police Service of England and Wales*, January 2012.

1.10 The Department is in the process of revising the system statement to clarify the accountability arrangements established by the Police Reform and Social Responsibility Act 2011. The current system statement sets out how assurance over value for money for police expenditure might be obtained:

- Commissioners must publish certain information to allow the public to hold them to account, including police and crime plans and annual reports, as well as information on procurement contracts.

- Local financial auditors provide assurance over regularity and propriety.

- Transparency is addressed through forces publishing details of any expenditure incurred above £500. However, these data are not readily comparable between forces and detail on individual transactions is limited.

- The Inspectorate publishes annual 'value for money profiles' for each force, providing a wide range of data on force activity. Commissioners, forces and the Department can use these data to make some assessments about value for money. However, it does not include more detailed information such as unit costs for goods or service specifications and costs.

1.11 The Department's approach to obtaining assurance over police expenditure, with commissioners and their predecessor police authorities having a central role in assuring value for money, is a policy decision. One implication is that the Department does not have immediate access to detailed expenditure data for forces. This means that the Department's approaches to try to support forces to improve procurement (see **Figure 3**) are hindered by its limited understanding of what forces procure, and how they do so.

Supporting police procurement

1.12 Procurement activity has grown organically and forces have mostly procured goods and services independently. In its 2011 consultation paper *Obtaining better value for money from police procurement* the Department stated that "it is … indefensible to continue a system where goods and services for policing are bought in up to 43 different ways across the country".[10] The Department is therefore trying to improve coordination of police procurement activity. In doing so it works with the Association of Chief Police Officers, a forum for senior officers to share best practice, coordinate resources and help provide effective policing. Figure 3 sets out the main areas where the Department provides support. We evaluate these interventions in Part Three.

10 Home Office, *Obtaining better value for money from police procurement (2)*, February 2012.

Figure 3
Home Office support roles

Setting the national strategy	The Department, with the Association of Chief Police Officers, has set strategic priorities for police procurement, which it implements via the Collaborative Police Procurement Programme Board (consisting of senior executives) and the National Police Procurement Executive (which includes procurement professionals from across the service), as shown in Figure 7. The Department aims to:

- help establish and support national procurement arrangements;

- define appropriate procurement routes for common goods and services;

- promote standard specifications where appropriate; and

- bring forces together in procurement activities and share good practice.

Providing support and guidance to police forces	The Department has teams covering regional areas or categories (e.g. estates, fleet, uniforms) of force expenditure. Their responsibilities include highlighting new collective buying arrangements ('national frameworks') put in place by other forces and identifying other opportunities for collaboration.
Specifying what goods and services police forces must buy collectively	The Department is able to compel – or 'mandate' – that forces procure specific goods or services in a manner of its choosing if this is judged necessary to secure value for money. This reduces flexibility for forces, but can lead to savings from economies of scale and administrative efficiencies.
Managing some national frameworks	For example, the Department manages the mandatory national framework for police vehicles. It also manages the national forensics framework agreement (see paragraph 2.11), use of which is optional for forces.
Running the national police procurement hub	The Department is responsible for the implementation of the national police procurement hub ('the hub'). The hub is an online, central marketplace for police forces to procure goods and services.
Collecting national data on procurement	The Department collects spending and savings data from police forces who provide it voluntarily and the Department also uses other sources of information. The Department analyses these data to support its strategy.

Source: National Audit Office analysis

Part Two

Police procurement in practice

Strategy and monitoring

2.1   Forces need agreed, documented strategies for procurement activity, so teams are clear on what approaches they can use. Forces should consider their circumstances and the nature of what they are purchasing when setting their procurement strategy, using purchasing data and wider market intelligence. The strategy could consider whether to do some or all of the following:

- Provide a service using in-house resources.

- Outsource services, which could include the provision of goods, to an external provider.

- Collaborate with another force or organisation.

- Purchase goods and services using pre-existing national frameworks.

2.2   We surveyed police forces (see Appendix Two) to understand how they approach procurement and to obtain data.[11] We found that although most forces had an agreed procurement strategy, six (14 per cent) did not (four did not provide a response). In many cases this was because forces were changing their approach to procurement, or waiting to discuss them with their commissioners once elected.

2.3   Forces can collect various useful performance data to help them monitor progress against their strategies. Forces need good quality information in many areas, including costs, supplier performance, contract renewals and levels of stock to make good decisions about how best to procure. All but seven forces (16 per cent) stated they used performance metrics to assess their procurement strategy's effectiveness.

---

11   This includes the British Transport Police as, although they are funded separately, they make use of the Department's support and national frameworks.

Procurement activity

2.4 Our survey found that all police forces employ dedicated procurement staff, with the equivalent of 280 full-time procurement staff in post across 42 forces.[12] On average forces that provided data had 11 years of relevant experience each, and 68 per cent had professional procurement qualifications, a higher proportion than the cross-government 2009-10 average of 58 per cent.[13]

2.5 The number of procurement staff in each force ranges from two to 61. We found that this reflected not just the difference in size between forces, but also variations in sizes of procurement team relative to expenditure. Relatively small teams could indicate underinvestment, a well-delivered function, or more straightforward procurement arrangements – for example, the force delivering more services in-house. However, seven forces (16 per cent) stated in their survey returns that they had insufficient capability to carry out their procurement functions effectively.

2.6 Key procurement activities that police forces undertake, and examples of good practice we identified during our review, include the following:

- **Requisition or demand management: deciding what to buy.** This involves identifying what type and quality of goods or services are required, and how much of it. Forces can make savings by avoiding 'gold-plated' specifications; for example, West Yorkshire Police saved £500,000 by reducing the quantity and frequency of cleaning to a lower but acceptable level.

- **Pre-contract activities: finding a supplier.** This can include contacting suppliers, running open competitions, evaluating submissions and agreeing contracts. Devon and Cornwall Constabulary set up the Bluelight Procurement Database to give emergency services a tool for assisting with pre-contract activities or making use of existing contracts. All forces told us they used this database.

- **Post-contract activities: managing suppliers.** This includes making accurate and timely payments, monitoring service standards, and identifying when contracts are almost ended and will need renewing or replacing. Greater Manchester Police have integrated a spreadsheet that identifies contracts up for renewal with their finance system, to set automatic reminders.

---

12 This excludes Avon and Somerset Constabulary owing to their distinctive arrangements as part of the Southwest One collaboration with the private sector and local councils. One other force did not provide this data.
13 Cabinet Office, *Back Office Benchmark Information 2009-10*, December 2010.

The role of collaboration

The purpose of collaboration

2.7   Police forces vary in size, with the number of police officers ranging between below 1,000 and over 31,000, as at September 2012.[14] Many forces have therefore decided to collaborate on procurement to improve their buying power, negotiate lower prices, and make savings from combining back-office functions and reducing administration costs. This can provide substantial benefits – for example, we found previously that where NHS trusts identified a common requirement for specific products and purchased them collaboratively, they could potentially make savings of up to 30 per cent.[15] Other potential benefits include standardisation of equipment, leading to lower training costs and increased interoperability when forces work together. Forces have two main ways to collaborate – join procurement functions with another organisation, or agree a common approach with other parties to procuring specific goods or services.

Organisational collaboration

2.8   Our survey found 25 forces are currently engaged in nine collaborative procurement arrangements (**Figure 4**). These can include merging functions other than procurement teams, such as human resources and finance services. For example, Kent and Essex provide a range of functions collaboratively, including procurement (**Case study 1** on page 22). Collaborating forces have identified a number of savings. For example, the South West Police procurement department, covering four forces, told us they had saved £200,000 per year in office supplies by using data to identify the different products and prices that collaborating forces paid for them. They produced a core list of 144 items to bulk buy, replacing the 2,000 separate types of items that were previously ordered.

2.9   Forces can collaborate with others to achieve better value for money from procurement, for example with local authorities or other emergency services. Some police functions, such as office support or emergency response facilities, can be delivered in conjunction with local non-police partners. For example, Hampshire Constabulary is working with the county council and fire and rescue service to provide a range of non-frontline functions. Some forces have their procurement functions delivered by private companies as part of wider partnership arrangements.

---

14   These are 'warranted' officers and do not include police community support officers, special constables or police staff.

15   Comptroller and Auditor General, *The procurement of consumables by NHS acute and Foundation trusts*, Session 2010-11, HC 705, National Audit Office, February 2011.

Figure 4
Map of joint procurement units

25 forces are currently engaged in nine collaborative procurement arrangements

☐ Yorkshire and the Humber region

☐ Norfolk and Suffolk joint procurement

☐ Kent and Essex joint procurement

☐ Bedfordshire, Cambridgeshire and Hertfordshire joint procurement

☐ South West police procurement department

☐ West Mercia and Warwickshire joint procurement

☐ Surrey and Sussex joint procurement service

☐ East Midlands strategic commercial unit

☐ Southern Wales procurement unit
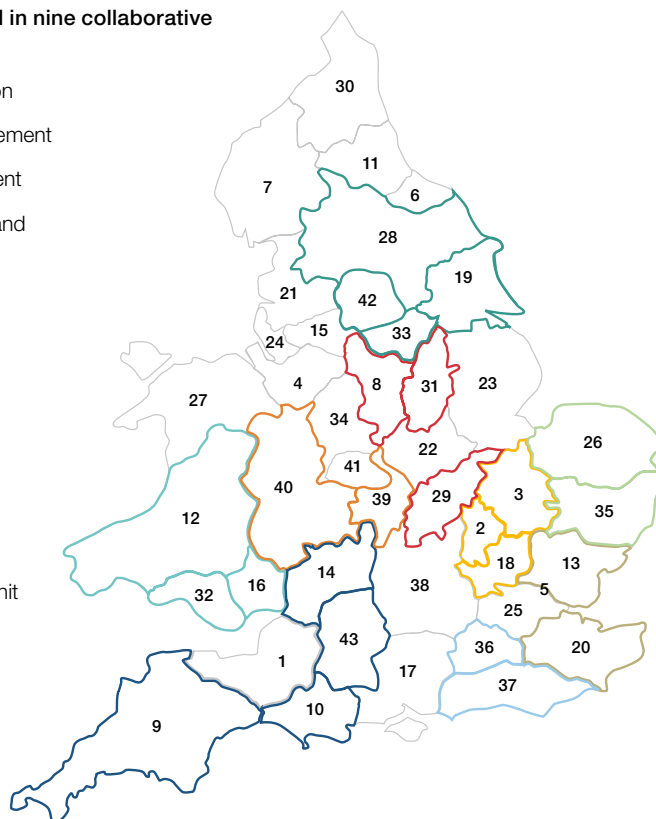
1 Avon and Somerset Constabulary	**15** Greater Manchester Police	**30** Northumbria Police
2 Bedfordshire Police	**16** Gwent Police	**31** Nottinghamshire Police
3 Cambridgeshire Constabulary	**17** Hampshire Constabulary	**32** South Wales Police
4 Cheshire Constabulary	**18** Hertfordshire Constabulary	**33** South Yorkshire Police
5 City of London Police	**19** Humberside Police	**34** Staffordshire Police
6 Cleveland Police	**20** Kent Police	**35** Suffolk Constabulary
7 Cumbria Constabulary	**21** Lancashire Constabulary	**36** Surrey Police
8 Derbyshire Constabulary	**22** Leicestershire Police	**37** Sussex Police
9 Devon and Cornwall Police	**23** Lincolnshire Police	**38** Thames Valley Police
10 Dorset Police	**24** Merseyside Police	**39** Warwickshire Police
11 Durham Constabulary	**25** Metropolitan Police Service	**40** West Mercia Police
12 Dyfed-Powys Police	**26** Norfolk Constabulary	**41** West Midlands Police
13 Essex Police	**27** North Wales Police	**42** West Yorkshire Police
14 Gloucestershire Constabulary	**28** North Yorkshire Police	**43** Wiltshire Police
	29 Northamptonshire Police	

Source: National Audit Office analysis of survey and case study visits

---

Case study 1
Joint procurement service – Kent and Essex Police

Kent and Essex have a number of joint units, including a joint procurement service with 19 full-time equivalent staff in post and an externally recruited Head of Procurement with private sector experience.

The forces have a joint procurement strategy for 2012-15 and have agreed joint objectives. They told us that 60 per cent of their contracts tendered in 2011-12 were collaborative. Kent and Essex's default position is to collaborate with each other, citing the following benefits:

● Greater market leverage.

● Time savings, as only tendering for a solution once.

● Cost reductions, which can lead to staff posts being saved.

Kent and Essex claim that these benefits have resulted in cashable savings (cost reduction) of £1.6 million in 2011-12. From April 2013 both forces will be on the same finance system and will be able to conduct better expenditure analysis, which should allow them to make greater savings.

Source: National Audit Office visit to Kent and Essex joint procurement service

---

Collaborating through joint frameworks

2.10 Aside from organisational collaborations, police forces also use regional and national frameworks. These are when a force, or other body, agrees terms and conditions with suppliers for specific purchases. Other forces can use these without needing to carry out their own EU-compliant tender processes. Forces can use multiple frameworks concurrently – for example, the six forces in the North West Police Procurement region[16] told us they use 29 regional and 31 national, non-ICT frameworks. National frameworks are often coordinated and managed by a lead police force. Some examples of goods and services purchased through force-led national frameworks include:

● vehicle lubricants – Greater Manchester Police;

● ambient 'ready-to-microwave' meals – Kent and Essex Police; and

● temporary agency staff – Thames Valley Police.

2.11 Other organisations also provide national frameworks. For example, the Department manages the national framework for the supply of forensic laboratory services, which most forces use. Under this agreement, eligible forensic providers bid to provide 13 categories of service through regional mini-competitions. Fourteen forces have formed the 'West Coast Consortium' to procure jointly from the framework, increasing their buying power further. However, the North East region of seven forces currently has a separate regional agreement for forensics with a single supplier, which provides a managed service for four of those forces. Additionally, more than half of forensics provision is being delivered by forces themselves, according to an estimate for 2010-11 by the Science and Technology Select Committee.[17]

---

16 Cheshire Constabulary, Cumbria Constabulary, Greater Manchester Police, Lancashire Constabulary, Merseyside Police and North Wales Police.

17 House of Commons Science and Technology Committee, *The Forensics Science Service*, Session 2010–2012, HC 855, July 2011.

2.12 Forces can also take advantage of wider public sector arrangements. The Government Procurement Service provides access to cross-government contracts. It manages a series of national contracts for generic items including office equipment, fuel cards and utilities that various public sector agencies can access. In 2011-12, police forces spent £132 million through such frameworks, including £46 million on energy and £41 million on fuel cards. Most police forces were positive about the support the Government Procurement Service gave them.

2.13 Our survey found that non-mandatory national frameworks are critical to how police forces deliver their procurement functions, with all forces[18] using them to buy non-ICT goods and services. These frameworks can offer significant savings; for example, the Metropolitan Police Service leads a national legal services framework, which they estimate should save them £2.8 million per year, and the police service as a whole £10 million per year. The Bluelight Procurement Database is of key importance to these frameworks as it is the primary means of forces sharing information in 'real-time' on contracts and highlighting those that could generate savings for other forces.

Barriers to achieving better value for money

Failing to agree common service standards and specifications

2.14 A common theme in survey returns and case study visits was that forces sometimes found it difficult to agree common standards. This could delay collaborative purchasing arrangements and had a number of causes, including the following:

- **Existing contracts with suppliers make changing arrangements too expensive.** Some forces have pre-existing obligations to purchase certain goods and services for a period of time. Breaking these contracts to procure through alternative approaches may lead to compensation costs outweighing any potential benefits.

- **Existing collaborative arrangements.** Although it might be mutually beneficial for forces to enter into a new or pre-existing arrangement, other collaborations under way might make this difficult. Given the variety of approaches that we have set out in paragraphs 2.8 and 2.9, this is a considerable risk for forces.

- **Forces disagree over which item they need.** A common theme from many interviews with police force staff was that securing agreement even on relatively mundane items, such as the number of pockets in uniforms, can be difficult. If forces cannot agree on such areas, meaningful collaboration will not be feasible.

---

18   One force did not provide a response to this survey question.

2.15 The savings potential from standardisation is considerable for some items. We found in 2008 that the prison service had worked with suppliers to produce a single detailed specification for each uniform item across the service, against published industry standards. This led to significant improvements in uniform quality and cost reductions of 30 per cent per year.[19] If the police service replicated this scale of savings on its £8 million annual expenditure this would contribute around £2.6 million of savings per year. This would not require a single national uniform or inhibit forces having customisable insignia to identify their officers.

Failure to obtain the best price

2.16 In our survey we asked police forces how much they paid for a range of specified goods (see Appendix Two for more details). We found that despite the extensive collaboration efforts detailed above, police forces still buy a wide range of items independently, including items that should be fairly standard in terms of requirements and prices paid. Where forces provided data, we estimated that based on the value of the goods (£6.6 million) bought in **Figure 5**, forces could potentially save around £1.6 million (24 per cent). This estimate is derived purely from price differentials compared to the average of the five lowest prices achieved by forces for each

Figure 5
Variation of specifications and prices for five equipment types

Police forces responding to our survey with comparable data paid a wide variety of prices for five common police-specific goods of different specifications

Item	Number of named suppliers	Number of different defined specifications	Minimum price paid (£)	Maximum price paid (£)	Variance (£)	Variance compared to lowest price (%)
Body armour (male)	3	16	203	410	207	102
High-visibility jackets	6	20	20	100	80	409
Riot shields	3	16	31	136	105	338
Standard-issue boots	7	11	25	114	89	357
Standard-issue handcuffs	3	9	14	43	29	214

NOTES

1   Figure 5 includes all forces who provided unit cost data. Forces that did not provide this data were not included and some forces may be paying more or less than the minimum and maximum prices stated.

2   This figure includes a range of different types of good within each category. In no cases do the highest and lowest prices relate to the same specific item model ('specification').

3   Minimum and maximum prices, and variance (£) are rounded to the nearest pound.

4   Price variance (%) rounded to the nearest per cent.

Source: National Audit Office analysis of police force survey data

19   Comptroller and Auditor General, *The procurement of goods and services by HM Prison Service*, Session 2007-08, HC 943, July 2008, p.14.

equipment type, and does not include potential savings from improving administrative efficiency. While there will inevitably be some price variance because of other factors (such as delivery costs, length of contract, number of items purchased and insurance) the scale of savings on such a small proportion of expenditure does suggest that some forces could make substantial savings elsewhere.

2.17 We found that police forces procure a wide range of different specifications within the five categories of goods listed in Figure 5. While this may provide the best fit for individual force requirements, such flexibility can increase supplier costs, reduce buying power and duplicate effort. These factors will impact on total (whole-life) costs and not just the initial purchase price. Even for identical goods, we found substantial variation in the prices different forces paid (**Figure 6**).

2.18 Although we collected data on vehicle purchases, electricity unit prices and standard DNA tests on blood samples, we were unable to make robust price comparisons on these items. This was primarily because there were too many different specifications to allow for meaningful comparison, or comparable data were not provided. This highlights that analysis in this area is not straightforward and if forces or the Department attempt benchmarking analysis they will need to consider this.

Figure 6
Price variation of identical specifications for five equipment types

Even for identical models of goods within our five different categories, police forces in England and Wales paid a range of prices

Item	Price variance for identical specifications (£)	Variance compared to lowest price (%)	Number of separate forces using specification
Body armour (male)	14	5	7
High-visibility jackets	21	33	5
Riot shields	17	26	4
Standard-issue boots	8	11	4
Standard-issue handcuffs	4	32	26

NOTES
1   Figure 6 includes all forces where we could identify that identical goods were purchased. Forces that did not provide sufficient data to confirm goods were identical have not been included.
2   Price variances are rounded to the nearest pound or per cent.

Source: National Audit Office analysis of police force survey data

Part Three

The Department's support and oversight

The Department's powers to intervene

3.1 With the election of police and crime commissioners ('commissioners') the degree of local direction and accountability over how forces meet their priorities has increased. However, the Home Office (the Department) can influence local police forces' procurement activity by changing the level of central funding or legislating to compel police forces to buy certain goods and services collectively.

3.2 The Department has increased the emphasis on local direction and accountability, and is trying to reduce the number of its interventions. However, its strategy identifies a clear role in providing support. With 43 independent police forces it is difficult, for example, for forces to identify best practice or benchmark their procurement activity with other forces. The Department aims to identify and spread best practice, share knowledge on specific categories of goods (such as vehicles) and produce national datasets that forces can use.

The data the Department collects

Expenditure data

3.3 The Department needs good information on procurement performance and costs to best target support, including identifying opportunities for collaboration, selecting the best procurement routes and targeting assistance. Police forces have different systems and procedures for recording their expenditure. These are difficult to reconcile, so there is no single national source of data the Department can use.

3.4 The Department has therefore commissioned a data processing company, Spikes Cavell, to collect police force expenditure data. Spikes Cavell has collected data for the calendar years of 2007 and 2009, and the financial years of 2010-11 and 2011-12.[20] Spikes Cavell requests data from forces on expenditure by supplier and categorises these data by function, depending on the suppliers' main area of business. Spikes Cavell then checks the categorisations with forces for validation (Figure 2, page 14). This dataset is the main source of information on what forces across England and Wales spend.

---

20 The first three data collection exercises were commissioned by the National Policing Improvement Agency. Data for 2011-12 had not been validated in time to be included in this report (see paragraph 3.5).

3.5 There are significant limitations with these data. Although the Department uses the data collected to identify broad trends and outliers in force expenditure, the data's usefulness in helping the Department target support and monitor progress is constrained by a number of factors:

- **Data are produced late.** The data collection, categorisation and validation exercise can take anywhere from two weeks to three months to complete once data have been submitted. Data provision from forces can also be late – five forces did not give Spikes Cavell data for 2011-12 until January 2013.

- **Data are not detailed.** Based on the data they receive from police forces Spikes Cavell can give the Department breakdowns within category expenditure areas, but not data on unit costs.

- **Categorisation by supplier increases the risk of error.** Where a single supplier sells more than one type of good or service they may be erroneously categorised under one expenditure type. This issue is exacerbated by the fact that there is no agreed set of supplier and product classifications across police forces, which increases the difficulty in collating and analysing the data.

- **Data changes frequently, making comparisons with prior periods difficult.** Data are updated regularly, for example when a supplier is re-categorised, to improve accuracy. However, such changes are automatically applied retrospectively to previous datasets as well, making comparisons difficult. Furthermore, until recently the Department and Spikes Cavell had not established procedures for notifying when updates are made.

- **There are gaps in the dataset.** There is no data for 2008 or the first quarter of 2010.

Savings data

3.6 The Department, in line with Cabinet Office requirements, collects savings data each quarter from forces on a voluntary basis. Some useful data are collected. For 2011-12, 27 forces (63 per cent), as well as the National Policing Improvement Agency and Collaborative Police Procurement Programme, submitted data and claimed non-ICT savings of £62 million. The Department has set appropriate criteria for reporting savings and checks that submissions are consistent with these, but does limited further validation so as to reduce further work required by forces. In 2011-12, 16 forces (37 per cent) did not provide returns. This limits the Department's ability to assess whether savings are at anticipated levels overall, or whether savings opportunities in certain category areas are being fully exploited.

3.7 Savings data should be viewed against overall movements in expenditure and available evidence on operational effectiveness. Forces may make savings in some areas but suffer cost increases elsewhere, for example due to fuel price inflation. In addition, savings may be achieved at the risk of a reduction in operational effectiveness. Although this is a level of detail that might be more appropriate for commissioners to monitor, the Department's limited view risks it being slow to recognise if spending reductions are reducing overall value for money.

Other data the Department uses

3.8 The Department has carried out additional data collection to help fill gaps in knowledge, investigate potential areas for intervention and improve central category management. Examples include surveys on estates and facilities management, and on the prices paid for uniforms and vehicles. As with other data, forces sometimes provide such data late, or not at all. For example, the Department conducted research in 2012 on estates procurement but only 31 forces (72 per cent) provided data.

3.9 The Department also uses data that other organisations collect, for example:

- data on police spending that Her Majesty's Inspectorate of Constabulary (the Inspectorate) collects (paragraph 1.10);

- police service statistics collected annually by the Chartered Institute of Public Finance and Accountability;

- contracts data recorded in the Bluelight Procurement Database (paragraph 2.6);

- data from the Government Procurement Service on force usage of frameworks such as energy and stationery (paragraph 2.12); and

- HM Treasury Pipeline data, which provides the private sector with information on infrastructure projects planned and under way in the public sector. The Department collects this data from forces for HM Treasury.

3.10 Overall, the Department has access to data sources that can help it to understand broad trends in police expenditure on goods and services and identify potential areas for targeting assistance. However, this is undermined by a lack of detail, completeness and timeliness.

Making effective interventions

Supporting forces with their procurement

3.11 The police procurement landscape is highly complex and many different initiatives have evolved to support forces' procurement activity nationally, regionally and locally (**Figure 7** overleaf). We identified at least nine major organisations (not including forces and commissioners) and 17 teams and associations involved in procuring goods and services by police forces. Many of these have overlapping functions and blurred lines of accountability. We found common agreement that this complexity had slowed decision-making and may have delayed progressing important initiatives, such as agreeing a national uniform specification and adding digital forensics to the National Forensics Framework Agreement.

3.12 The procurement landscape has undergone significant recent changes, with more under way. For example, the Department created a force-owned company to support force ICT functions from spring 2012. However, delays have resulted in the Department administering some of the company's proposed duties. It has also taken over procurement functions from the National Policing Improvement Agency[21] (the Agency), and has created the College of Policing (a new professional body for the police service). The ICT company and the College of Policing may support police procurement, but this has yet to be decided.

3.13 In our survey and case study interviews with forces, we found that views of the quality and comprehensiveness of the Department's support varied greatly. For example, while 19 forces were wholly positive about the support from regional and category managers, equally as many expressed concerns about the wider support they received from the Department. Concerns included:

- the timeliness of support;

- a lack of transparency and feedback on the consultation for compelling forces to use particular frameworks to procure certain goods and services;

- a lack of resources and capability to meet forces' needs; and

- data collection creating bureaucratic burdens.

These factors may reflect the limited number of specialist staff in the Department compared with those in the 43 forces they have to support. There may be more scope for targeting support to the forces that most need it and to help this the Department could better understand forces' capability (see paragraph 2.5).

---

21   An executive non-departmental public body supporting police forces.

Figure 7
Procurement landscape for police forces

The police procurement landscape is complex and many different stakeholders are involved with supporting and enabling forces' procurement activity

Source: National Audit Office analysis

Association of Chief Police Officers (ACPO)

Association of Police and Crime Commissioners

ACPO cabinet

ACPO business areas

Estates/facilities management

Other areas

Fleet

Uniforms

ACPO finance and resources area

Chartered Institute for Purchasing and Supply (provide training and best practice guidance to a range of bodies including police forces)

ACPO procurement

North West; East Midlands; Eastern; North East; Wales; South East; London; South West; West Midlands; and Yorkshire and Humber.

ACPO regional procurement representatives (10)

National

Local

Police and crime panels

Police and crime commissioners

Various internal (police force, police and crime commissioners, formerly police authorities and joint membership), committees in a number of areas to ensure value for money and accountability.

Private sector and suppliers

Local authorities

Some forces are collaborating with other forces, each with their own governance structure.
This could be collaborative procurement, joint procurement functions or collaborating in other back-office functions and frontline services.

The public

Some forces are also collaborating with the private sector or local authorities to varying degrees.

National

Local

Local and national

Action

Using mandatory frameworks

Product lines

3.14 The Department's 2010 consultation paper *Obtaining better value for money from police procurement* noted that fragmented approaches caused waste, in terms of repeating specification and procurement processes across different forces, and reduced the ability of suppliers to procure efficiently, thus limiting cost reductions.[22] The paper recommended legislation to make certain procurement approaches for forces mandatory, where necessary. Overall, the Department aims for at least 80 per cent of police non-ICT expenditure to go through regional and national frameworks (whether mandatory or not) and contracts by 2014-15. It has identified potential minimum savings of £200 million per year compared to 2009-10 from this approach.

3.15 The Department set up three mandatory national frameworks in 2011 for body armour, police vehicles and ICT commoditised hardware and off-the-shelf software. In 2011 the Department began a second round of consultation for mandating procurement items such as vehicle light bars and services such as mobile telephones, translators and utilities. However, the Department has not yet completed the process for mandating these items and there have been no further consultations since. Following feedback from forces, the Department decided not to introduce mandatory frameworks in other areas such as digital interviewing equipment.

3.16 The following factors can determine whether mandation will be successful:

● **The number and capacity of suppliers.** We found that under the National Forensics Framework Agreement the majority of goods and services was provided by just two companies. This can provide economies of scale but runs the risk of a market that is not competitive.

● **What the mandate requires.** Many forces support having mandatory product specifications rather than supply routes. Single supplier frameworks can mean the supplier would not be incentivised to offer the best prices or service. Mandating by specification would ensure that other suppliers could enter the market, encouraging more competition. Historically, however, forces have found it difficult to agree on which specifications they require (see paragraphs 2.14 and 2.15).

● **Monitoring the impact of frameworks.** This would identify and address any problems with the framework and evaluate whether projected benefits are being realised.

22   Home Office, *Obtaining better value for money from police procurement (2)*, February 2012.

3.17 However, police forces expressed concerns with the consultation process for, and the impact of, the first round of mandation:

- **The consultation process.** Ten forces criticised the degree of consultation, including the number of opportunities to comment; how far the Department considered responses; a lack of updates and transparency about the process; and the speed of the process.

- **The impact of mandatory frameworks.** Eleven forces (25 per cent) reported that they had incurred additional costs (financial or otherwise) from having to use national frameworks.[23]

3.18 The Department has struggled to establish comparative baselines due to insufficient historical data on procurement costs and performance. This makes it difficult to show the value for money of mandatory frameworks to forces and commissioners. Without such evidence, forces and commissioners may decide that existing arrangements offer better value for money and therefore choose not to use the mandatory framework. The Department has not set out how it will deal with forces that breach mandatory directives and their powers to enforce them are unclear and untested.

3.19 Despite the issues outlined above, 24 forces (55 per cent) were positive about frameworks for body armour or fleet, or both, being of good quality and price. They also cited benefits such as more standardisation across forces, reduced bureaucracy and a more streamlined procurement process. Twenty-nine forces (66 per cent) supported further mandatory procurement, many suggesting it for uniforms. Progress is being made in this area. The Association of Chief Police Officers, working with the Metropolitan Police Service and the Department, has recently begun implementation of a national managed service for uniforms. This service would set specifications and provide contract management, and forces joining could therefore benefit from savings from standardisation, economies of scale and reduced administrative costs.

The national police procurement hub

3.20 In 2011 the Agency, on behalf of the Department and with the support of the Association of Chief Police Officers, set up a national police procurement hub (the hub) with a provider called Procserve, a company delivering a range of online services. With the abolition of the Agency, the Department is now responsible for managing the hub.

---

23   These figures do not include comments on the ICT commoditised hardware and off-the-shelf software framework, which was outside the scope of our review.

3.21 The hub is an online marketplace which provides the following functions:

- supplier catalogues that forces can view, some with pre-approved specifications and agreed terms and conditions;

- a system that enables integrated back-office procurement transactions between forces and suppliers;

- consolidated procurement management information from forces; and

- a 'request for quotation' system for framework contracts or non-contracted goods and services.

3.22 The Agency predicted the following benefits:

- faster and more streamlined procurement and payment processes, with self-service purchasing if force finance systems are integrated;

- easier access to approved suppliers, who would maintain and update electronic catalogues on the hub;

- improved take-up of nationally approved framework contracts, with central control on what contracts would be available;

- provision of accurate and timely data on force expenditure;

- improved contract compliance; and

- standardisation of approach and increased interoperability of equipment across police forces.

3.23 Implementation costs were estimated at £7.5 million in the business case for the hub, with forces paying £25,000 a year for the duration of the initial contract (to 2016-17). Potential benefits over that period were estimated at just over £50 million.

3.24 While the hub has considerable potential, implementation has not proceeded according to the initial plans. Some police forces told us they believed the potential savings were overestimated; that integration costs were too high; and that they found it hard to integrate the hub into their existing financial systems. Take-up of the hub has varied between forces and overall has been slower than expected: only 43 per cent of forces were using it by the end of January 2013, compared with the target of 100 per cent by June 2012. Forces had spent £21 million through the hub by February 2013 and the Department estimated potential savings of just £580,000, well short of the £4.8 million projected by the end of 2012-13.

3.25 The low level of take-up means that the hub is not yet producing useful information on what police forces are procuring. The Department has therefore had to undertake another round of expenditure data collection, incurring extra costs (see paragraph 3.4).

3.26 In the autumn of 2012 the Department announced its plans to make it mandatory for police forces to use the hub instead of other procurement services where possible. It is unclear, however, how this will work in practice. Forces may use the hub in different ways – from purchasing any available items exclusively through the hub to just browsing the online catalogues – and the Department has not stated what mandation of the hub will involve. Furthermore, it is unclear how the Department will decide whether forces can make such purchases given their circumstances, or whether they have complied with this policy. The Department is discussing how to improve take-up with Procserve.

Reconciling national intervention with local autonomy

3.27 The Department needs to strike an appropriate balance between allowing chief constables and commissioners to fulfil their statutory functions while addressing areas of poor value for money. This is not a unique challenge. We reported in 2010 on the Department for Communities and Local Government's approach to supporting fire services procurement of specialist equipment.[24] In that report we found since the Department for Communities and Local Government had not used its powers to make local fire and rescue authorities use national procurement contracts, the specialist procurement agency, Firebuy, tasked with managing them had to rely on persuasion. With Firebuy also lacking sufficient information to enable it to target and persuade fire and rescue authorities to use its contracts, progress in getting them to use Firebuy's contracts was therefore slow.

3.28 Wider reforms within the police service have caused uncertainty for forces, with an impact on the progress of procurement initiatives. A repeated theme from our case studies and survey was considerable uncertainty around introducing police and crime commissioners. Some respondents felt that the Department could have done more to evaluate and communicate the possible impacts of their election on procurement activity. In particular, respondents noted commissioners might elect to:

- de-prioritise or end current collaborative arrangements;

- take more control over procurement expenditure, for example by integrating functions with other local services; and

- shift emphasis to be more localised.

24   Comptroller and Auditor General, *Reducing the cost of procuring Fire and Rescue Service vehicles and specialist equipment*, Session 2010-11, HC 285, National Audit Office, July 2010.

3.29 Under the Police Reform and Social Responsibility Act 2011, commissioners have two duties relevant to procurement: they should hold their chief constables to account for the extent to which they achieve value for money; and collaborate with other parties to improve force efficiency and effectiveness. Commissioners themselves should also give consideration to such collaborative opportunities. Theoretically, these duties could be in conflict if a collaborative arrangement would appear to have a negative impact on an individual force's ability to achieve value for money. Collaboration may be jeopardised if a commissioner decides that their own force will not benefit and they prioritise their own force's value for money.

Appendix One

Our audit approach

1   This study examined how the Home Office (the Department) supports police forces effectively to provide value for money in procuring goods and services, and if it has put in place a robust framework for assuring value for money. We reviewed:

●   governance structures and whether these support forces;

●   whether the Department has the right information to support forces' procurement activity and to oversee an appropriate system of assurance;

●   if police forces are making savings in procurement that will contribute to meeting the Department's required spending reductions for the police service; and

●   if the Department is ready for changes and is well placed to deliver planned savings.

2   Our audit approach is summarised in **Figure 8** overleaf. Our evidence base is described in Appendix Two.

Figure 8
Our audit approach

The objective of the Department	The Department supports police forces to deliver value for money in procuring goods and services. It devolves responsibility for obtaining assurance over value for money in police procurement. The Department has set up a framework of assurance, within which stakeholders, including police and crime commissioners, ensure that procurement is value for money.

How this will be achieved	The Department has created mandatory procurement routes for some items to enable savings. The Department also supports forces to achieve value for money and work together to make procurement savings. Forces have taken different approaches to improving collaboration, including collaborating with other forces, local authorities and councils and the private sector. Local autonomy has increased with electing police and crime commissioners, who are responsible for assuring value for money for forces, within a wider system of assurance.

Our study	Our study examined whether the Department supports police forces to provide value for money in procuring goods and services, and if it has a robust framework for assuring value for money.

Our evaluative criteria	Are the governance structures designed and operated to support forces in providing value for money?	Does the Department have the right information to support forces' procurement activity and maintain appropriate assurance? Are police forces making savings in procurement that will contribute sufficiently to meeting the Department's required spending reductions for the police service?	Is the Department ready for future changes and well placed to support delivery of future savings?

Our evidence (see Appendix Two for details)	We explored governance structures within police procurement by: ● interviewing departmental officials and other stakeholders, including the Association of Chief Police Officers, Her Majesty's Inspectorate of Constabulary, the Association of Police Authorities and several forces; ● reviewing published and internal client documents; and ● analysing survey responses from police forces and authorities.	We reviewed information the Department and forces have by: ● interviewing departmental officials and other key stakeholders; ● reviewing published and internal client documents; ● analysing survey responses from police forces and authorities; ● analysing financial data from the Department, Her Majesty's Inspectorate of Constabulary, police forces and authorities, and other key stakeholders; and ● exploring how other organisations manage their procurement functions. We did not look to benchmark actual performance of police forces.	We explored the changing police procurement landscape by: ● Interviewing wider stakeholders to establish different perspectives on changes to the policing landscape; ● reviewing management information on how the Department tries to enable savings; and ● reviewing published and internal client documents on risk management, including the Collaborative Police Procurement Programme Board risk register.

Our conclusions on progress	The complicated landscape and lack of good quality, timely information about police procurement activities and expenditure makes it difficult for the Department to support forces and identify when to intervene, and how to do so to improve value for money. This also presents challenges to the system of assurance over procurement expenditure across the police service and the Department should consider carefully how to manage the risks implicit in operating a light-touch oversight regime.

Appendix Two

Our evidence base

1   Our conclusions on the effectiveness of the Department's support to police forces, and how it ensures an effective system of assurance over value for money is in place, were reached following our analysis of evidence collected between September 2012 and January 2013. Our audit approach is outlined in Appendix One.

2   We assessed whether the governance structures are designed and operated to allow value for money to be delivered and for forces to be supported effectively.

- We reviewed around 300 internal and published documents to understand the governance landscape and lines of accountability. Documents we reviewed included the Department's Commercial Strategy for the Police Service, the Association of Chief Police Officers' National Procurement Strategy, the Department's management information on police force expenditure and savings, and a range of reports and analyses from forces across England and Wales.

- We also conducted around 90 interviews with departmental officials and other stakeholders to understand: how central and local procurement functions are managed and developed; how purchasing strategies are developed; and to identify information used to support decision-making.

3   We examined whether the Department has the information it needs to support forces' procurement activity effectively, and to maintain an appropriate system of assurance.

- In addition to the document review and interviews outlined above, we surveyed all police forces and authorities in England and Wales, as well as the British Transport Police, to obtain quantitative and qualitative data on issues, including how much forces pay for particular types ('specification') of goods, and how well the Department supports forces' procurement. We received responses from 44 out of 44 police forces (100 per cent) and 23 out of 44 police authorities (52 per cent), an overall response rate of 76 per cent. Surveys were completed between 3 October 2012 and 22 January 2013. During this time police authorities were transferring functions to police and crime commissioners for the 15 November 2012 elections. Police authorities technically ceased to exist from 22 November 2012.

- To give more detail on forces' procurement, we also conducted case study visits and teleconferences with eight police procurement functions. Owing to collaborative arrangements, this covered a total of 17 police forces.

  - We carried out interviews to get more detail on forces': strategy; expenditure; staffing capacity, capability and skills; savings; and plans and risks.

  - These interviews involved a range of chief constables and senior officers, finance directors, heads of procurement, procurement staff, forensics managers and, where possible, police authority representatives.

- We also conducted benchmarking interviews with external procurement experts and staff from the Government Procurement Service to explore how other private and public sector organisations manage their procurement.

4   We used quantitative data from the Department, Her Majesty's Inspectorate of Constabulary, our police force survey and other stakeholders, including additional information provided by some forces. We used this information to examine whether the Department has the information it needs to support forces' procurement activity, and to maintain appropriate assurance.

- We used these data to explore and evaluate: police force expenditure; numbers of police officers, back-office staff and procurement staff full-time equivalents; and the support from the Department and other central stakeholders, including the Association of Chief Police Officers.

- We also analysed financial data from the Department, forces and our survey returns to assess the timeliness and quality of data, and to explore whether forces are meeting savings targets.

5   We considered whether the Department is ready for changes and can support forces in making savings.

- We reviewed published and internal Department and police force documents to understand:

  - whether the Department has identified the operating model to enable future savings; and

  - whether the Department has assessed risks of changing the police procurement delivery model.

- We also interviewed wider stakeholders and reviewed survey responses to explore different perspectives on the changing policing landscape.

This report has been printed on Evolution
Digital Satin and contains material sourced
from responsibly managed and sustainable
forests certified in accordance with the FSC
(Forest Stewardship Council).

The wood pulp is totally recyclable and
acid-free. Our printers also have full ISO 14001
environmental accreditation, which ensures
that they have effective procedures in place to
manage waste and practices that may affect
the environment.

National Audit Office

£16.00

ISBN 978-0-10-298137-7

9 780102 981377