

**To Protect and Save**  
The Met's approach to outsourcing  
September 2015



# Budget and Performance Committee Members

John Biggs (Chair)	Labour
Stephen Knight (Deputy Chair)	Liberal Democrat
Gareth Bacon	Conservative
Jenny Jones	Green
Joanne McCartney	Labour
Valerie Shawcross CBE	Labour
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## Role of the Budget and Performance Committee

The Budget and Performance Committee scrutinises the Mayor's annual budget proposals and holds the Mayor and his staff to account for financial decisions and performance at the GLA. The Committee takes into account in its investigations the cross cutting themes of: the health of persons in Greater London; the achievement of sustainable development in the United Kingdom; and the promotion of opportunity.

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## Chair's foreword



Police forces around the country are feeling the pinch, and the Metropolitan Police Service is no different. It has already had to find huge savings since 2010 and, with the Comprehensive Spending Review and changes to the police funding formula later this year, there will be more to come.

To help, the Mayor's Office for Policing and Crime (MOPAC) and the Met have developed a commercial strategy to identify opportunities to reduce service costs, initially focusing on seven back-office areas. They have not always followed the most logical approach – MOPAC approved the strategy long after the Met started to implement it. That said, the strategy itself has some sensible principles which we have highlighted, as well as some areas where we think it could improve.

There are difficult decisions to be made. By market testing services, there could be a wave of outsourcing deals at the Met over the next few years. In fact, it has already started – last month MOPAC agreed a deal to contract out the Met's finance, procurement and human resources services. The Met says this deal will save over £100 million, but it will also see 445 jobs moving outside of London.

This raises questions of accountability. MOPAC is signing the Met up for deals that last beyond the next Mayoral term and even the one after that. This could reduce the next Mayor's flexibility to shape how the Met responds to funding reductions in the future. A key concern is that any rush to outsource is driven by budgetary pressures rather than wider organisational strength and without sufficiently considering the risks to service quality. The Mayor and Deputy Mayor for Policing and Crime need to explain in detail whether the political imperative of preserving police numbers until May 2016 (when the current Mayor leaves office) at what is clearly an unsustainable level given available resources will be judged as attractively short-term but misguided longer-term thinking. Will the next Mayor, who will almost certainly have to reduce police numbers, have to do so with a legacy of ill-thought through structural and service weaknesses?

Contracting out is no panacea. There are many examples in the public sector where deals have worked out well, just as there are examples where it has worked out badly, including at the Met itself. To avoid making the same

mistakes again, the Met must learn lessons from both its own deals in the past and those of others.

We hope our report will help. Drawing on expertise from the National Audit Office and others, we have identified some key lessons for the Met to consider at each stage of the contracting process, including whether to contract out in the first place.

Where MOPAC and the Met decide that outsourcing is the answer, they must balance the need to cut costs with the importance of maintaining and improving standards. And there are broader considerations too. New contracts – potentially worth tens of millions of pounds of taxpayers' money – should lever wider social benefits, such as creating new apprenticeships and supporting SMEs. And using external contractors must not make the Met less transparent.

Signing a contract is just one step in the outsourcing process. The Met will have to manage its contracts closely to make sure they deliver value. To meet these challenges, the Met itself needs to build new expertise. Without this, there is a risk that the commercial strategy will not deliver the benefits that it and MOPAC anticipate.

I would like to thank my committee colleagues and all those that provided evidence to the Committee during our investigation.

A handwritten signature in black ink, appearing to read 'John Biggs', with a stylized flourish at the end.

**John Biggs AM**  
**Chair of the Budget & Performance Committee**

# Executive summary

## *MOPAC and the Met's commercial strategy*

MOPAC and the Met must reduce costs. From 2010-11 to 2015-16, they plan to deliver savings totalling £573 million – a reduction in the Met's revenue budget of more than 20 per cent. Following the Comprehensive Spending Review later this year, funding for police forces is certain to fall further. In the worst case scenario, the Met thinks it will need to find at least another £800 million of savings by 2019-20.

To help meet this challenge, MOPAC and the Met have developed a commercial strategy. Their ambition is to improve both the performance and value for money of the Met's services. Focusing initially on seven areas – or strands – in its back-office, the Met hopes that market-testing these areas will identify opportunities to reduce costs. In some cases, this might lead to services being outsourced to external providers.

The most recent example is finance, procurement and human resources (HR) services. In August 2015, MOPAC signed a deal with Shared Services Connected Limited (SSCL) – a joint venture between French outsourcing firm Sopra Steria and the Cabinet Office – to provide these services for up to ten years.

While the commercial strategy is based on some sensible principles, we think that MOPAC and the Met have not followed a systematic approach. By the time MOPAC approved the strategy in July 2015, only one of the seven strands was not at an advanced stage. Given that the purpose of a commercial strategy is to help guide the Met to secure better deals from contractors in the future, we would have expected the new strategy to be finalised before the Met started to implement it.

Despite the delay, a clear commercial strategy is still vital. The seven strands that currently fall within the strategy are just a start: the Commissioner says the Met must review “all but core policing functions” to determine whether external contractors can provide services at better value.

This report examines the Met's approach to contracting out. It identifies how the Met can make the right decisions at each stage of the contracting process: deciding whether to outsource a service in the first place; selecting the right partner; and managing contracts effectively once agreed. It also assesses what skills and expertise the Met will need in the future to secure better value from contracts.

## *Deciding whether or not to contract out*

The Met should not rush into contracting out services. Before deciding whether or not to outsource, it must fully understand how much current

services cost to run and the level of performance they deliver. Outsourcing is just one of a number of options that could allow services to be run more efficiently for less. The Met must explore alternative options thoroughly before deciding on a course of action, including the option to maintain a reformed in-house service.

It is not clear that the Met has properly considered all options so far. In the case of finance, procurement and HR services, we do not think it fully explored the possibility of keeping these services in-house. The Met must be careful: outsourcing services does not guarantee that they will be cheaper to run in the long-term. In fact, many public sector organisations are now bringing services previously outsourced back in-house.

Where the Met does decide to contract out to external providers, it must be clear exactly how they intend to run services for less. Sometimes, providers can reduce costs through economies of scale. Another way is to move jobs to cheaper locations. As part of its deal with the Met, SSCL plans to move 445 jobs out of London. We would be concerned to see this trend continue.

#### *Selecting the right partner*

The Met must also select the partners it uses carefully. A strong working relationship is crucial to making outsourcing work well, and this is easier where the client and the contractor share similar values. Given the financial pressure the Met faces, we understand that reducing costs is a key priority. But there are other considerations too. When entering into large deals with contractors, the Met has an opportunity to use public money to promote wider Mayoral priorities, such as creating apprenticeships and supporting small and medium-sized (SME) enterprises. The Met must also ensure that contractors have a strong record in demonstrating high ethical standards. For example, we want to know whether MOPAC and the Met are happy for contractors to employ staff on zero hours contracts, something that Sopra Steria – who own a 75 per cent stake in SSCL – has done in the past. Finally, the Met must not become less transparent as it increases its use of external contractors.

#### *Managing contracts effectively*

Once a deal is agreed, the hard work is not over. The Met acknowledges that it has not always managed contracts well in the past. As we heard, this task should not be underestimated: contract management is not a desk job. Like others, we think the Met could improve by making greater use of open-book accounting – an arrangement whereby part or all of a contractor's financial records can be seen by the commissioning body. The Met should develop a clear policy setting out when and how contracts should be based on open-book principles.

### *Skills and expertise*

The success of the Met's commercial strategy depends on its staff. Currently, the Met does not have enough staff with the right skills to negotiate and manage contacts effectively. A lack of in-house expertise has led to a growing reliance on external consultants. The Met is paying PwC around £13 million for help with its commercial strategy between 2014 and 2016. In some cases, making use of external support is sensible. But there is a risk that the Met becomes overly reliant upon consultants. It must not lose the capability to think strategically for itself.

The Met hopes external consultants will play a diminishing role as it builds up its internal expertise. Developing a skilled commercial function will be vital, but like other public bodies, the Met may struggle to do it. Realistically, the Met will need to offer competitive grades and salaries to attract the right calibre of staff.<sup>i</sup> And the Met must also invest in the training and development of existing staff and create opportunities for internal progression within its commercial function to improve staff retention.

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<sup>i</sup> The Green Party Group does not support this view – see page 38.



# 1. The Met's commercial strategy

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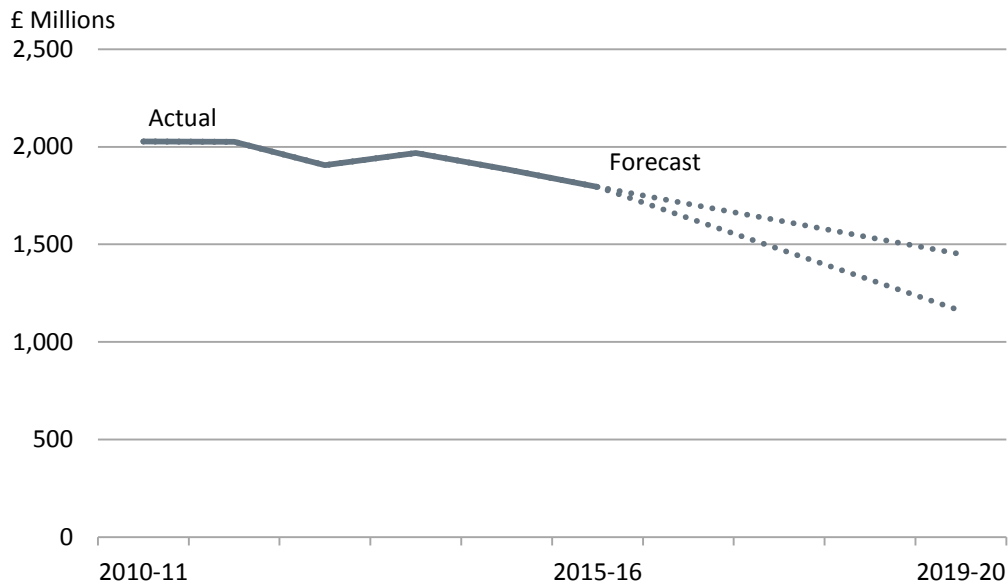
## Key findings

- **MOPAC and the Met face a huge financial challenge; they have developed a commercial strategy to help to find savings that could lead to many services being outsourced to external providers.**
  - **The Met started to implement this strategy before it was finalised in July 2015. As of June 2015, only one of the seven strands in the strategy was not at an advanced stage.**
  - **Part of the new strategy includes developing a commercial culture among police officers and staff. Managing this change will present a huge challenge at a time when the Met is already undergoing significant organisational transformation.**
  - **Outsourcing services is not new. The Met must learn good practice from other police forces and public sector bodies.**
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### *Spending less*

- 1.1 MOPAC and the Met face a huge financial challenge. Between 2010-11 and 2015-16, the Met plans to deliver savings totalling £573 million – a reduction in its revenue budget of more than 20 per cent. Following the Comprehensive Spending Review later this year, it is certain that central government funding for policing – which accounts for around 60 per cent of the Met's income – will reduce further (see chart 1). The Met's Commissioner recently estimated that, in the "worst case scenario", the force would have to find further savings totalling £800 million by 2019-20.<sup>1</sup> Depending on the outcome of the Government's consultation on reform of police funding, which could lead to proportionately larger cuts for urban forces, overall grant reductions could be greater still.
- 1.2 At the same time, London continues to face new pressures. Its population is expected to reach 9.2 million by 2020, up from 8.1 million in 2010. In addition, the long-term fall in police-recorded crime appears to be slowing and the Met faces new, emerging challenges, not least in: fraud and cyber-crime; counter-terror operations; and sexual offences, exploitation and child abuse.

**Chart 1: From 2010-11 to 2019-20, central government grant to the Met will fall by between 39 and 51 per cent in real terms.**



Source: Mayor's budgets 2010-11 to 2015-16. The forecast range assumes a real terms reduction in central government grant of between 25 and 40 per cent from 2015-16 to 2019-20.

- 1.3 The Met's ability to plan and deliver savings is a key risk for the organisation and its ability to maintain and improve its services. Given the Mayor's commitment to maintain a high number of police officer numbers – the Met has agreed to budget for around 32,000 police officers until 2016-17 – pressure inevitably falls on lowering other costs such as civilian staff.
- 1.4 To address this, MOPAC and the Met have developed a commercial strategy to identify new opportunities for savings, building on separate existing strategies to reduce estate and ICT costs. MOPAC's 2015-16 budget submission stated that:
 

“Delivery of the [commercial strategy] will improve the performance and productivity of services by developing a more business-like approach to their design and delivery, including the use of competition and income generation where appropriate, driving out savings from 2015-16 onwards.”<sup>2</sup>
- 1.5 Through “competing” or market-testing services, it is likely that private contractors will play a greater role in delivering services. While the Met has not ruled out keeping some services in-house, it plans to contract out other areas and re-tender contracts that are already outsourced. This approach is not uncommon. Since the last government launched its Open Public Services white paper in 2011, outsourcing in the public sector has increased. In fact, the value of outsourced contracts in the public sector is now greater than that in the private sector: in the two years to July 2014, the total contract value of public sector outsourcing agreements in the UK was £51 billion for the public

sector, compared with £30 billion for the private sector.<sup>3</sup> In addition, contracting out accounts for around half of what the public sector spends on goods and services each year. At the Met, the value of outsourced contracts (covering a number of years) was £1.6 billion in March 2014.<sup>4</sup>

- 1.6 This report examines the Met's approach to contracting out. First, it looks at how the Met's commercial strategy is changing the force's approach to outsourcing. Second, it examines how the Met can make the right decisions at each stage of the contracting process: deciding whether to outsource a service in the first place; selecting the right partner; and managing contracts effectively once agreed. Finally, it assesses what skills and expertise the Met will need in the future to secure better value from contracts.

*Developing a commercial strategy*

- 1.7 In July 2015, the Deputy Mayor for Policing and Crime approved MOPAC and the Met's commercial strategy:

**MOPAC and the Met's commercial strategy**

Through their commercial strategy, MOPAC and the Met's ambition is to:

"Improve the performance and value for money of Met services by developing a more commercial and business-like approach to their design and delivery, including the use of competition and income generation where appropriate, in support of MOPAC/Met overall objectives."

In addition, the Met has set out six principles that guide the commercial programme. These can be summarised as follows:

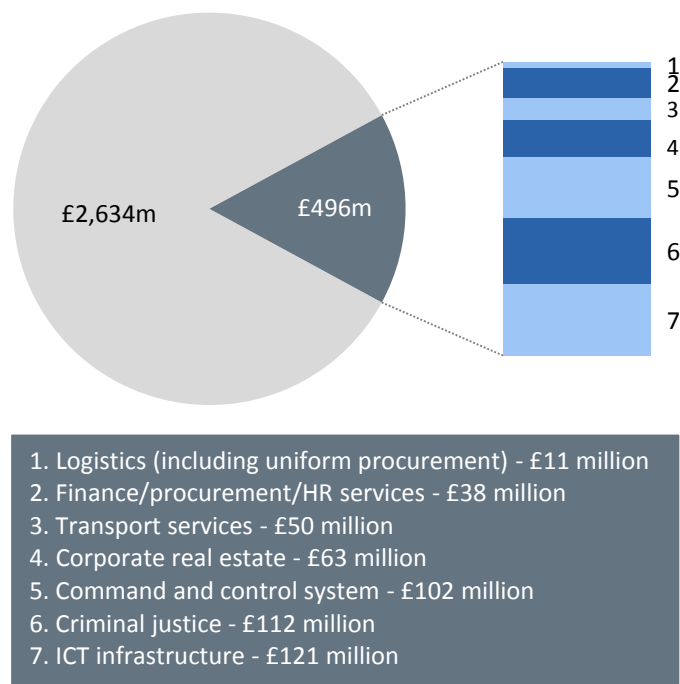
- All commercial activity should align to overall MOPAC/Met objectives.
- The Met needs to understand its baseline service and what future requirement is needed.
- All commercial opportunities should focus on long-term value for money.
- All decisions should consider operational, organisational, financial and political dimensions and ensure that operational policing is not put at risk.
- Future sourcing options should be assessed against the range of Met requirements.
- Future goods and service contracts should be flexible.

Source: Information provided to the Committee by the Metropolitan Police Service.

- 1.8 These objectives and principles seem sensible. While in some respects we think the principles are incomplete and encourage MOPAC and the Met to review them (see chapter 3), we are pleased to see a clear commitment to focusing on long-term value for money.

- 1.9 There are currently seven back-office services covered by the Met's commercial strategy, worth £496 million in 2015-16 – sixteen per cent of its gross revenue expenditure. The different services, or 'strands', vary greatly in size, as chart 2 illustrates. For example, the Met spends £121 million on the Information, Communication and Technology (ICT) infrastructure strand, but only £11 million on the logistics strand.

**Chart 2: The Met currently spends £496 million a year on the seven strands within its commercial strategy, 16 per cent of its total expenditure.**



Sources: Information provided by the Met; Mayor's Budget for 2015-16.

- 1.10 As well as varying in size, the seven strands cover a range of services. Some strands, such as finance, procurement and human resources (HR) services, are largely the same as might be found in other organisations of a similar size. There already exists a sizeable market for finance, procurement and HR services, with private companies performing similar services for many councils and other public bodies. But other strands within the Met's strategy are more specialist in nature. The Met's criminal justice strand, which includes tasks such as preparing case files to support the Crown Prosecution Service, is unlikely to be replicated outside of the policing sector.
- 1.11 MOPAC and the Met have only just finalised their commercial strategy. When we first questioned them about their plans in January 2015, we found that they did not have a document setting out at a high level what they wanted the commercial strategy to achieve. While there was an old procurement

strategy from 2013, the Met said this document amounted to a commissioning model and was being “refreshed”.<sup>5</sup> Until recently, the Met had not published much information about its new commercial strategy. Following our request, the Met provided a draft version of the new strategy in June 2015. In July 2015, MOPAC approved this revised version.

1.12 Despite the delays in approving a revised strategy, the Met has moved quickly and pressed ahead with many of its commercial plans. MOPAC’s draft budget submission for 2015-16, published in November 2014, stated that the Met was accelerating its commercial strategy and highlighted that the strategy “is expected to deliver substantial savings in future financial years”.<sup>6</sup> In fact, as of June 2015, only one of the seven strands – criminal justice – was not at an advanced stage (see Appendix 1). Four strands were already at the procurement stage. And two were already complete:

- Corporate real estate – In May 2013, MOPAC and the Met awarded a contract to KBR, an engineering company, to procure, manage and audit the Met’s facilities management supply chain.<sup>7</sup>
- Command and control system – In August 2014, MOPAC and the Met signed a £90 million contract with Lockheed Martin to lead the introduction of a new command and control system, in a deal that could potentially last up to 17 years.<sup>8</sup>

- 1.13 Most recently, MOPAC and the Met announced a deal to outsource back-office services:

**Case Study: Outsourcing the Met's finance, procurement and HR services**

In August 2015, MOPAC signed a contract that will see the Met's back-office support services outsourced to Shared Services Connected Limited (SSCL).<sup>ii</sup> As part of the deal, SSCL will provide HR, payroll, finance and procurement services as well as their associated IT systems.

The deal with the Met is for an initial seven year period commencing 1 October 2015, with an option to extend for a further three years. It will see 445 staff posts transfer from the Met to SSCL under Transfer of Undertakings (Protection of Employment) Regulations. From October 2016, SSCL will be managing the new services from its facilities outside of the London area.

The Met hopes this deal will lead to significant savings. In 2015-16, it spent £38 million on these back-office services; by 2019-20, it hopes this will fall to £22 million – a 42 per cent reduction. The Met says that overall, the deal will save £106 million.

Source: Metropolitan Police Service; Sopra Steria press statement 31 October 2014

- 1.14 We are concerned with MOPAC and the Met's decision to accelerate their commercial strategy before finalising it. In a joint report into private sector partnering in the police service, Her Majesty's Inspectorate of Constabulary (HMIC) and the National Audit Office (NAO) highlighted that:

"It is important to have clear strategies, objectives and outcomes communicated to the market, and to identify the appetite for risk and tolerance levels early on."<sup>9</sup>

Given that the purpose of a commercial strategy is to help guide the Met to secure better deals from contractors in the future, we would have expected the new strategy to be in place before the Met started to implement it.

*Beyond the back-office*

- 1.15 While the strategy initially focuses on seven back-office areas, including some where the Met has already begun procurement activities, it is not limited to these seven. The Commissioner wants the Met to review "all but core policing functions" to determine whether contractors can provide services at better value.<sup>10</sup> Following the first phase of the commercial strategy, the Met will develop a new pipeline of projects for review between 2015 and 2017.<sup>11</sup> The Public and Commercial Services (PCS) union told us that the work of

<sup>ii</sup> SSCL is a joint venture: Sopra Steria, a French outsourcing firm, holds a 75 per cent stake and the Cabinet Office holds a 25 per cent stake. Following its creation in November 2013, SSCL was awarded a contract to provide finance, procurement and HR services consolidating existing service centres for the DWP, Defra, the Environment Agency and UK Shared Business Services. In October 2014, it was awarded another contract to provide a range of corporate shared services to the Ministry of Justice and the Home Office.

Dedicated Detention Officers (DDOs) staffing custody suites will be subject to market testing in this phase of the Met's commercial plan.<sup>12</sup> A clear approach will be vital for helping to maintain and improve public confidence in the Met – a Mayoral priority – should the force drastically extend its use of outsourcing. The Met should not underestimate this challenge: a *ComRes* poll from June 2012 found that 62 per cent of respondents oppose the idea of involving private companies in policing in their local area.<sup>13</sup>

- 1.16 The Met's plans are not just about contracting out services. In addition to improving how the Met enters into and manages contracts in the future, one specific objective within the commercial strategy is to identify opportunities for increasing income. As the Met explained:

"We do have relationships, for example, with Transport for London, around some provision of officers and PCSOs. There is quite substantial income generation that we have at the moment. Part of the [commercial] strategy is to look at that, to make sure we are making as much as we can from that and to make sure we are recovering costs as far as we possibly can."<sup>14</sup>

- 1.17 Another objective includes "developing a commercial culture among all staff", including police officers. The Met should clarify what this means. A culture that encourages efficiency, innovation and collaboration is vital – but the Met should not assume this is the same thing as a "commercial culture".<sup>15</sup> The Met says the Commercial Directorate will build a Centre of Excellence for commercial activity to help embed the new culture.

#### *Managing change*

- 1.18 Developing a commercial culture among staff and increasing the use of private contractors will require organisational change. Managing this change will be challenging: the Met is already undergoing significant transformation. As well as its current change programme, which includes estates and ICT strategies that will transform how police officers and staff work, the Met is currently developing a new target operating model setting out what the force will look like in 2020 after further funding reductions.
- 1.19 While we understand the reasons for these changes, we are concerned about their cumulative effect on policing in London. If the Met does not manage both current and future organisational change well, there is a risk that the quality of the services it provides will deteriorate.
- 1.20 Outsourcing services, in particular, can have disruptive effects on an organisation. In some cases these effects can be negative – for example, if changes reduced staff morale. The Smith Institute, a think tank, highlighted the risk that outsourcing can lead to "two-tier" workforces developing. In some cases, when a provider wins a contract, public sector staff transfer to that provider with some or all of their terms and conditions of employment

protected – a process known as TUPE.<sup>iii</sup> However, if a contractor subsequently recruits new staff, they would not necessarily be entitled to the same conditions as transferred staff; the contractor may therefore use this as an opportunity to lower its costs in the future. The Smith Institute found some evidence, for example, that Lincolnshire Police’s contract with G4S for police support staff resulted in lower pay for new starters.<sup>16</sup> PCS told us that, in its members’ experiences, outsourcing generally leads to worsening job security, pensions and terms and conditions for the affected staff.<sup>17</sup>

- 1.21 That said, we also heard that disruptive effects can sometimes be positive too. If the service was previously provided in-house, outsourcing can provide an opportunity to challenge what Stephen Hughes, former chief executive of Birmingham City Council, described as “inbred cultural aspects” among staff.<sup>18</sup> Given that it wants to create a different, more commercial culture, the Met may welcome this consequence. In addition, outsourcing can offer new opportunities for staff. The Smith Institute also found that some employees – particularly those in professional and managerial roles – can benefit from better opportunities for progression and development in the private sector; there can also be pay increases for individuals in some roles in which firms will pay a premium, such as IT.<sup>19</sup>
- 1.22 Whatever the effects, the Met must make every effort to maximise staff buy-in to changes, especially if the change involves outsourcing services. Strong leadership is vital to ensure success; we were glad to hear that the Met’s Management Board is taking ownership of the commercial strategy and that overall responsibility for delivering the strategy rests with the Met’s Commercial Director.<sup>20</sup> Also important is communicating change to all staff frequently and in different ways. As Stephen Hughes put it: “You can never do enough communication.”<sup>21</sup> But there are signs the Met does not always perform well in this area. Its latest staff survey from 2014 found that, while 54 per cent of police officers and staff supported the need for change within the organisation, only 29 per cent believed that the Met kept staff informed of changes affecting them.<sup>22</sup> Given the extent of change between now and 2020, this will need to improve if the Met’s leadership is to carry staff with them.
- 1.23 While we recognise the scale of the challenge facing the Met, there are steps it could take to maximise staff buy-in to decisions that lead to outsourcing. John Tizard, independent strategic adviser, told us that involving staff in the outsourcing process – including during the procurement stage – can help.<sup>23</sup> The Met’s Commercial Programme Board, which oversees the commercial strategy, could also include employee representation to help to maximise buy-in.

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<sup>iii</sup> The Transfer of Undertakings (Protection of Employment) Regulations 2006 (amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014 protect employees’ rights when the organisation or service they work for transfers to a new employer.

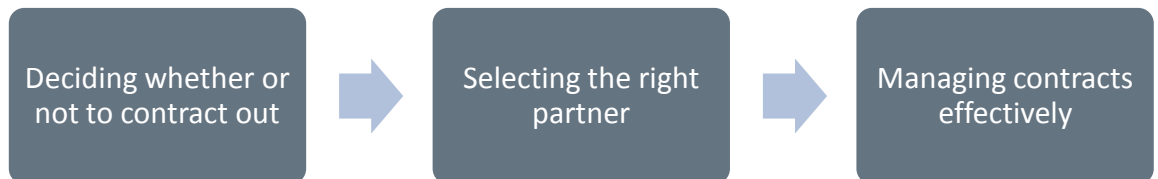


### *Experiences in other police forces*

- 1.24 The extent of outsourcing differs across police forces in England and Wales. Private sector penetration in the police market is still relatively low, at around one per cent. But there have been some notable deals in recent years.<sup>24</sup> In 2010, Cleveland Police entered into a ten-year contract worth £175 million with Steria (now Sopra Steria). Originally, this deal was to provide control and back-office functions including finance, HR and payroll, but in 2011 this was extended to cover preparation and distribution of criminal case files as well as operational planning.<sup>25</sup> In April 2012, Lincolnshire Police signed a strategic partnership with G4S worth £229 million, which centred on the delivery of 18 service areas over a ten to 15 year period.<sup>26</sup>
- 1.25 Perhaps more relevant to the Met is the example of West Midlands Police. In 2014, the force – the second largest in England and Wales after the Met – entered into a five-year contract with Accenture worth £25 million to help restructure the organisation and introduce new technology.<sup>27</sup> As a result of the partnership, HMIC judged that the force’s plans provided “outstanding” value for money in a review last year.<sup>28</sup> The NAO told us that the force’s experience could be really important for the Met; we were glad to hear that the Met is speaking to and learning from other police forces, including West Midlands Police, and we encourage the Met to continue to do this through both formal and informal channels.
- 1.26 In the meantime, police forces should not be left alone to learn from good (and bad) practice. The NAO, however, found that “organisations in the [police] accountability system are not yet supporting forces to improve their capacity and capability around business skills”.<sup>29</sup> The College of Policing, for example, is responsible for setting professional standards, including expectations around business skills, and for identifying and sharing good practice across forces; but it does not consider that it has sufficient funding to support and develop business skills or to share good practice and learning in non-operational areas. The NAO said there are no other appropriately-placed organisations within the policing sector to provide leadership and support to forces. As a result, officers and staff were “not clear where to go” for support and advice in business skills, and currently forces share good practice and lessons from poor practice on an inconsistent basis.<sup>30</sup>
- 1.27 The NAO suggested that the College of Policing works with others to consider how best to support and develop business skills at all levels within forces. The Met’s commercial strategy would certainly benefit if it could draw on guidance and experience from others. We think MOPAC, on behalf of the Met – the largest force in England and Wales – should lobby the Home Office to examine whether the College of Policing could take a greater role in supporting and developing business skills across all police forces.
- 1.28 The Met should look to learn from others too. According to the NAO, there is no particular reason why best-practice sharing needs to be restricted to police

forces.<sup>31</sup> John Tizard told us Birmingham City Council has exhibited good practice in maximising social value – that is, wider social, economic and environmental benefits – through outsourcing arrangements.<sup>32</sup> The Met could learn from this council and others in the local government sector.

- 1.29 The next three chapters look more closely at lessons the Met should learn at each stage of the contracting process:



**Recommendation 1**

**The Met's Commercial Programme Board, which oversees the commercial strategy, should include employee representation.**

**Recommendation 2**

**MOPAC should lobby the Home Office and the College of Policing to take a greater role in developing business skills in forces, as the National Audit Office has suggested.**

## 2. Deciding whether or not to contract out

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### Key findings

- **Before deciding to outsource a service, the Met must fully understand how much current services cost to run and the level of performance they deliver.**
  - **Outsourcing is just one of a number of options that could allow services to be run more efficiently for less. The Met must explore all options thoroughly before deciding on a course of action; it is not clear the Met has done this so far.**
  - **If the Met decides to contract out a service, it must be clear how savings will be made.**
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### *Understanding baselines*

- 2.1 A key driver for the Met's commercial strategy is to reduce costs. The Met will consider contracting out services if it believes this will provide better value and, where services are already contracted out, it will retender them when contracts expire to try and secure a better deal. To inform future decision making, the Met should assess the full range of options for how to run each service for less, including the option to retain services in-house.
- 2.2 To do this, the Met must first fully understand the baseline costs and performance in each service area, as well as current and future demand for services. As we heard from the National Outsourcing Association: "Understanding your baseline costs is really important and a lot of work needs to be done on that."<sup>33</sup> In addition, the NAO found that many police forces, prior to contracting out, did not have performance information for some business areas.<sup>34</sup> Without this, the first year of a contract is often used to establish a "zero-base" for measuring future performance, which can limit the incentives for partners to perform to their potential, and for forces to gain assurance that performance has improved.
- 2.3 We are glad the Met has made some attempt to understand its baseline costs and performance – with help from external consultants (see chapter 5). MOPAC's Directorate of Audit, Risk and Assurance, which has identified delivery of the Met's commercial strategy as a strategic risk, should review this work to ensure that any decisions the Met takes about how it configures its services are based on sound and robust analysis.<sup>35</sup>

- 2.4 Once baseline information is established, the Met can begin to look at how different approaches could save money and improve services. This may or may not involve outsourcing. While this approach might be appropriate in certain circumstances, it can take a long time to deliver savings. As John Tizard told us, outsourcing does not typically deliver savings quickly – the whole process can take at least 12 to 18 months.<sup>36</sup> In addition, outsourcing services now can reduce the flexibility to deal with future challenges. As a result, in the local government sector, some have argued that traditional outsourcing is no longer desirable, given the scale of savings that councils require:

“When what is needed is a 30 per cent or more reduction in costs in double quick time, with more to come, the traditional outsourcing model does not cut the mustard. Local authorities find it hard to specify future operational requirements, they are worried about fixing costs too far ahead, and outsourcing does not address the scale of savings required or the areas where it is needed.”<sup>37</sup>

*Considering all options*

- 2.5 There are other alternatives to outsourcing. Options include setting up joint ventures with another organisation to provide a service (as the Cabinet Office did with Sopra Steria in the SSCL arrangement) or sharing services with other police forces, public bodies or within the GLA Group – something the Assembly has criticised the Met and other functional bodies for not exploring properly in the past.<sup>38</sup> Indeed, there are a range of different approaches to running both front and back-office services. Stephen Hughes, former Chief Executive of Birmingham City Council, told us about that local authority’s approach:

“I think we listed 14 different ways in which we could do things and a template of questions that you asked against so that you assessed each service. What is the best way of delivering particular services? For example, we provided direct services to schools, things like building, cleaning and other facilities management-type services. The question was, first of all, ‘Why should we be doing that?’”<sup>39</sup>

- 2.6 Where services are already contracted out, the Met should not rule out bringing services back in-house. This approach is gaining ground in the public sector. The Cabinet Office, for example, claims it will spend 40 per cent less on its ICT after replacing its outsourced 'Flex' Fujitsu contract with an in-house service.<sup>40</sup> John Tizard, who gave evidence to us, argued that some councils – facing significant cuts to budgets – have adopted a similar approach:

“There’s evidence of lots of authorities taking services back in-house, particularly at this period of uncertainty, because the traditional outsourcing model can lead to a lot of inflexibility without guarantees, service benefits or financial benefit.”<sup>41</sup>

According to research from the Association of Public Service Excellence (APSE), from a survey of 140 local authorities, 57 per cent said they had brought outsourced public services back in-house or were considering it, with the need to cut costs being the major driver for 60 per cent of these, and quality and control being further drivers.<sup>42</sup> This is despite the difficulty of bringing services back in-house – often in-house skills and expertise are lost when a service is outsourced.

- 2.7 But we are not reassured that MOPAC and the Met are truly keeping an open mind to retaining services in-house. On the one hand, they have repeatedly emphasised that the commercial strategy is not just about outsourcing: “We expect things to be done on a commercial basis, not necessarily outsourced.”<sup>43</sup> But on the other, they did not convince us that they are fully exploring in-house options. As the Met told us: “We always have the baseline as the ‘do-nothing’ type approach.”<sup>44</sup> Keeping services in-house does not have to mean leaving things as they are, however. With support, reforming existing services could also reduce costs; the Met should establish whether this is possible before going to the market. As Stephen Hughes told us:

“If the purpose is to get the in-house team to sharpen its pencil, why are you not doing that directly by saying to them: ‘We want your service to be delivered for 30 per cent less cost, how are you going to do it?’ Get them to answer that question.”<sup>45</sup>

- 2.8 In at least one case, the Met has not fully explored this route. It ruled out an in-house option for its finance, procurement and HR services, preferring instead to look for an external partner to deliver these functions. The Met used an external consultant to review the quality of these services; in some areas, it found them to be well below average. On this basis, and believing they were not as efficient as they could be, the Met ruled out keeping finance, procurement and HR services in-house. It was unwilling to consider internal improvements alongside outsourcing options: “The investment we would need to put into internal transformation as opposed to an outsourced option would be significant.”<sup>46</sup>
- 2.9 Outsourcing an inefficient service can be problematic. If the outsourcing contract is not designed carefully, the provider – rather than the Met – might benefit from future efficiency savings. Experts we spoke to warned against outsourcing inefficient services. Even where this still reduces costs, it will not necessarily lead to service improvements. As the National Outsourcing Association put it: “If you outsource a mess, you end up getting your mess for less.”<sup>47</sup> Before the Met contracts out a service, it must take steps to remove inefficiencies.

#### *Identifying savings*

- 2.10 Where the Met does decide to use external providers in the future it must understand exactly how they intend to run services for less. The Met’s

commercial strategy states that commissioning services from the market is a “widely used and accepted approach in the private and public sectors to deliver value for money”.<sup>48</sup> The Met should be careful about making such assumptions. In a comprehensive study, the Public Services International Research Unit found that “there is no empirical evidence that the private sector is intrinsically more efficient [than the public sector]”.<sup>49</sup>

- 2.11 There are various ways external providers might be able to provide services for less. For example, private sector companies providing transaction-based services – such as human resources or payroll – to a number of different organisations can achieve benefits from integrating services and sharing overheads.<sup>50</sup> Moving jobs to cheaper locations can also reduce costs. PCS told us it is likely that the jobs transferring to SSCL as part of the Met’s decision to outsource finance, procurement and HR will move to Newport or Newcastle. It added that the Commissioner has not ruled out the possibility of these jobs being “off-shored” at some point in the future.<sup>51</sup> We would be concerned to see a large number of jobs leaving London.
- 2.12 The National Outsourcing Association told us that another way that contractors are able to run services more efficiently is because they “get the most out of their people”.<sup>52</sup> Depending on whether you are an employer or an employee, this may not be such a good thing: the Smith Institute found that private providers often reduce costs by asking staff to do “more for less”.<sup>53</sup> And research by the New Economics Foundation found that employees working in outsourced services are more likely to earn less, have insecure or temporary contracts and work longer hours than public service employees.<sup>54</sup>
- 2.13 In some areas, the Met’s projected savings appear to be extremely optimistic. In the case of its finance, procurement and HR services, the Met estimates that outsourcing these areas will reduce running costs by 42 per cent: from £37.7 million in 2015-16 to £21.7 million in 2019-20.<sup>55</sup> The Met told us that its external partner will make these savings through its specialism in these areas and by benefiting from economies of scale.<sup>56</sup> It added that the partner will reduce costs by moving jobs outside of London: around 445 posts in total. But while these options might enable some savings, a 42 per cent reduction suggests one of two things: the current in-house service is grossly inefficient, or the new provider may struggle to meet the target without a detrimental effect on service quality.

- 2.14 In other service areas, the Met is less sure how much it can save. The command and control and criminal justice strands in the Met's commercial strategy have a combined budgeted running cost of £213 million in 2015-16.<sup>57</sup> But when we asked how much it wanted to save in these areas, the Met was unsure. It told us:

"Future savings for MetCC [command and control system] and criminal justice are currently being reviewed and will be determined over the coming weeks as part of the current budget process."<sup>58</sup>

This is concerning. In August 2014, the Met signed a £90 million contract with Lockheed Martin to lead the introduction of a new command and control system, in a deal that could potentially last up to 17 years.<sup>59</sup> Despite already having signed a contract, the Met could not tell us how much it will save.

- 2.15 Before the Met takes decisions to outsource additional services in the future, it must establish baseline cost and performance information. It should also have in mind a clear idea of what savings it wants to achieve and how external partners will deliver them.

### **Recommendation 3**

**To ensure that decisions about how the Met configures its services are based on sound analysis, MOPAC's Directorate of Audit, Risk and Assurance should, in its 2016-17 Audit Plan for MOPAC and the Met, include a review of how robustly the Met establishes baseline costs and performance in its commercial strategy.**

### **Recommendation 4**

**The Met should make the following commitments:**

- **Before it decides to outsource a service in the future, it should ensure that in-house teams are able to produce business cases to reform services and cut costs themselves.**
- **If it chooses to test the market, it should make baseline cost and performance data available to all bidders.**
- **Decisions to outsource services should include an explicit assessment of how the Met could return to an in-house arrangement in the future.**

### 3. Selecting the right partner

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#### Key findings

- **The Met must ensure that its contracting partners share its values.**
  - **The Met should only use contractors with a commitment to pursuing wider Mayoral priorities, a history of high ethical standards, and a belief in the importance of transparency.**
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- 3.1 When contracting out a service, we understand that – given the financial pressures the Met faces – reducing costs is a key priority. We have previously warned that contracts should remain flexible – for example, by including break points.<sup>60</sup> In addition, contracts should not be too long. The NAO told us that current central Government practice is to make contracts as short as possible.<sup>61</sup> Three years is often typical, although where partners have had to make a significant investment, contract length is likely to be longer.
- 3.2 It is also vital that the contractors maintain or enhance the quality of services the Met delivers. The NAO and HMIC found many police forces that contracted out services initially placed too great a focus on saving money as an objective; some have since had to introduce measures to improve service quality.<sup>62</sup>
- 3.3 A strong working relationship is crucial to making outsourcing work well. This is easier where the client and the contractor share similar values.<sup>63</sup> In addition to the Met's commercial principles (see paragraph 1.6), we think there are three values in particular the Met should look for when it selects partnering organisations:
- A commitment to pursuing wider Mayoral priorities.
  - A history of high ethical standards.
  - A commitment to transparency.

#### *Wider Mayoral priorities*

- 3.4 The seven strands that currently fall within the Met's commercial strategy have running costs totalling £492 million in 2015-16. In choosing to enter into large deals with contractors to deliver some of these services, the Met has an opportunity to use public money to promote wider Mayoral priorities. Outsourcing should not be just about reducing costs. Indeed, the Social Value Act 2012 now places a duty on commissioners to consider economic, environmental and social benefits when procuring contracts.
- 3.5 There are many ways that the Met's commercial strategy could support Mayoral priorities. One example is creating skilled jobs. The ex-chief executive



of Birmingham City Council told us that: “For large-scale outsourcing, you should have requirements in there around apprenticeships and skills.”<sup>64</sup> Another example is helping to support small and medium sized enterprises (SMEs). The Met could stipulate in contracts with large providers that SMEs are used as sub-contractors. Not only would this support a Mayoral priority,<sup>65</sup> but it would also be in line with new Government procurement rules which are clear that public bodies should avoid large, onerous contracts and should support new entrants – especially SMEs – to enter the market.<sup>66</sup> In the long-term, this will help to shape the market and avoid an overreliance on the “usual suspects” that often win public sector contracts.

- 3.6 MOPAC and the Met’s support for wider Mayoral priorities is mixed. When disposing of land and property assets, MOPAC previously told us that its top priority is maximising capital receipts from disposals to enable re-investment in policing, rather than supporting wider objectives, such as using sites for new schools and/or affordable homes.<sup>iv 67</sup> That said, there appears to be some willingness to use the commercial strategy to help support broader priorities. MOPAC told us that it would insist that the Met’s contracts include commitments to pay employees at least the London Living Wage for activities undertaken within London.<sup>68</sup> The Met told us its templates for contracts worth over £50,000 include a responsible procurement schedule, which includes provisions for payments of the Living Wage. In addition, the Met confirmed that its invitations to tender (ITTs) for contracts include a statement of requirements. When drafting this statement, bidders are “encouraged to consider” the following: apprenticeships, SMEs and ways of reducing significant negative environmental impacts.<sup>69</sup>
- 3.7 This is a good start, but we think MOPAC and the Met can go further. To begin with, their commercial strategy and commercial principles should refer to the need to support relevant Mayoral priorities. While these priorities will change over time, commitments to supporting SMEs and creating apprenticeships would be a good place to start. The Met should also consider the contribution bidders will make to Mayoral priorities when it is assessing bids; rather than just encouraging prospective contractors to “consider” apprenticeships and SMEs, the Met should score bidders against key priorities such as these and weight the scores as they would other selection criteria.
- 3.8 However important wider Mayoral objectives are, we recognise the Met has its own priorities, not least reducing costs and maintaining service levels. And on the supplier side, there is a risk that imposing additional burdens on

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<sup>iv</sup> While public bodies have a legal duty to obtain best value when selling assets, there are instances where a sale below the market value is permissible if it supports a social need. In December 2014, for example, the Mayor wrote to LFEPA saying he was “minded to direct” the authority to seek the government’s consent for accepting a bid received for the Southwark station site that included a school, even though it was not the highest bid received.

contractors, such as requirements to use apprenticeships and SMEs, might erode potential savings by increasing contractual costs. But it is likely that many large contracts MOPAC will sign in the next few years will last up to ten years and cost tens of millions of pounds; the opportunity to secure wider benefits from spending this public money should not be missed. MOPAC and the Met should explore opportunities to support the Mayor's wider priorities throughout their procurement exercises.

#### *Ethical considerations*

- 3.9 Scandals in recent years have raised concerns about the integrity of outsourcing companies. In 2013, G4S and Serco were found to be charging the Ministry of Justice for electronically tagging criminals who were either already in jail or did not exist. Following this and other failings, a Public Accounts Committee review into contracting out public services to the private sector concluded that: "Contractors have not consistently demonstrated the high ethical standards expected in the conduct of public business."<sup>70</sup> In response, the Government made clear that it is for departments to clarify their expectations of suppliers when entering into contractual arrangements.<sup>71</sup>
- 3.10 Some outsourcing deals in the police sector have also attracted controversy. In 2014, it emerged that Steria (now Sopra Steria) – which entered into a contract with Cleveland Police – was employing staff to answer 999 calls on zero-hour contracts. While such arrangements can offer flexibility to employers and employees, some say they create insecurity and represent a deterioration in the quality of work.<sup>72</sup> Steria defended its use of the contracts, saying they are used to "provide resilience within the operational team to cover absences and peaks in demand".<sup>73</sup>
- 3.11 In January 2014, the London Assembly passed a motion calling on the Mayor to end the use of zero hours contracts by contractors and subcontractors employed by the GLA and its functional bodies (including MOPAC).<sup>74</sup> In response, the Mayor said the GLA does not use zero hour contracts except with employees in its peer outreach team, and that these arrangements suited the needs of both the GLA and staff. He did not comment on the use of zero hours contracts by contractors to the GLA Group.<sup>75</sup> MOPAC recently awarded a contract to SSCL – the joint venture in which Sopra Steria owns a 75 per cent stake – to provide the Met's HR, payroll, finance and procurement services as well as their associated IT systems for at least the next seven years. It is not clear whether this deal or future ones will allow for the use of zero hours contracts.
- 3.12 There are some signs that the Met's contracting arrangements are adversely affecting staff. PCS, which represents over half of the Met's police staff workforce, told us that, while the Met's contractor KBR is effectively managing facilities management services through performance targets (see paragraph 4.4), the result is that the sub-contractor's profit margin has

suffered. This, it claims, has led to the sub-contractor (Interserve) reducing hours and terms for some of the 350 cleaners working on the contract.<sup>76</sup>

- 3.13 To keep ethical standards high, the Met should consider the track record of potential contractors. Specific examples of good ethical values that contractors should demonstrate include: basing themselves in the UK for tax purposes and refraining from taking aggressive measures to avoid paying tax; committing to developing staff and treating them fairly; and understanding and committing to the public sector ethos. As a minimum, the Met should ensure that partners are committed to the seven principles of public life, as set out by Lord Nolan in 1995: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.<sup>77</sup>
- 3.14 The Met is aware of how important principles like these are. It told us that it is looking for partners that share its four values: integrity, professionalism, courage and compassion.<sup>78</sup> Within the organisation, it also has a Total Professionalism Programme Board which provides “strategic oversight and direction of behavioural and cultural change activity which takes place within the Met.”<sup>79</sup> We would like to see the Met’s commitment to integrity explicitly reflected in its commercial strategy. The Met’s commercial principles specify that: “Future sourcing make or buy decisions should consider operational, organisational and political dimensions.”<sup>80</sup> Considering ethical dimensions is also important; the Met should update its principles accordingly. Contractors the Met uses should have a strong track record in demonstrating the high ethical standards that Londoners rightly expect in public business.

#### *Transparency*

- 3.15 The Met must not become less transparent as it increases its use of external contractors. The Mayor is committed to ensuring the GLA and its functional bodies operate in a transparent manner. Last year, in a note on openness and transparency at the GLA Group, he stated his determination to:

“Identify and open-up information that provides insight into how we operate and perform in order to help Londoners hold us to account.”<sup>81</sup>

It is not clear whether this determination also applies to private contractors in receipt of GLA monies.

- 3.16 One specific example is the Freedom of Information Act 2000 (the FOI Act). The FOI Act gives rights of public access to information held by public authorities. But private companies are not subject to it, even where they are delivering public services or receiving public funds. There are signs that this difference is becoming increasingly unpopular among the public and stakeholders. A recent survey found that 75 per cent of people said it was important that companies acting on behalf of public authorities should be subject to the FOI Act.<sup>82</sup> The London Assembly too demands that the Mayor, the GLA and its functional bodies operate in a transparent manner;<sup>83</sup> this should extend to bodies in receipt of public funding.

- 3.17 One option to improve transparency among private contractors would involve changes to legislation. Countries with more recent FOI laws, such as Brazil, Estonia and Macedonia, have attempted to future proof the legislation by providing that it covers whichever bodies are delivering public services or receiving public funds.<sup>84</sup> *We Own It*, a campaign group, is calling for a Public Service Users bill to promote transparency and accountability in public services contracted out to private companies.<sup>85</sup> The UK Government has stated it will “take steps to ensure transparency about outsourced services is provided in response to FOI requests”.<sup>86</sup> But whether this will involve legislative change is not yet clear.
- 3.18 In the meantime, MOPAC and the Met can take steps to ensure that private contractors they use operate transparently – they are free to require a greater level of transparency than is set out in legislation. John Tizard told us that it is possible to make requirements equivalent to the FOI Act as part of any contract: “The Met has to be very clear at the outset about the level of transparency, disclosure and accountability it expects from its providers.”<sup>87</sup> The Information Commissioner’s Office also points out that, in the absence of legislative change, those procuring contracts should take it upon themselves to ensure appropriate levels of transparency among private providers. It advocates earlier consideration of access to information at the start of the contracting process:
- “When the contract is being drawn up, the public authority and the contractor should agree what types of information are held on behalf of the public authority (and is therefore in scope of FOI Act requests).”<sup>88</sup>
- 3.19 At its meeting in July, we pressed the Met on whether, for any services that are outsourced, the London Assembly can expect the same level of access to information that it would when the services were provided in-house. The Met’s Director of Commercial and Finance confirmed that it could.<sup>89</sup> We welcome this commitment. Keeping it, however, will involve careful negotiation during the contracting process. It will also mean selecting partners that support a culture of transparency in the first place.
- 3.20 MOPAC and the Met must share this culture too. We want to see them proactively embrace transparency, for example by publishing contracts and financial and performance data. Making this information available will help secure better deals when contracts expire, since it will allow bidders for future contracts to compete on a fairer playing field with incumbent providers.

#### **Recommendation 5**

**MOPAC and the Met should add the following principle to their commercial strategy: *all commercial opportunities should, where appropriate, contribute to the Mayor's priorities to support SMEs and create apprenticeships.* In addition, where the Met decides to outsource services, it should fully assess the social value of each bid during the bid evaluation process, under the provisions of the Social Value Act.**

#### **Recommendation 6**

**The Met should update its commercial principles to include a consideration of ethical dimensions. Contractors should have a strong track record in demonstrating the high ethical standards expected in the conduct of public business.**

#### **Recommendation 7**

**MOPAC, in its response to this report, should set out its position on the use of zero hours contracts by contractors. Specifically, it should state whether its deals with KBR (facilities management) and SSCL (finance, procurement and HR services) would allow for the use of zero hours contracts, including by sub-contractors.**

#### **Recommendation 8**

**MOPAC should commit to publishing large outsourcing contracts proactively and collecting and publishing regular financial and performance data on outsourced services and these should be published on the London Datastore. MOPAC and the Met should insist that the private sector contractors they use co-operate with Freedom of Information requests submitted to the Met.**

## 4. Managing contracts effectively

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### Key findings

- **The Met has not always managed contracts well in the past; it must improve in the future.**
  - **Open-book accounting can enable better commercial decisions and help with commercial negotiations. The Met must make greater use of it in current and future contracts.**
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#### *Learning from the past*

- 4.1 Before signing a large contract, MOPAC and the Met should already have made a significant investment. The time and resources devoted to deciding whether or not to outsource a service should not be underestimated. Nor should resources devoted to the procurement process: first, choosing a preferred partner; then, negotiating a deal with them. But this is not enough. Once in place, the Met must effectively manage contracts so that they deliver value over their lifetime. As we heard, many outsourcing failures are the result of clients not being able to manage the contract and governance not being good enough.<sup>90</sup>
- 4.2 This is an area in which the Met acknowledges it must improve. In January 2015, reflecting on how it has managed contracts in the past, the Deputy Commissioner told us: “Have we always been good at managing [them]? I have to be honest with you and say, no, we have not.”<sup>91</sup> The Met’s Director of Procurement Services expanded on the problem:
- “The historical issue we have had is that you go through quite an intensive procurement process, you sign a contract, you have a big sigh of relief - you have done it - and then you forget about it.”<sup>92</sup>
- 4.3 One example of poor performance stands out. In 2013, our report, *Smart Policing*, reviewed the Met’s plans to reduce its ICT costs.<sup>93</sup> It found that historically the Met, like other police forces, had not always secured good value from ICT contracts over their lifetime. The Met now acknowledges that it did not manage its largest ICT contract – a ten-year deal with Capgemini costing £115 million per annum – in an effective manner. It told us: “It is easy to say in hindsight that is one that we have not covered ourselves in glory with. We need to do better with any successive contract.”<sup>94</sup>
- 4.4 There appear to be some signs of improvement in other areas. When we pressed the Met on whether it had learned lessons from its own past contracting failures and those of others, it cited the example of its new

arrangements for facilities management. The Met said that its deal with KBR, which took effect from April 2014, has already delivered benefits in its first year. Supply chain costs have reduced by £9.6 million – 20 per cent lower than the previous planned service contract value of £47.8 million. In addition, the Met claims that service quality has shown a “marked improvement” in the first year of the contract, including by SME subcontractors.<sup>95</sup>

- 4.5 It is too soon to tell whether this contract has truly delivered good value. But what is clear is the Met must rigorously manage performance on this and other contracts. This is not to be underestimated. As the NAO explained, managing contracts effectively is not a desk job: to promote value for money, it requires contract managers to take a hands-on approach, “akin to managing the service”.<sup>96</sup>
- 4.6 The Met needs to look no further than to Transport for London (TfL) for an ongoing example of excellent contract management. Since 2007, TfL has worked closely with contractor London Overground Rail Operations Limited (LOROL) to improve services on the Overground network. Capacity, frequency, reliability and passenger satisfaction are all much higher than under the previous operators – in part due to the high level of active management from TfL.
- 4.7 As a minimum, contracts should clearly set out how a partner’s performance will be monitored. A good performance measurement framework will give a detailed and timely understanding of the partner’s performance. The NAO highlighted that this can be done through a combination of quantitative and qualitative indicators.<sup>97</sup> Performance measures are commonly defined in quantitative terms, such as the percentage of activities that have been achieved in a given time frame. Such Key Performance Indicators (KPIs) should be:

- Valid – reflecting what they are intended to do.
- Reliable – using data of sufficient quality.
- Continuous – providing comparable data over time.

It is also important to consider qualitative information to contextualise KPIs. For example, the Met could collect information from end users through periodic meetings with staff, focus groups or surveys. This information could help to make changes to the relationship between partners and improve performance during the contract.

#### *Open-book accounting*

- 4.8 In addition to monitoring KPIs, some think a bolder approach to contract management is needed. The NAO and the Chartered Institute for Public Finance and Accountancy (CIPFA) have called for public bodies to negotiate greater access to, and make better use of, information about how much outsourced public services are actually costing suppliers and therefore how

much profit they are making. Open-book accounting (OBA) is a term used to describe arrangements whereby part or all of a contractor's financial records can be seen by the commissioning body. It is based on the fundamental principle of sharing pain and gain: both the client and the contractor "own" the costs. If the costs are well managed, both sides have the opportunity to share any savings.<sup>98</sup> John Tizard told us OBA is "essential, not just advantageous," and that performance data should be independently audited to ensure there is not collusion between client and provider.<sup>99</sup>

4.9 The use of OBA can enable better commercial decisions and help with commercial negotiations. The NAO identified the following positive outcomes that open-book arrangements might bring about for police forces:

- Incentivising the partner to reduce costs and pass on savings.
- Positive incentives for changes to partner behaviours, including quality of service provision and the minimisation of service delivery costs.
- Helping to promote financial accountability.
- Allowing police forces and oversight bodies to be better informed during contract and performance management.<sup>100</sup>

**Case Study: British Broadcasting Corporation – using open-book data to inform commercial decisions**

The BBC uses open-book accounting to inform the procurement strategy of its broadcast services. Like the Met, the BBC is constrained by cost pressures; it is also using OBA to model savings.

The BBC includes open-book clauses in its large contracts. Its executive board receives annual reports on each contract, helping it to manage costs and significant challenges.

BBC policy requires the use of OBA for all significant contracts. The BBC considers that this improves supplier relationships and reassures contract managers that the price they are paying is correct and represents good value for money. After the BBC sold its broadcast services division, it used OBA to maintain visibility and understanding of the cost of the service.

The BBC's policy requires an in-depth financial audit of the open-book data every two years, and also at the end of contracts. These audits inform contract re-procurements.

Source: Open-book accounting and supply-chain assurance, National Audit Office, July 2015.

4.10 Not everyone advocates a greater use of OBA. The National Outsourcing Association told us that it had been "rejected wholeheartedly" by the service provider community, which claimed that pricing mechanisms are their intellectual property and that they should not have to share additional information.<sup>101</sup> It added that, since some big service providers make big



margins on certain contracts and treat others as loss leaders, OBA would disadvantage them if it led to new competitors targeting only the more profitable contracts.

- 4.11 We find this argument unconvincing. While there is inevitably a balance in contracts between openness and commercial sensitivity, as Stephen Hughes put it: “It does not do the outsourcing market any favours to come out where the profit margins are 20 or 30 per cent on something when public money is funding that.”<sup>102</sup> And “win at all costs” and loss leading contracts can be dangerous in any case, since they raise the prospect of providers failing to deliver contracts in the first place.<sup>103</sup> Additionally, there are signs that not all providers in the outsourcing sector are hostile to OBA. The Public Accounts Committee, in its investigation into contracting out public services, found that the contractors it examined – including the four biggest in the sector – had “no objection” to building open-book requirements into contracts.<sup>104</sup>
- 4.12 The Public Accounts Committee concluded that implementing OBA would be an easy win for improving transparency. And yet, public sector organisations are still not using it widely. In a survey, the NAO found that OBA data is currently available in only 31 per cent of contracts and, even then, it is not always received. In addition, only 23 per cent of government organisations have a policy on when to use it.<sup>105</sup> As a result, in July 2015, the NAO recommended that the Cabinet Office should set up a task force to explore how to establish a common standard for open-book data.<sup>106</sup> It said that a common standard for how suppliers should present their costs would standardise practice and help reduce the room for manipulation.
- 4.13 Like other public bodies, MOPAC and the Met could make better use of OBA arrangements. We asked the Met what its current policy was with regard to OBA in contracts. It said open-book arrangements are “normally used for large service type contracts”, including the current ICT contract with Capgemini.<sup>107</sup> The Met added that it is including open-book provisions in contracts it is currently negotiating as part of the commercial strategy. But as the NAO found, it is one thing having provisions within contracts, it is quite another to use them effectively during the lifetime of contracts to hold partners to account and secure good value for money. The Met’s contract with Capgemini may have had OBA provisions, but it did not prevent the Met from mismanaging the contract.
- 4.14 Making better use of open-book arrangements will not be easy. Interpreting whether a partner’s profit margin is reasonable is difficult and varies according to the type of service, the risk for the supplier and market conditions. In addition, the NAO recently found that while there is now a greater acceptance that open-book should be used, there is often uncertainty and confusion as to how and for what purpose.<sup>108</sup> Typically, this confusion arises from a lack of guidance on how to use open-book data, and in

particular, how information should be validated and interpreted in practical ways.

- 4.15 The Met accepts that it needs to develop its own approach to OBA. It told us this is “always something [it] can improve on”.<sup>109</sup> We acknowledge that OBA might not be appropriate for all of the Met’s contracts. Additional requirements to collect and publish cost and performance data will come with a cost: in many small contracts, the additional cost that it would add to the contract could outweigh the benefits. But we think the principle of OBA should play an important role in the Met’s commercial strategy and how the Met manages contracts in the future. To ensure it is used effectively, the Met should develop a clearer policy for when OBA should be used as well as checks to ensure it is applied consistently. And, as the NAO suggested, every major contract should have a “supply-chain assurance strategy” to guide the collection and use of information.<sup>110</sup> The real benefits from using OBA in contracts should be high quality services provided at a fair cost from the first to the last year of a deal. Merely adding OBA arrangements will not be enough to achieve these benefits. As we explain in the next chapter, the Met will need staff with the skills and expertise to use them properly.

#### **Recommendation 9**

**MOPAC and the Met should develop a clear policy setting out when and how contracts should be based on open-book accounting principles. Every major contract – perhaps those worth over £50,000 – should have a supply-chain assurance strategy to guide the collection and use of information, as the National Audit Office suggests. In addition, MOPAC and the Met should re-negotiate open-book access rights into old contracts, where appropriate.**

## 5. Skills and expertise

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### Key findings

- **The success of the Met's commercial strategy is dependent on its staff. In particular, the strength of outsourcing is only as good as the strength and quality of the client.**
  - **The Met currently relies heavily on external consultants: it is paying PwC around £13 million to help with its commercial strategy. In time, the Met needs to build its own commercial expertise to an appropriate level.**
  - **This might involve paying competitive salaries and building career paths to attract the right mix of staff.**
- 

### *The skills challenge*

- 5.1 The Met currently does not have enough staff with the right skills to negotiate and manage contracts effectively. Negotiating complex contracts to secure a good deal during a tendering process, and monitoring performance using open-book arrangements once they have been awarded to ensure that they remain a good deal over the contractual lifetime, requires commercial expertise. Without it, there is a risk that contracts will fail to deliver value for money.
- 5.2 Implementing its commercial strategy successfully will be challenging for the Met. While the strategy is initially focused on seven back-office areas, the Met's Commissioner has said that "all but core policing functions" should be market tested.<sup>111</sup> If this results in a big increase in the number of services that are contracted out in future years, the balance of service provision will increasingly shift from the Met directly providing services itself to commissioning services from others.
- 5.3 Like other public bodies, the Met may struggle to build and maintain the necessary commercial expertise to successfully deliver its commercial strategy. There is currently a skills deficit in the public sector and some argue there are not enough skills to manage single supplier contracts, let alone multi-source arrangements – such as the Met's plans to reduce the number of contracts and work with a small number of strategic suppliers instead.<sup>112</sup> As the National Outsourcing Association told us: "We have to just get a lot more parity and to know that those managing contracts in the Met really have parity with those in the private sector."<sup>113</sup> And the Met is also competing with other public sector bodies for people with these skills at this point in time.

- 5.4 A lack of commercial skills has affected the Met in the past. Our 2013 report, *Smart Policing*, found that it was not clear whether the Met was using the “full set of commercial levers” available to ensure appropriate supplier performance in ICT contracts.<sup>114</sup> The Met acknowledges this is still an area of weakness: its commercial strategy states that “there is a need for more commercial resources in the organisation”.<sup>115</sup> The Met clearly faces a significant challenge in building what it calls its “intelligent client function”.

*Using external support*

- 5.5 This lack of in-house expertise has led to a growing reliance on external consultants. The Met told us it has contracted PwC to “provide a managed service to support delivery of [its] commercial programme”.<sup>116</sup> The estimated cost of the contract for the two years of support between March 2014 and 2016 is £13 million. Including additional work to support the Met’s wider change programme, the overall maximum value of the contract with PwC could rise to £20 million.<sup>117</sup>
- 5.6 In some cases, using external support might be appropriate. As MOPAC highlighted:

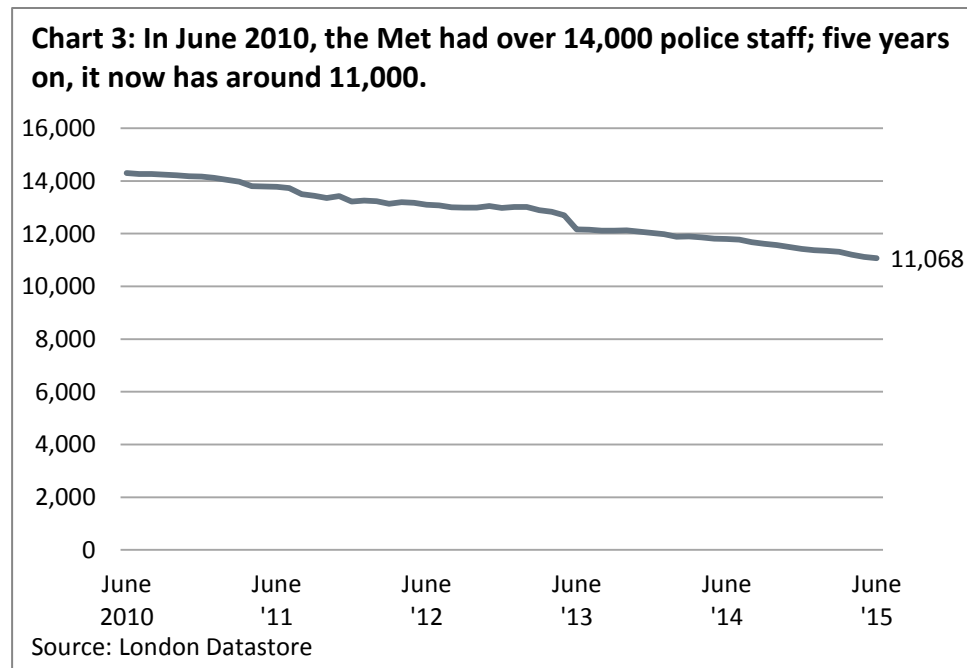
“There are certain key points where you need more skills and expertise than most people can manage to afford to keep in-house and therefore it is sensible to have injections of that external advice.”

But as MOPAC also pointed out, if the Met is using external advice all the time, then there is clearly a problem. So far, PwC has helped the Met to identify baseline cost and performance within areas covered by the commercial strategy. But we are concerned that the Met needs an external organisation to tell it how much its in-house services currently cost to run. Ultimately, in the long-term, there is a danger that the Met becomes overly reliant upon external support. This can be problematic in numerous ways. Not only is it expensive, but there is a risk that the Met loses the capability to think strategically for itself.

- 5.7 The Met hopes that external consultants will play a diminishing role as it builds up its internal expertise.<sup>118</sup> But this might be dependent on how successful it is at becoming an “intelligent client”. Given the Mayor’s commitment to maintain a high number of police officers numbers – the Met has agreed to budget for around 32,000 police officers until 2016-17 – pressure inevitably falls on lowering other costs such as civilian staff. The number of Met police staff has reduced significantly in recent years (see chart 3). The NAO told us that these might be the very people who are crucial to help transform the Met.<sup>119</sup> There is a risk therefore that the Met does not have the resources to develop, attract and retain staff with the necessary procurement and commercial skills. This is already proving to be a problem: the Met told us that, while it has negotiated a new facilities management

contract that appears to be delivering benefits, the challenge it now faces is retaining highly capable staff given the market:

“Certainly the construction market is picking up. There is that challenge where longer term: how do you retain good people? We are training them and developing them and they are doing a very good job for us, but it is the retention of skills [that might prove difficult].”<sup>120</sup>



#### *Paying the price*

- 5.8 If the Met wants to build this expertise it will have to pay for it one way or another. To compete in the jobs market and attract the best staff, the Met will have to offer competitive grades and salaries. Just like Transport for London must pay market rates to attract specialist engineering staff for projects such as Crossrail, so must the Met if it is to build a commercial “Centre of Excellence” as it intends to do (while also ensuring that remuneration is still proportionate to the rest of the organisation). The Met needs to take into account its existing grade and pay structure, and should not pay any more than it has to. But penny pinching in this area is a false economy. As we heard, the strength of outsourcing is “only as good as the strength and quality of the client”.<sup>121</sup>
- 5.9 There are other steps the Met can take too. Recruiting high quality staff from outside the organisation is one way to build a strong team, but it can also create problems. For example, existing staff may feel that they lack opportunities to progress in their career if senior roles are filled by external applicants. As the NAO highlighted: “Why would you join a procurement function if there is no opportunity to develop into a leadership role?”<sup>122</sup> The Met needs to invest in the training and professional development of staff to help build up expertise within its ranks; it also needs to develop career

pathways to encourage talented staff to remain and progress within the organisation. The Met can learn from others in this regard: the Government is trying to address its own skills problem by putting in place a Fast Stream for commercial jobs to attract the next generation of skilled staff.

- 5.10 Experts told us that organisations looking to outsource need upfront investment in people, skills and capacity before committing to the process. If the Met fails to do this, the benefits it anticipates in its commercial strategy – namely lower costs and better run services – may not materialise. We are encouraged that the Met is aware of this risk and intends to address it. Its commercial strategy states that delivering plans to time, quality and budget “will require investment in a small number of highly skilled, professional staff”.<sup>123</sup> We agree this investment is essential in order to implement the commercial strategy successfully. We hope the Met will take steps to address this weakness before it accelerates its commercial strategy any further.

*A minority of the Committee (Green Party Group) felt unable to support paragraph 5.8. A majority of the Assembly and the Mayor have established their support for the principle of 'fair pay ratios', and the GLA's pay policy states that there is “clear evidence that employers benefit across a wide range of areas - recruitment and retention, improved worker morale, motivation, productivity and reputational impacts of being an ethical employer”. The Committee Member from the Green Party Group believes that the Met must balance the need to attract the necessary high level skills, knowledge and experience with this commitment to fair and ethical pay policies.*

#### **Recommendation 10**

**The Met should create clear career paths within its commercial function to help to attract, develop and retain skilled staff. In its response to this report, the Met should set out its approach to recruitment and pay for these roles, and how it will fit into its wider grade and pay structure.**

## Appendix 1 – The seven strands in the Met’s commercial strategy

Strand	Description	Progress	Current cost (2015-16) – £m	Estimated annual savings by 2019-20 – £m
Logistics	A National Uniform Managed Service that will allow the Met to purchase new uniform as part of the national offering at a reduced cost.	A contract is expected to be awarded in autumn 2015.	11	1.1
Finance, procurement and HR services	Transactional services and associated ICT systems.	In August 2015, MOPAC and the Met awarded a contract to SSCL – a joint venture between the Cabinet Office and Sopra Steria. The deal is initially for seven years with an option to extend to ten years.	38	16
Transport services	Management of the Met’s fleet of vehicles.	In procurement stage. A contract is expected to be awarded in spring 2016.	50	6.7
Corporate real estate	Facilities management and services such as cleaning.	In May 2013, MOPAC and the Met awarded a contract to KBR, an engineering company, to procure, manage and audit the	63	6.9

		Met's facilities management supply chain.		
Command and control system	The Met's system to ensure 999 and non-emergency calls are answered efficiently and that police officers are deployed effectively.	In August 2014, MOPAC and the Met awarded a contract to Lockheed Martin to lead the introduction of a new command and control system, in a deal that could last up to 17 years.	102	The Met says it is currently reviewing budgeted savings in this area.
Criminal justice	The Met says its ambition for this strand is to provide a high-quality service that reduces public risk through effective management of offenders and protection of vulnerable people.	Not in procurement stage yet.	112	The Met says it is currently reviewing budgeted savings in this area.
ICT infrastructure	ICT services that support day-to-day work of the Met's police officers and staff.	There are various contracts in this strand – some are signed, some are in the procurement stage. The Met expects new suppliers to be running all services by the start of 2016.	121	22.5



## Appendix 2 – Recommendations

### Recommendation 1

The Met's Commercial Programme Board, which oversees the commercial strategy, should include employee representation.

### Recommendation 2

MOPAC should lobby the Home Office and the College of Policing to take a greater role in developing business skills in forces, as the National Audit Office has suggested.

### Recommendation 3

To ensure that decisions about how the Met configures its services are based on sound analysis, MOPAC's Directorate of Audit, Risk and Assurance should, in its 2016-17 Audit Plan for MOPAC and the Met, include a review of how robustly the Met establishes baseline costs and performance in its commercial strategy.

### Recommendation 4

The Met should make the following commitments:

- Before it decides to outsource a service in the future, it should ensure that in-house teams are able to produce business cases to reform services and cut costs themselves.
- If it chooses to test the market, it should make baseline cost and performance data available to all bidders.
- Decisions to outsource services should include an explicit assessment of how the Met could return to an in-house arrangement in the future.

### Recommendation 5

MOPAC and the Met should add the following principle to their commercial strategy: *all commercial opportunities should, where appropriate, contribute to the Mayor's priorities to support SMEs and create apprenticeships*. In addition, where the Met decides to outsource services, it should fully assess the social value of each bid during the bid evaluation process, under the provisions of the Social Value Act.

### Recommendation 6

The Met should update its commercial principles to include a consideration of ethical dimensions. Contractors should have a strong track record in demonstrating the high ethical standards expected in the conduct of public business.

#### **Recommendation 7**

MOPAC, in its response to this report, should set out its position on the use of zero hours contracts by contractors. Specifically, it should state whether its deals with KBR (facilities management) and SSCL (finance, procurement and HR services) would allow for the use of zero hours contracts, including by sub-contractors.

#### **Recommendation 8**

MOPAC should commit to publishing large outsourcing contracts proactively and collecting and publishing regular financial and performance data on outsourced services and these should be published on the London Datastore. MOPAC and the Met should insist that the private sector contractors they use co-operate with Freedom of Information requests submitted to the Met.

#### **Recommendation 9**

MOPAC and the Met should develop a clear policy setting out when and how contracts should be based on open-book accounting principles. Every major contract – perhaps those worth over £50,000 – should have a supply-chain assurance strategy to guide the collection and use of information, as the National Audit Office suggests. In addition, MOPAC and the Met should re-negotiate open-book access rights into old contracts, where appropriate.

#### **Recommendation 10**

The Met should create clear career paths within its commercial function to help to attract, develop and retain skilled staff. In its response to this report, the Met should set out its approach to recruitment and pay for these roles, and how it will fit into its wider grade and pay structure.

## Appendix 3 – Views and information

On 10 June 2015, the Budget & Performance Committee agreed to conduct an investigation into outsourcing at the Met. The terms of reference were:

- To examine the Met's approach to contracting out and how it can best be used to deliver value for money.
- To test the robustness of the Met's estimates for the savings it plans to secure from outsourcing.
- To identify areas of best practice that the Met should follow if it decides to contract out services in the future.
- To examine the implications that outsourcing services will have on how the Met is held to account.

The Committee held two public evidence sessions to collect evidence to inform its investigation.

On 10 June 2015, it heard evidence from:

- Kerry Hallard, Chief Executive, National Outsourcing Association.
- Stephen Hughes, former Chief Executive of Birmingham City Council.
- John Tizard, independent strategic adviser.

On 1 July 2015, it heard evidence from:

- Louise Bladen, Director of Home Affairs Value for Money, National Audit Office.
- Joshua Reddaway, Director of Commercial and Contracting Value for Money, National Audit Office.
- Lynda McMullan, Director of Commercial and Finance, Metropolitan Police Service.
- Lee Tribe, Director of Procurement Services, Metropolitan Police Service.
- Helen Bailey, Chief Operating Officer, Mayor's Office for Policing and Crime.
- Annabel Cowell, Head of Strategic Finance and Resource Management, Mayor's Office for Policing and Crime.

During the investigation, the Committee also received written submissions from the following organisations:

- We Own It.
- Public and Commercial Services Union.

## Appendix 4 – Endnotes

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- <sup>2</sup> MOPAC/MPS Budget Submission 2015-16 to 2016-17, DMPCD 2014-149, November 2014, page 8.
- <sup>3</sup> Opportunity costs: who wins from the outsourcing revolution?, Public Finance, 1 May 2015.
- <sup>4</sup> MOPAC Commercial Strategy, DMPCD 2015 93, 23 July 2015.
- <sup>5</sup> Sources: MOPAC Commercial Strategy, DMPCD 2015 93, 23 July 2015; Lynda McMullan, Director of Commercial and Finance, MPS, Budget & Performance Committee, 6 January 2015.
- <sup>6</sup> MOPAC/MPS Budget Submission 2015-16 to 2016-17, DMPCD 2014-149, November 2014, page 28.
- <sup>7</sup> KBR news article, 13 May 2013.
- <sup>8</sup> Lockheed Martin, press release, 4 August 2014.
- <sup>9</sup> Private sector partnering in the police service, NAO and HMIC, July 2013, page 9.
- <sup>10</sup> Bernard Hogan-Howe: Cuts without reform put the public at risk, Guardian, 14 December 2014.
- <sup>11</sup> MOPAC Commercial Strategy, DMPCD 2015 93, 23 July 2015.
- <sup>12</sup> PCS submission to the Committee's investigation.
- <sup>13</sup> A caution for police privatisation, ComRes, June 2012.
- <sup>14</sup> Lynda McMullan, Director of Commercial and Finance, Metropolitan Police Service, speaking to the Budget & Performance Committee, 1 July 2015.
- <sup>15</sup> *We Own It* submission to the Committee's investigation.
- <sup>16</sup> Outsourcing the cuts: pay and employment effects of contracting out, The Smith Institute, September 2014, page 44.
- <sup>17</sup> PCS submission to the Committee's investigation.
- <sup>18</sup> Stephen Hughes, former Chief Executive of Birmingham City Council, speaking to the Budget & Performance Committee, 10 June 2015.
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- <sup>21</sup> Stephen Hughes, former Chief Executive of Birmingham City Council, speaking to the Budget & Performance Committee, 10 June 2015.
- <sup>22</sup> Building a better Met: MPS staff survey 2014, April 2014.
- <sup>23</sup> John Tizard, independent strategic adviser, speaking to the Budget & Performance Committee, 10 June 2015.
- <sup>24</sup> MOPAC Commercial Strategy, DMPCD 2015 93, 23 July 2015.
- <sup>25</sup> Cleveland Police Authority extends Steria deal, Guardian, 29 June 2011.
- <sup>26</sup> "The politics of police 'privatisation': a multiple streams approach", Criminology & Criminal Justice, 1-17, 2014.
- <sup>27</sup> West Midlands Police deal 'must learn from mistakes', Birmingham Post, 28 July 2014.
- <sup>28</sup> Responding to austerity: West Midlands Police, HMIC, July 2014, page 4.
- <sup>29</sup> Financial sustainability of police forces in England and Wales, NAO, June 2015, page 8.
- <sup>30</sup> Financial sustainability of police forces in England and Wales, NAO, June 2015, pages 24/44.
- <sup>31</sup> Joshua Reddaway, Director, Commercial and Contracting Value for Money, National Audit Office, speaking to the Budget & Performance Committee, 1 July 2015.

- <sup>32</sup> John Tizard, independent strategic adviser, speaking to the Budget & Performance Committee, 10 June 2015.
- <sup>33</sup> Kerry Hallard, Chief Executive, National Outsourcing Association, speaking to the Budget & Performance Committee, 10 June 2015.
- <sup>34</sup> Private sector partnering in the police service, NAO and HMIC, July 2013, page 53.
- <sup>35</sup> MOPAC and MPS Internal Audit Plan 2015 to 2016, Audit Panel, 27 March.
- <sup>36</sup> John Tizard, independent strategic adviser, speaking to the Budget & Performance Committee, 10 June 2015.
- <sup>37</sup> Why outsourcing won't happen, Stephen Hughes for the Local Government Chronicle, 18 October 2012.
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- <sup>40</sup> Cabinet Office claims 40% savings as Fujitsu deal expires, Computerworlduk.com, 13 January 2015.
- <sup>41</sup> Not an open and shut case, Public Finance, 1 February 2013.
- <sup>42</sup> *We Own It* submission to the Committee's investigation.
- <sup>43</sup> Helen Bailey, Chief Operating Officer, Mayor's Office for Policing and Crime, speaking to the Budget & Performance Committee, 1 July 2015.
- <sup>44</sup> Lee Tribe, Director of Procurement Services, Metropolitan Police Service, speaking to the Budget & Performance Committee, 1 July 2015.
- <sup>45</sup> Stephen Hughes, former Chief Executive of Birmingham City Council, speaking to the Budget & Performance Committee, 10 June 2015.
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- <sup>48</sup> MOPAC Commercial Strategy, DMPCD 2015 93, 23 July 2015.
- <sup>49</sup> *We Own It* submission to the Committee's investigation.
- <sup>50</sup> Enabling change, written by Stephen Hughes for CIPFA, page 9.
- <sup>51</sup> PCS submission to the Committee's investigation.
- <sup>52</sup> Kerry Hallard, Chief Executive, National Outsourcing Association, speaking to the Budget & Performance Committee, 10 June 2015.
- <sup>53</sup> Outsourcing the cuts: pay and employment effects of contracting out, The Smith Institute, September 2014.
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- <sup>55</sup> Information provided to the Committee by the Metropolitan Police Service.
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- <sup>58</sup> Information provided to the Committee by the Metropolitan Police Service.
- <sup>59</sup> Lockheed Martin, press release, 4 August 2014.
- <sup>60</sup> Smart Policing, Budget & Performance Committee, August 2013.
- <sup>61</sup> Joshua Reddaway, Director, Commercial and Contracting Value for Money, National Audit Office, speaking to the Budget & Performance Committee, 1 July 2015.
- <sup>62</sup> Private sector partnering in the police service, NAO and HMIC, July 2013, page 9.
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- <sup>64</sup> Stephen Hughes, former Chief Executive of Birmingham City Council, speaking to the Budget & Performance Committee, 10 June 2015.
- <sup>65</sup> Supporting small and medium sized enterprises was highlighted as a priority in the Mayor's Jobs and Growth Plan for London, April 2013.

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- <sup>67</sup> Stephen Greenhalgh, Deputy Mayor for Policing and Crime, speaking to the Budget and Performance Committee, 7 January 2014.
- <sup>68</sup> Helen Bailey, Chief Operating Officer, Mayor's Office for Policing and Crime, speaking to the Budget & Performance Committee, 1 July 2015.
- <sup>69</sup> Information provided to the Committee by the Metropolitan Police Service.
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- <sup>71</sup> Government response to the 47<sup>th</sup> report of the Public Accounts Committee, session 2013-14, Treasury Minutes, June 2014, pages 11-17.
- <sup>72</sup> Zero-hours contracts jump in UK, Financial Times, 25 February 2015.
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- <sup>77</sup> The 7 principles of public life (GOV.UK).
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- <sup>79</sup> Information provided to the Committee by the Metropolitan Police Service.
- <sup>80</sup> Information provided to the Committee by the Metropolitan Police Service.
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- <sup>84</sup> Transparency in outsourcing: a roadmap, Information Commissioner's Office, March 2015
- <sup>85</sup> *We Own It* submission to the Committee's investigation.
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- <sup>87</sup> John Tizard, independent strategic adviser, speaking to the Budget & Performance Committee, 10 June 2015.
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- <sup>89</sup> Lynda McMullan, Director of Commercial and Finance, Metropolitan Police Service, speaking to B&P Committee, 1 July 2015.
- <sup>90</sup> Opportunity costs: who wins from the outsourcing revolution?, Public Finance, 1 May 2015.
- <sup>91</sup> Deputy Commissioner Craig Mackey, MPS, speaking to the Budget & Performance Committee, 6 January 2015.
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- <sup>103</sup> Serco foots bill for 'win at all costs' contracts, Financial Times, 6 March 2015.
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- <sup>109</sup> Lynda McMullan, Director of Commercial and Finance, Metropolitan Police Service, speaking to the Budget & Performance Committee, 1 July 2015.
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- <sup>114</sup> Smart Policing, Budget & Performance Committee, August 2013.
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- <sup>117</sup> Information provided to the Committee by the Metropolitan Police Service.
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- <sup>122</sup> Joshua Reddaway, Director, Commercial and Contracting Value for Money, National Audit Office, speaking to the Budget & Performance Committee, 1 July 2015.
- <sup>123</sup> MOPAC Commercial Strategy, DMPCD 2015 93, 23 July 2015.

# Orders and translations

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यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

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