

AUDIT PANEL

Friday, 30 June 2017

Outcomes of the 2015 Commercial Strategy

Report by: The Director of Commercial and Finance

Report Summary

Overall Summary of the Purpose of the Report

This report updates the Audit Panel on the MPS Commercial Programme that arose from the 2015 Commercial Strategy to 'market test' and subsequently outsource a number of operational support services. The programme is reaching its conclusion.

The report also summarises the new five Commercial Outcomes that have been articulated from the 2015 Commercial Strategy in order to provide the focus for the MPS Commercial Team over the next three years.

Key Considerations for the Panel

This report is at the request of the Audit Panel (Action arising from Item 2 of the March meeting) and is for information only.

Interdependencies/Cross Cutting Issues

There are no interdependencies with other reports/issues to be considered by the Panel at this meet.

Recommendations

The Audit Panel is recommended to:

- a. Note the successful conclusion of the Commercial Programme
- b. Note the refocus of the 2015 Commercial Strategy into five Outcomes

1. Supporting Information

Commercial Programme

- 1.1. The MPS Commercial Strategy published in June 2015 was based on eight commercial objectives and the 'Commercial Programme' to market test major operational and support functions. Seven services were identified where further outsourcing could be justified on value and/or quality improvements. These became known as the '007 Projects'.
- 1.2. The current status of the Commercial Programme (007 Projects) is:
 - 1.2.1. Facilities Management – FM services were outsourced to KBR in 2012 though was then bought into the Commercial Programme. This achieved savings of over £10m in the first four years of the contract. The future provision of FM services and savings targets are being developed in light of the Estates Transformation Programme.
 - 1.2.2. Digital Policing – Previous single service provider has been replaced by 'SIAM and Towers' model with Atos acting as the 'SIAM' (Service Integrator and Manager) alongside DXC, Accenture, BT and Insight as the 'Tower' providers.
 - 1.2.3. Uniforms – Innovative National Uniform Managed Service (NUMS) established with DHL in 2016 and savings of £1.9m being delivered. NUMS is now being rolled out across other forces.
 - 1.2.4. Occupational Health – Contract signed with Optima in April which will provide higher quality and additional services at same cost
 - 1.2.5. Catering – Following an internal rationalisation of catering provision, operational feeding and in-house catering were outsourced to Elior in early 2017. Service expected to deliver annual savings of c£2.5m.
 - 1.2.6. Business Support Services – Contract awarded to SSCL (Joint venture between Cabinet Office and Sopra Steria) to provide HR, Accounting and Procurement services. Significant work already undertaken by SSCL in Newport and Newcastle with final 'Go-Live' planned for September. Savings of £14.1m included in the MTFP.
 - 1.2.7. Fleet – Final Business Case for transformation to a Fleet Managed Service provided by Babcock to be discussed with MOPAC on 6th July. Proposal should provide a flexible higher quality service, with improved environmental performance and annual savings of c£6m
- 1.3. Progress in delivering the programme was overseen through the Commercial Programme Board and a performance dashboard that was discussed with MOPAC on a monthly basis. With the near completion of the Programme, the responsibility for overseeing individual projects was formally transferred back to the Business Units in October 2016, the Board was disbanded, and the Performance Dashboard discontinued.

Commercial Outcomes

- 1.4. With the near completion of the Commercial Programme, in the light of the changing political and economic environment, and within the context of the OMM transformation, the commercial strategy has been refreshed. The eight

objectives have been restated as five simple and measurable Commercial Outcomes with a clearer emphasis on cost savings.

- 1.4.1. Strong commercial capability and culture embedded across the MPS
 - 1.4.2. Efficient comprehensive commercial service to support MPS operations and Transformation.
 - 1.4.3. Effective Management of key contracts and the entire supply chain
 - 1.4.4. Sustainable and growing revenue generated for the MPS
 - 1.4.5. Meaningful additional savings for MPS identified and facilitated through the commercial team.
- 1.5. The Outcomes will underpin the work of Commercial Services for the next three years and the high level action plans to deliver each of the outcomes have been shared with MOPAC. Detailed project plans are being developed and specific targets are being written into individual performance targets.
- 2. Equality and Diversity Impact**
Equality and Diversity impact was fully evaluated in each of the 007 business cases and will be properly considered in future initiatives.
- 3. Financial Implications**
The Financial implications of the 007 Projects were stated in the business cases
- 4. Legal Implications**
No legal implications have been identified
- 5. Risk Implications**
A number of Risks and Issues have been identified that may slow the delivery of the Commercial Outcomes:

Budget. It is the responsibility of SROs to ensure that Outline and Final Business Cases should include funding for commercial resources to support change activity. Historically this has not always been adequately addressed.

Demand. There is an unanticipated demand for commercial BAU services which combined with governance requirements has resulted in prioritisation of resources from core work, such as delivering savings and similar initiatives.

Resources. There is a very high and growing demand for commercial expertise across the private and public sector and salary scales do not always reflect market rates – this makes it more difficult to attract talent.

Projects. Commercial support for projects is required at relatively short notice and previous inability to justify a talent pool to provide support has resulted in projects being resourced through interims and consultants at higher cost.

Business Engagement. Commercial engagement with the business has not previously been as effective as desired and there is still a need for the commercial team to be recognised as enablers rather than blockers.

6. Contact Details

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