

Appendix 2 – London Assembly investigation into the Metropolitan Police use of outsourcing

Contents

- Covering letter – p2
- The set of key performance indicators and baseline data prepared by the MPS for finance, procurement and HR services prior to contracting out – p4
- Details of the Total Professionalism Progress Board – p5
- Summary of decision taken at the management board on 7 July with regard to outsourcing business processes (finance, procurement and HR), including any implications for existing staff (such as relocation) – p12
- Details of which Mayor priorities currently figure in the MPS invitation to tender for contracts – p13
- Specific details of how the MPS has identified “over 20 per cent of benefits” and improvements to service quality in the first year of the KBR facilities management contract – p14



**METROPOLITAN
POLICE**

TOTAL POLICING

COMMERCIAL AND FINANCE

Lynda McMullan
Director of Commercial & Finance
Room 818
New Scotland Yard
Broadway
London
SW1H 0BG

Telephone: 0207 230 4321
e-mail: Lynda.McMullan@met.police.uk
www.met.police.uk

Your ref:

Our ref: Biggs0708

7 August 2015

John Biggs AM
Chairman – Budget & Performance Committee
City Hall
The Queen's Walk
LONDON
SE1 2AA

Dear John

LONDON ASSEMBLY BUDGET & PERFORMANCE COMMITTEE – 1 JULY 2015

With reference to your letter dated 15 July 2015.

Many thanks for your comments about the meeting on 1 July. I am pleased that you and your members found the discussions of value.

The Committee asked me to supply some additional information that would assist with your investigations.

1. The set of key performance indicators and baseline data prepared by the MPS for finance, procurement and HR services prior to contracting out.
2. How much the MPS plans on consultancy support from PwC. We will forward a breakdown of this on Monday.
3. Details of the Total Professionalism Progress Board referred to by the MPS.
4. "Feedback that the National Audit Office provided to the MPS following its report *Financial Sustainability of Police Forces in England and Wales*, published in June 2015". We are not clear what you mean by this. Can you clarify, please?
5. A summary of the decision taken by the MPS Management Board on 7 July with regard to outsourcing business processes (finance, procurement and HR), including any implications for existing staff (such as relocations).
6. Details of which Mayoral priorities currently figure in the MPS invitation to tender for contracts.
7. Specific details of how the MPS has identified "over 20 per cent of benefits" and improvements to service quality in the first year of the KBR facilities management contract.
8. An explanation of the MPS's current policy with regard to 'open-book' contracting.

9. Clarification of how the aim to reduce support costs to around 15 per cent of the MPS budget will be measured (ie., as a proportion of total or net expenditure) and against what baseline (ie., the current proportion).

Please find attachments that refer to all your enquiries.

If you have any further questions, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lynda' followed by a period.

Lynda McMullan
Director of Commercial & Finance

Enc.

Point 1) - The set of key performance indicators and baseline prepared by the MPS for finance, procurement and HR services prior to contracting out;

Extensive work has been undertaken to agree the Day 1 Performance Levels for the outsourced areas within HR, Finance and Procurement.

An assessment was made of the existing performance indicators together with any new areas that Senior Clients within the MPS wanted to have in place to assess the performance of the outsource provider. In total 94 performance indicators were identified.

During detailed discussions with SSCL it was agreed that the MPS would identify 23 of these as 'Key Performance Indicators' that would attract Service Credits as part of the contract schedule. The remaining would be Service Level Agreements. As part of the discussions, SSCL requested the history of performance for these measures where this information was available.

All KPIs and SLAs were approved by Senior Clients within the MPS. The five attachments contain the day 1 KPIs, SLAs and the history of performance where available.

1) BSS KPIs



BSS
identified_KPIs_Final

2) BSS consolidated measures



BSS
identified_measures_

3,4,5) History of reporting



finance_data_final
ppt (1 MB)



R_data_final.PPT
(912 KB)



Procurement_data
final.PPT (31...

Total Professionalism Programme Board

Total Professionalism Programme Board Draft Terms of Reference from October 2014

Version: 0.3
Produced: 3rd October 2014
Owner: Portfolio & Planning – Total Professionalism
Protective Marking: Restricted (whilst draft)

Total Professionalism Programme Board - Overview

Board overview:

The Total Professionalism Programme Board replaces the Total Professionalism Delivery Board and the Professionalism Reference Group. Programme Board oversees and commissions the delivery of the behavioural and cultural change activity within the MPS.

The Programme Board will bring together:

- Elements of the MPS which have behavioural and cultural change as part of their "business-as-usual" - Suppliers
- Senior members of the MPS and MPS staff associations – Users

It provides assurances that all the MPS behavioural change activity is correctly focused; identifies new requirements for behavioural change activity and commissions activity as required.

The decision making process will be based upon the principle of the needs of the public, the organisation and the individual, in that priority order.

The Board will :

- Provide strategic oversight and direction of behavioural and cultural change activity which takes place in the MPS
- Oversee the delivery of the MPS Total Professionalism activity as provided by the "suppliers".
- Be a forum to discuss where there is a requirement for behavioural or cultural change activity to take place (for example as new working practices develop under the Target Operating Model)
- Be the route through which behavioural or cultural change activity requirements are formally commissioned.
- Commission the development of key performance indicators to provide an overview of the overall health of MPS Culture

Total Professionalism Programme Board : Responsibilities

- Setting the future direction for Total Professionalism Activity and ensuring it aligns to MPS Strategic objectives
- Governance of the programme plan and managing any critical dependencies between areas of the business e.g. Confidence Board; People Board; between TPP strands
- Signing off key documentation (e.g., Programme Plan, Risk Register, Benefits Realisation Plan):
- Agreeing any reprioritisation of work or allocation of resources or spend on Total Professionalism
- Review organisational activity to determine if this is behavioural or cultural change related and should be incorporated under the programme
- Act as a quality assurance control for current and proposed activity to ensure activity is in line with Total Professionalism aims and cross cutting themes e.g. Diversity and Inclusion feature throughout the strands.
- Monitoring and managing high level risks

Total Professionalism Programme Board and Governance

Performance and Assurance Board

MPS Strategies

E&D Strategy

Total Professionalism Programme

Confidence Programme**

Outcomes

All staff live by the MPS Values and Standards

Officers and staff engage positively with the community*

An Engaged, Proud & Effective Workforce which reflects London

Leadership by Skilled Leaders

Communities believe the police engage positively with them

Visible policing

Communities believe the police treat people fairly

Victims are satisfied with the services they receive

Commissioning

Relationship

Commissioning relationship exists between the strategic boards / programmes. E.g. A behavioural change need is identified to enhance community confidence - commissioned to Total Professionalism Programme by Confidence Board

Service delivery and Business improvement activities (BAU & Projects) relevant to TPP (e.g. recruitment, training) – not the role of the programmes to govern activity in these areas but to ensure alignment and commission as required

Management Board – People: Membership

Chair	AC Professionalism	Chair on behalf of Executive
Programme Team	<ul style="list-style-type: none"> • Total Professionalism Programme team • Programme Manager 	Reporting on the overall delivery of the Total Professionalism Programme plan, identification of risk and dependencies.
Members who act as "Suppliers" of behavioural and cultural change activity	<ul style="list-style-type: none"> • DAC Professionalism • Director Strategic HR • Director of Communications • Director of Portfolio and Planning • Director of Business Change and Diversity • Commander Community Engagement 	Attendees accountable for reporting progress and risk to delivery; work to manage dependencies across portfolio. The aim is to maintain an enterprise view of the planning and implementation of change
Members that support delivery ("Users"). Some roles holders may be invited as required by the Agenda	<ul style="list-style-type: none"> • ACTP • ACSO • ACSC&O • SAMURAI • Superintendents Association • Police Federation • Cross Business Group representation • Commercial and Finance • Senior Chaplain • MET-TUS • Met BPA 	Attendees to provide oversight and feedback on impact of Total Professionalism Programme; matters which require consideration by the programme; assessment of ongoing activity.
MOPAC Representation	TBC	TBC
Community Representation	TBC – likely to sit on E&D Board	TBC – likely to sit on E&D Board

Total Professionalism Programme Board: Ways of working within Corporate Decision Making Model

Members of the Board will ensure that the way they work embodies MPS values. We will:

- Act corporately and not as representatives of their business groups - contributing and making decisions in the best interests of the MPS as a whole
- Take collective responsibility for decisions and ensure they are acted upon
- Take collective and individual responsibility for communicating effectively with staff and partners
- Work to high professional standards, taking pride in making high quality decisions based on sound evidence and analysis, and that result in significant improvements in the Met's performance
- Avoid focusing on minor details, creating unnecessary work and setting unreasonable deadlines; and
- Give a high priority to our corporate involvement, finding other ways of making our contribution if unable to attend a particular event or meeting.

POINT 5: - 'A summary of the decision taken by the MPS management board on 7 July with regard to outsourcing business processes (finance, procure me and HR), including any implications for existing staff (such as relocations);

At their meeting of 7 July 2015 the MPS Investment & Resources Board agreed a recommendation that MOPAC contract with Shared Services Connected Limited (SSCL) under a Framework Agreement, to provide back office support services to MPS from their shared services platform.

The services in scope of this recommendation are predominantly transactional and are in HR, Payroll, Finance and Procurement and their associated IT systems.

The proposed contract is for an initial seven year period commencing 1 October 2015 with an option to extend for a further three years.

The Investment & Resources Board was informed that under the proposal, in scope MPS staff will transfer under TUPE on 1 October 2015. The business case estimated 439.5 posts as being in scope (this has subsequently been increased to 445 posts). Between 1 October 2015 and 1 October 2016 services will be managed largely 'as is' by SSCL for a transformation period of 12 months as the new service platform, PSOP (Police Single Operating Platform), is configured for MPS. It is planned that from 1 October 2016 services will transfer to the new platform. SSCL will be managing the new services from their facilities outside of the London area. The business case presented to the Board made the financial assumption that transferred staff will not transfer to the new location(s) and will therefore be made redundant by SSCL should staff relocate, the overall net savings could increase.

Points: - 6, 8 and 9;

6) Details of which Mayor priorities currently figure in the MPS invitation to tender for contracts;

The ITT Response document includes mandatory questions on skills and training (Including apprenticeships) and supplier diversity (including minority led businesses). In addition, there are a number of optional questions that can be used if they are material to the subject of the contract. These questions relate to ethical sourcing, low emissions from vehicles, waste management, water consumption and carbon emissions.

The ITT also includes a Statement of Requirement (SOR). Authors of SORs are encouraged to consider various areas for inclusion when drafting their document as appropriate. These include responsible procurement, Living Wage, apprenticeships, encouraging SMEs and ways of reducing significant negative environmental impacts.

MPS contract templates for over £50K in value include a Responsible Procurement schedule which includes provisions for payment of the Living Wage.

8) An explanation of the MPS's current policy with regard to 'open book' contracting;

Open Book arrangements are normally used for large service type contracts including outsourced arrangements. For example, the current ICT contract (Capgemini) and Managed Radio Services contract (Capita) have open book provisions within them, which include gain share and benchmarking arrangements.

Open book provisions are included in the contracts currently being negotiated as part of the MPS Commercial Programme.

The ICT standard contract template used for £50K plus ICT tenders has optional schedules for the provision of elements of open book principles including a financial model, gain share and benchmarking.

9) Clarification of how the aim to reduce support costs to around 15 per cent of the MPS budget will be measured (i.e. as a proportion of total or net expenditure) and against what baseline (i.e. the current proportion).

The reduction of support costs is based on HMIC definitions and represents 15% of the MPS total (gross) expenditure. The baseline for support costs is £690m, which represents 22% of the current GRE (gross revenue expenditure).

Point 7) Specific details of how the MPS has identified “over 20 per cent of benefits” and improvements to service quality in the first year of the KBR facilities management contract;

In response to the letter dated 15 July 2015 from John Biggs to Lynda McMullen, information was requested in respect of the new Facilities Management Integrated Model.

Specific details of “over 20 percent of benefits”

Supply chain service costs have reduced by 20.22% (£9.6m) from a previous planned service contract value of £47,833,000.

Further savings have been achieved in reactive work rates of 11% (£1.8M) per annum compared to previous contract rates.

Service Quality Improvements Year 1

Throughout the first year, service quality has shown a marked improvement with focussed contract and performance management of the supply chain by KBR. Early contract shortfalls were predominantly due to mobilisation of new suppliers, resource transfer (including security clearance and accreditation) and systems development.

A consistently high service performance is being exhibited by Small Medium Enterprise (SME) organisations, some of which were previously subcontracted through the previous Total Facilities Management suppliers. KBR are reviewing any areas of under-performance in collaboration with the supply chain to identify trends and common issues. Specific remediation plans are in place to address these shortfalls. Further improvement of service quality are expected.

