

**RECORD OF DECISION**

**TITLE: Procurement of Personal Protective Equipment**

Ref: PCC/D/2020/11

**EXECUTIVE SUMMARY**

All Police Forces are seeking to procure additional Personal Protective Equipment in the light of the COVID-19 pandemic. The NPCC are seeking to put in place arrangements to procure this equipment nationally and establish both National and Regional Hubs to store and issue this equipment to Forces. Several forces have already agreed to place orders with a value of up to £5m each and the NPCC is asking for more Forces to undertake this role and underwrite the costs of these orders, should funding from the Home Office not be forthcoming.

It is essential that the Chief Constable has the flexibility to put in place the necessary procurement arrangements, whether national, local or both, to secure Personal Protective Equipment for West Mercia Police.

**PROPOSAL**

This proposal is to approve that :

- The Police and Crime Commissioner agrees to meet the financing costs of these orders of up to £1m placed on behalf of all Forces and undertakes temporary short term borrowing to address the cash flow pressures.
- The Chief Constable has the flexibility to enter into national arrangements to secure the supply of Personal Protective Equipment
- The Chief Constable is able to place orders on behalf of all Forces nationally to secure Personal Protective Equipment up to a value of £1m. This is subject to a mechanism being developed to allocate the costs of these orders between Forces and that all Forces undertake to underwrite these costs, should the Home Office not meet these costs.

**APPROVAL OF  
West Mercia Police and Crime Commissioner**

I hereby approve the above proposal.

Signed



## PART 1 – NON-CONFIDENTIAL/EXEMPT FACTS AND FIGURES

### SUPPORTING REPORT

The NPCC finance lead has written to all Chief Constables requesting support to secure Personal Protective Equipment (PPE) for all Forces within a national approach to make the most of agile procurement and spot pricing. The PCCs from Thames Valley, South Yorkshire, Kent, Sussex and West Midlands have agreed to undertake orders on behalf of all Forces. However, given the cashflow issues involved it has been recognised that it will not be possible to continue to procure solely using these Forces. It is therefore necessary for more Forces to come forward with an agreement to procure PPE on behalf of policing. Without this support national procurement will be difficult. It should be noted that as yet no further national funding has been formally agreed. The total estimated costs of this proposed scheme have also not been identified at this point in time.

The NPCC Finance lead envisages that the procurements will be supported by Blue Light Commercial Ltd, but it cannot lead as it is not yet fully staffed. It is also pointed out that local approvals will need to be in place to allow the agility the market requires. All areas are asked to agree to underwrite these orders. The proposal is for forces to work together to create a system to log the amounts allocated by the contracts. There are ongoing discussions with the Home Office and the Treasury to address cashflow pressures and to put in place consistent arrangements to record Covid19 expenditure and to reclaim related costs.

Further information has been sought from the APCC and the Directors of Finance of other Forces. It should be noted that:

- No additional funding to fund the costs of the PPE has yet been agreed with the Home Office, though indications are that it is adopting a sympathetic approach.
- It is expected that the Forces placing the orders will seek to reclaim the costs of the orders from the Home Office.
- There is no mechanism in place to allocate the costs of the PPE sourced nationally to all Forces drawing PPE through this scheme nor has agreement been reached. As stated above, the work has yet to be undertaken. It is unclear from the letter whether all Forces are being asked to underwrite the costs of the orders placed.
- There remains a risk that a Force placing an order could have to bear the burden of funding the costs of equipment it does not subsequently require, or which is not required nationally, if further funding from the Home Office is not forthcoming. If funding from the Home Office is forthcoming, the risk of buying equipment which subsequently turns out to be surplus transfers to the Home Office.
- The total costs of this scheme nationally have not yet been identified.
- Forces placing the orders are being asked to meet or underwrite the costs of financing these purchases either in the form of lost interest or additional interest charges arising from borrowing.
- West Mercia's Procurement Team has placed orders for PPE to the value of £313,088 to date. Of these, invoices totalling £193,890 have been paid.

- Given this level of spend, it is likely that the costs of PPE for West Mercia could amount to £1m-£2m should current demand persist throughout the whole of 2020/21. The costs of financing an order of £1m would be in the region of £10k-£20k per annum given short term interest rates of 1% to 2% over the last year.
- The Code of Corporate Governance, Financial Regulations and Contract Regulations allow that competition for tenders and quotations can be set aside when exceptional circumstances are incurred such as emergency situations. This requires the approval of the Head of Commercial Services. It should be noted that all statutory requirements governing procurement must still be met
- The proposed national scheme would ask Forces to place orders and make payments. Critically this does not include sourcing activities as the Force would struggle to resource this.

It is essential that the Chief Constable has the flexibility to source PPE either from a national arrangement or from local suppliers and manufacturers and/or a combination of the two. However the financial and operational risks must be mitigated where possible and critically the quality of the PPE, its availability and the security, reliability and resilience of the supply chain must be maintained and if possible strengthened.

#### **FINANCIAL COMMENTS**

The financial costs and risks are outlined above. Contingency plans to fund the PPE should be considered as Home Office funding has not yet been agreed. Mitigating actions to reduce the financial risks must also be put in place. For this reason it is proposed the limit on any order placed under a National Scheme could reflect the estimated costs of PPE required by the Force, limiting the commitment to £1m.

#### **LEGAL CONSIDERATIONS**

By virtue of schedule 11, paragraph 14 of the Police Reform and Social Responsibility Act 2011 the Police and Crime Commissioner may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of commissioner. That includes entering into contracts and other agreements (whether legally binding or not) and acquiring and disposing of property (including land).

**PUBLIC ACCESS TO INFORMATION**

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the West Mercia Police and Crime Commissioner's website. Any facts and advice that should not be made automatically available on request are not included in Part 1 but instead in the separate Part 2 report

**OFFICER APPROVAL**

**Chief Executive Officer**

Signature ..... *Andy Chapman* ..... .. Date ...28<sup>th</sup> April 2020...