

**To protect and save – evidence and submissions**

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**METROPOLITAN  
POLICE**

**TOTAL POLICING**

**COMMERCIAL AND FINANCE**

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Your ref:

Our ref:

26th June 2014

John Biggs AM,  
Chairman of the Budget & Performance Committee  
City Hall  
The Queen's Walk  
London  
SE1 2AA

Dear John,

Budget & Performance Committee - 1 July 2015

Wirth reference to your letter dated 29 May 2015.

You asked me to supply you with some background information as detailed below that would assist with your investigations

- 1) Background explanatory information/documentation relevant to the commercial programme (in particular, the draft commercial strategy and the market testing document). Both documents attached.
- 2) The key commercial principles underlying the commercial strategy (as reported to the Met's strategic Management Board on 19 August 2014) Document attached.
- 3) For each of the seven strands in the commercial programme, an explanation of how progressed each strand is, an approximation of the annual running cost of each strand and number of the Full Time Equivalents currently working in each strand. Programme Board paper attached.
- 4) For the Business Process Outsourcing strand (which covers Human Resources, finance, procurement and associated IT system), an explanation of how the Met calculated the baseline running cost before deciding not to keep these services in-house. - *This is calculated using the base budget for 2015/16. Spreadsheet attached.*

Please find attachments that refer to your enquiries.

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

Yours sincerely,

**Lynda McMullan**  
**Director of Commercial & Finance**

# THE MPS COMMERCIAL STRATEGY

## Introduction

On 4 September 2013 the MOPAC MPS Oversight Board considered and approved a Commercial Strategy for the organisation (insert link to web site). At its core were four key areas:

- The definitions of Commissioning and Commercial and how the MPS is delivering this change;
- The scope of the 'first wave' of the Commercial Strategy for the MPS (as requested by MOPAC for 4<sup>th</sup> September 2013);
- The plan and governance of the MPS' market engagement;
- The commercial models that describe how the MPS proposes to engage the market.

The purpose of this document is to update the strategy based on what has happened over the last year, both in the MPS and in the wider commercial environment. Although the 2013 strategy has been successful in terms of achieving savings and starting a programme of outsourcing services (insert link) the MPS needs to build on this in terms of delivering the scale of savings that will be required over the next five years. This represents a huge challenge and it will involve a major cultural change programme over the next five years.

Subject to the outcome of the next spending review the MPS is anticipating additional savings of over £800m, from 2016/17, and the adoption of a “commercial approach” throughout its operations will be one of the key levers in achieving those savings. The concept of commercialisation will also extend to income generation so there will be a move from cost recovery to the exploitation of commercial opportunities involving partnerships with the private sector and, potentially, partners in other parts of the public sector.

This does not mean that everything that is commercial is outsourced or market tested. Rather it refers to a cultural change that is required in all parts of the organisation be it back office, middle office or operational. It applies equally to police staff and police officers. To be successful this will require a change in attitudes and behaviours by police officers, PCSO's, volunteers and staff. Although success has been achieved in the back office we need to extend this approach to the middle office and, indeed, front line services.

To provide access to the very best services the MPS recognises that there will be occasions where it wishes to use the market to provide current existing services and it will then commission them from the market or work with other partners in a mixed economy. This is a widely used and accepted approach in the private and public sectors to deliver value for money.

## Current situation

Since September 2013 noticeable progress has been made on the implementation of the strategy. This needs to be seen within the context of MOPAC's Police and Crime Plan which must be delivered over the four years up to 2016/17. The Mayor has set the police a core objective – to meet the 20-20-20 challenge by 2016. This challenge is to achieve a:

- 20% reduction in key neighbourhood crimes (250,000 fewer crimes);

- 20% reduction in costs (£500m savings);
- 20% increase in confidence in the Met police (up to 75%).

At a meeting in March 2014 the MPS Management Board recognised the need to deliver a £600m budget reduction by 2016. At that time the total value of outsourced contracts was around £1.6bn although the majority of these contracts are due to be re-competed (subject to the future commercial vehicle decision) by the end of 2015/16. The aim is to reduce the number of contracts and work with a small number of strategic suppliers. Since then much has been achieved with total projected savings of £572m in the three years from 2013/14 to 2015/16. The savings that have been, or are planned to be, achieved are £262m in 2013/14, £104m in 2014/15 and £206m in 2015/16.

In support of the plan much progress has been made in terms of tendering back office services. For example, a major contract has been let recently for the provision of facilities management services, delivering savings of 20% which is equivalent to £8m p.a. At the same time major progress has been made on the market testing and potential outsourcing of key back office services under what has been termed the 007 Programme.

### **Our Ambition**

Building on what we have achieved to date and what is available in the market place our ambition for the Commercial function is to:

“Improve the performance and value for money of MPS 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/MPS overall objectives.”

By 2017 we expect to have reviewed all the major functions of the back and middle office within the MPS to ensure that they are being operated in as effective and economic way as possible. We will be seeking to demonstrate that genuine productivity increases are achieved and that Value for Money is being delivered. By 2020 we will have ensured that all those areas are either operating internally in the most economic and effective manner or that they are being delivered by market leading organisations, able to deliver best practice solutions at the most competitive price. Although the MPS is already recognised as operating world class services in some areas there is a need to individually demonstrate that all services are being delivered on a more cost effective basis by 2020.

### **Objectives**

In order to deliver our ambition we have set ourselves eight objectives. These are set out below together with a brief explanation covering an assessment of what has been achieved to date, what we intend to do over the next five years and how success will be measured. The detail to support these objectives is contained in a separate Business Plan which contains specific targets to measure success (insert link). The eight objectives are set out below, with the sub bullets showing the anticipated journey from the current situation:

- Develop and embed a commercial culture across the whole of the MPS:
  - Some progress has been made in back office services as referenced by the contracts that have been let;
  - We will contribute to the MPS's programme of cultural change so that all staff

are able to view their operations in a commercial way with support provided by a new Commercial Centre of Excellence. This will link with the current professionalism work stream;

- All back and middle office functions will have been reviewed by 2017 and evidence of service transformation will be reported by 2020;
- Use internal and external market information, together with the timetable for contract renewal, to identify, systematically, potential opportunities to improve services across all areas of the MPS, developing a pipeline for review:
  - Initial reviews have led to the 007 programme of market testing;
  - A new pipeline of projects will be developed for review between 2015 and 2017;
  - All functions must show evidence of economic and cost effective delivery internally or that delivery is best provided by a market leading external organisation
  - Where services are identified for testing in the market they should be on that path by 2020;
- Identify opportunities for increasing income, evaluating all options and establish plans for those chosen for delivery, establishing income targets:
  - Income generation to date has concentrated on cost recovery;
  - New commercial opportunities for income generation will be explored particularly with private sector partners;
  - Income targets will be set and performance evaluated initially over a two year period with the results then evaluated before it is extended;
- Ensure that plans for performance improvement of services include what is to be achieved by service transformation, in addition to competition, and hold managers to account for their delivery in advance of competition:
  - The previous strategy focused on a commissioning approach that equated to outsourcing;
  - In a commercial environment managers will be required to question why services are required and how they are best delivered;
  - All managers will be required to understand the cost base and Key Performance Indicators of their service areas and they will be held to account for achieving performance targets. This will require additional investment in IT for the production of top quality management information;
- Deliver agreed plans for competition to time, quality and budget, and ensure that managers are held to account for the delivery of associated performance improvements;
  - Evidence to date shows that competition plans have not been resourced adequately and they have not proceeded at the pace envisaged;
  - Adequate, skilled, experienced and dedicated resource will be made available to ensure that plans are delivered on time and on budget. We recognise that this will require investment in a small number of highly skilled, professional staff and we are committed to making the necessary investment to achieve our objectives;
  - Performance improvement targets will be set, monitored and reported through an appropriate governance structure;

- Ensure that key contracts with existing and future suppliers are managed to the highest professional standards and value for money is achieved:
  - Contract management is improving and recent contracts have recognised the need to provide sufficient resource for contractor/client relationship management. This new approach to strategic contract management is embedded in the commissioning of the BSS contract and the lessons learnt will be incorporated into future procurement programmes;
  - Each new contract let will have a suitably skilled and resourced intelligent client function;
  - A successful client/contractor relationship will deliver continuous performance improvement and cost reduction;
- Establish governance arrangements to ensure the effective delivery of all aspects of the commercial strategy in support of overall MetChange:
  - Governance arrangements have been put in place for the 007 programme;
  - We will establish broader arrangements for the commercialisation strategy ensuring that KPIs are established, monitored and reported. Project and programme boards will hold managers to account for effective delivery;
  - Success will be measured by the achievement of the commercialisation timetable and meeting the KPIs;
- Ensure that the MPS has the commercially capable, experienced resources that are necessary for the effective delivery of the commercial strategy, and establish organisational arrangements for their most efficient use:
  - There is a need for more commercial resources in the organisation;
  - The MPS will develop a “Commercial Centre of Excellence” to deliver a programme of review and transformation across the organisation;
  - The MPS will carry out reviews of all back and middle office functions by 2017 and measure achievements against KPIs by 2020 to ensure that all functions are operating in a commercial manner.

## **The Medium Term Financial Strategy**

The Commercial Strategy is designed to underpin the Mayor’s Medium Term Financial Strategy which aims to:

- Maximise our future spend on the frontline by aiming to keep expenditure on back office functions to about 15% of expenditure by 2019/20 (currently 23%). Our commercial strategy, including our decision to outsource our business support services, will be key to achieving this;
- Achieve a 20% productivity measure on all services (cashable and with no or limited Service impact);
- Make the best use of the capital receipts we will be investing in our retained property and IT capability to ensure that we can improve our productivity through the transformation of front and middle office services.

The MPS has a revenue budget of approximately £3.2bn and by the end of 2015/16 will have delivered approximately £572m of savings. However there is a long way to go with savings as we estimate the need for a further £800m of real term reductions by 2019/20.

The major groupings of expenditure are contained within the One Met Model. We intend to use this analysis together with other available statistics and benchmarking databases to obtain a list of priority areas for review. We will also align the programme of reviews with the timetable for contract renewal. Our initial list of priority areas for review can be found here (insert link). Initial estimates suggest that there are further potential savings of £300m. We will ensure that the savings identified are cashable and sustainable. This approach will also support the over-riding objective of reducing back office operating costs to no more than 15% of the total MPS budget by 2020. The Commercial Strategy is one lever that will contribute to the overall savings target for the MPS.

### **The current police market place**

At the present time the market sees the police as a major business development area rather than a fully functioning mature market segment. Strategic partnerships, that provide a range of services, are new in this sector and private sector penetration is low at around 1%. Overall, outsourcing market suppliers' knowledge of police services in the middle office is poor but they can use their more general BPO experience for back office services. As a result 10 of the top suppliers in the market place advise that they would require a partner or partners to address the full breadth of police requirements.

Earlier soft market testing of suppliers suggested that additional volume and the bundling together of services would bring better value and this possibly reflected the market view that the first supplier to establish a viable base for police middle and back office shared services could have a significant market advantage. A more detailed analysis of the market place can be found here (insert link).

Looking to the future there is a trend towards a lack of distinction between the 'back office' and the 'middle office' and providers will use 'expert' partners to deliver parts of the service. Although there is a dearth of new deals being offered at the moment there is still significant market interest from large and medium size providers.

Bidders are sensitive to the 'political' realities and will not want to expend huge outlays if there is a risk of the offer being withdrawn. As a result the market now expects deals where the price reflects fluctuating volumes and where deal terms are likely to be 5 to 7 years rather than 10 to 15 years and, where suppliers enter into a Strategic Partnership, they want to see an upward curve of returns over the life of the deal.

Starting from a small base and despite the setbacks from failed deals, the adoption of BPO services by the UK police sector is still expected to grow significantly to £900m by 2017 with suppliers expecting police forces to outsource more than 15% of services following recent examples. All of the above suggests that there is an opportunity for the MPS, as the largest Force, to work with suppliers to take advantage of and shape the market place and influence future service delivery.



## Conclusion

We referenced above the original strategy from 2013 that referred to the commissioning model. We have now developed that approach into a broader Commercial Approach which is led by the Commercial Director but which impacts on the whole of the MPS. In this model service commissioning becomes a sub-set of commercial activity. Everybody in the organisation should be commercial but the responsibility for making it happen should lie with the Commercial Director as Head of Profession. This role, supported by staff in the Commercial Directorate, will be the centre of excellence for commercial activity in that it will:

- Lead on the development of a commercial approach and a programme of cultural change throughout the MPS;
- Provide education and guidance to all parts of the organisation as the approach is rolled out;
- Provide professional support to line managers and budget holders as they challenge conventional methods of service delivery;
- Monitor that all services follow corporate guidance on the commercial approach;
- Create and maintain a corporate governance structure to ensure that commercial principles are being employed.

We do not underestimate the scale of the challenge that this fundamental change in approach represents. It will require commitment from the top of the MPS and it will change the attitudes and behaviours of all individuals within the organisation. The process of commercialisation will transform the way that services are delivered with an emphasis on the procurement of strategic partners. These partners will help to transform services initially and be capable of working with us to achieve continuous and sustainable improvements over the life of each contract. This will enable the MPS to meet the cost and service delivery challenges of the next five years and beyond.





# Met Change Programme Support Services Market Engagement

## Final Market Engagement Report V. 0.4

## Purpose

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The aim of this document is to provide a high level summary of the outputs from the Support Services Market Engagement. This document will cover the process; level of interest (including statistical data); common themes across the Service Areas from levels of automation through to commercial models; expectation of benefits and lessons learnt, based upon the responses to the questionnaire. An evaluation matrix has been added to each Service Area in Appendix 2 this provides a view based on the findings from the market engagement of the relative contestability and phasing of each area. A summary of this is also provided in the next section.

## Summary

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The Market Engagement was a massive success with higher than expected interest at every stage of the process. A broad range of suppliers responded, a third of which were Small Medium Enterprises (SME's). The responses told us that a ready market exists for the majority of the Service Areas including a mature shared services market for Human Resources (HR), Finance and Procurement Operations (requiring a common platform).

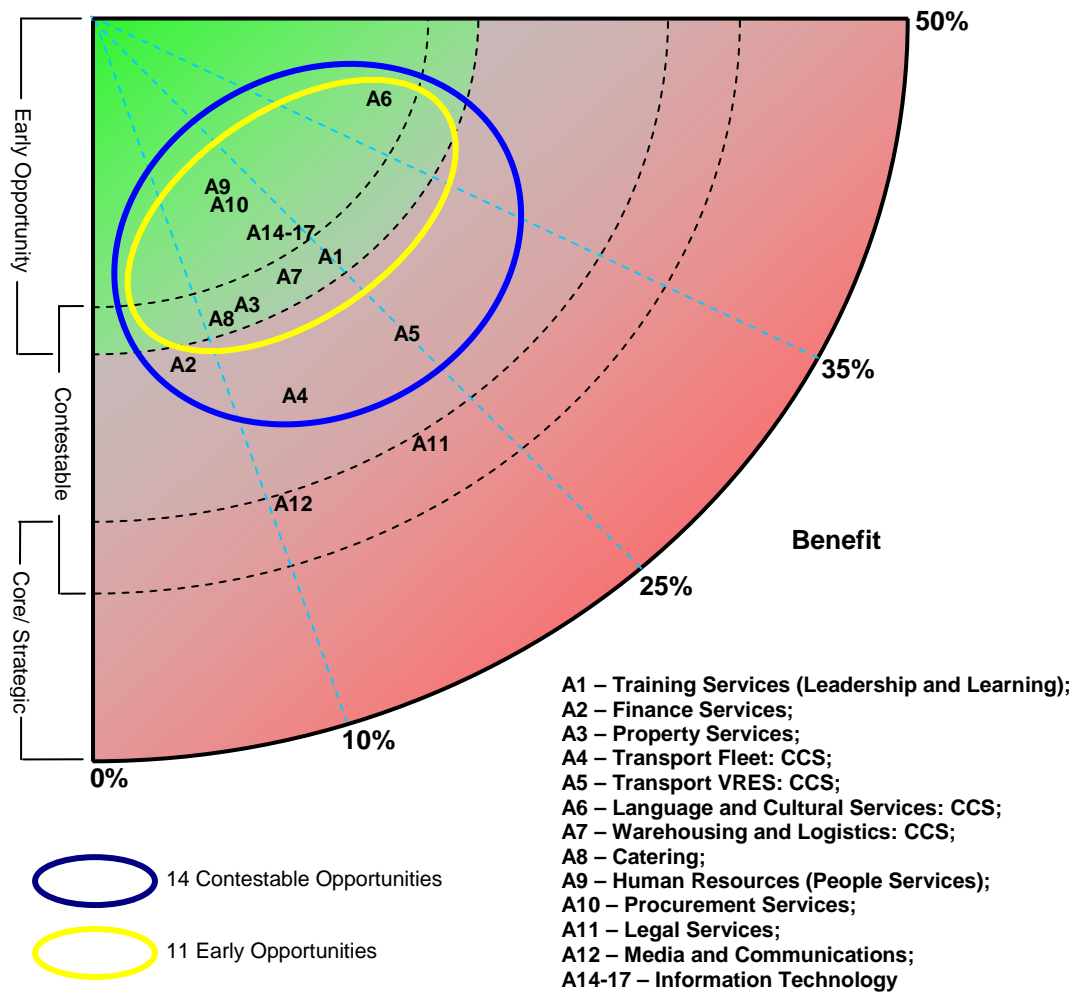
Generally the market considered the services defined as 'in scope' for the Service Areas to be appropriate and the majority of the responses indicated that procurement activity for multiple Service Areas may be possible. The most common commercial model suggested was outsourcing, either of the entire service requirement or in part and the market suggested that implementation could take up to 12 months from award of contract.

The market suggested a savings range typically between 20-30% across the Services Areas. The common cost drivers, across the majority of the Service Areas, seen as key to delivering the benefits were technology, automation and the location of the service delivery. Based upon the budget book (excludes non-pay, property and IT cost), this would equate to a financial cost saving of between £64 and £166 million per annum. In addition, further revenue/income generation opportunities (circa £30 million one-off; £20 million per annum) exist in several Service Areas, such as Training, Language and Cultural Services and Transport Fleet.

Based upon the Opportunity Model (see appendix 6), the diagram below shows the positioning of each Service Area based on the responses to the Market Engagement

relative to the potential opportunity. This suggests that fourteen Service Areas fall within the Support Services definition of being Contestable, eleven fall within the definition of being an Early Opportunity.

### Opportunity Model by Average Benefit View



## Process

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The Market Engagement formally commenced on 6 February 2013 with the issue of the Prior Information Notice (PIN) by Procurement Services, following appropriate stakeholder consultation from the 16 Service Areas (see appendix 1). The PIN (which being a formal process within the EU Public Procurement Regulations) was chosen as the best route to reach the widest possible audience within the appropriate Service Area supplier markets. The aim was to gather the market's views and feedback on a range of topics in order to help the MPS shape our future service delivery models, as part of Met Change, to deliver best value and service comparable with best in class/excellence. The choice of the PIN as the initial route does not restrict any future route to market.

As part of the Market Engagement process a Supplier Conference was held on 25 February 2013. The event was attended by nearly 150 suppliers and had senior level support with the Deputy Mayor for Policing and Crime and the Deputy Commissioner both delivering presentations.

The PIN closed on 8 March 2013 with 78 responses being received. These have been reviewed by the respective Service Area leads in conjunction with Procurement Services with the intention, where appropriate, that they are incorporated into the relevant Service Area Met Change design model. It should be noted that the responses were not evaluated and scored, as with a tender, but used to help shape the future delivery models for support services.

## Level of Interest

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**Key Finding: the responses received were from a cross section of companies, with a third being from Small to Medium Enterprises (SMEs). The most responses were received in the IT and Training Services Areas and a number of larger organisations provided information in multiple Service Areas.**

The level of interest in the Market Engagement from the suppliers exceeded expectations at every stage of the process particularly as there was no incentive, such as qualification for any future procurement, for their participation. As an indication of the level of interest generated, the Supplier Conference was over subscribed and the venue capacity was increased by 20% to cope with the demand, but requests for attendance unfortunately still had to be turned down. 150 suppliers were invited to attend (See

Appendix 5) with over 50% subsequently submitting a response to one or multiple Service Areas (see Appendix 4).

The market's response to the Supplier Conference was very positive with comments such as "What a refreshing approach"<sup>[1]</sup> and "We really enjoyed this event, are you going to hold them more often"<sup>[2]</sup> being received.

The 78 supplier responses were from a diverse range of companies, large and small, with 35% being received from Small Medium Enterprises (SME). The number of responses against each Service Area ranged from 2 – 23.

Note: for more details see Appendix 3 'Market Engagement Key Numbers'.

[1] Booker Direct. [2] DHL Logistics

## Common Themes

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### Lessons Learnt/Challenges

The market told us that the lessons learnt from similar transformational activities which would help ensure delivery of a successful partnership were; Effective Communication, Shared Commitment and a Dedicated Programme Management Team.

#### Effective Communication

Both internally and externally was seen as essential to overcoming resistance to change that will inevitably arise, along with a clear joint vision, shared goals and objectives which has MPS senior management buy-in.

#### Shared Commitment

The common theme to successfully delivering the desired outcomes was the adoption of a 'one team' approach with shared risks/rewards, where the parties work together openly and transparently in a trust environment.

#### Dedicated Programme Management Team

The market believes the MPS had set itself a significant challenge in a short timescale and that a dedicated programme management team was essential to ensuring success. Underestimation of the internal resources necessary to deliver the project was seen as one of the key reasons of failure/partial failure of similar activities.

## Implementation

**Key Finding: service implementation periods varied across the Service Areas and are dependent upon the service model to be delivered. Implementation times could be between three and twelve months.**

The markets perception on their ability/time to implement any new service model varied depending upon the Service Areas and the commercial model being proposed. Some suppliers advised they could not provide a response at this early stage.

Suppliers from Service Areas with a greater maturity in providing outsourced services, such as Finance, HR and Property proposed longer transition times. Typically these were for a period of 6 - 12 months, enabling them to integrate the MPS deliver model into their business model and deal with any TUPE implications appropriately.

Suppliers in Service Areas such as Training, Media and Communications, Language and Cultural Services were suggesting a maximum transition time of 3 months from award. It should be noted that this is not the proposed timescales for any Joint Venture approach. This was based upon their perception that they were offering an 'off the shelf' solution, such as they offer to the MPS today. It should be expected that actual transition for these Service Areas will increase from the 3 months quoted when the market fully understands the difference in any future delivery model over the current model.

## A Ready Market

**Key Finding: markets already exist for the provision of a majority of the Service Areas (see Appendix 7 Current Policing BPO Market), at varying levels of maturity and across some of the Service Areas the market can provide a combined service provision. A significant majority of the responses indicated that procurement activity for multiple Service Areas may be possible.**

The Market Engagement process suggests that for 11 of the 16 Service Areas (69%) a ready market exists for all or part of the requirement. These are Training, Finance, Catering, HR, Procurement, Legal Services, Logistics and all four IT Service Areas. A ready and mature market also exists for those services requiring a common Enterprise Resources Planning (ERP) platform i.e. HR, Finance and part of Purchasing (Purchasing Operations). Evidence of this market readiness is that a third of the suppliers who responded either of the HR, Finance or Purchasing Service Areas, responded to all 3.

The market unexpectedly told us that they could cope with simultaneous procurements for all the Service Areas they were interested in. This maybe the result of the market

telling us what they think we want to hear, but only just over 15% of the suppliers submitted a response for 5 or more Service Areas.

This suggests that the Support Services three phase Opportunity Model (Appendix 6) is considered the most appropriate to identify and phase the opportunities. Given other comments regarding early engagement, it is recommended for the "contestable" opportunities early engagement aimed at establishing what "excellence" looks like in each area; to create relative measurement criteria; and not least to warm the market is undertaken.

### **Proposed Commercial Models**

**Key Finding: the most common model suggested was outsourcing, either of the entire service requirement or in part. Strategic partnering was also suggested with the opportunities for income generation identified in some responses.**

A wide range of commercial models were proposed and varied in accordance with the variety of suppliers and the Service Areas. Whilst many suppliers took this as an opportunity to demonstrate the breadth of their experience rather than providing advice on which model they believed would be offer best value for the MPS, the overwhelming theme coming through from the market, not unexpectedly, was to outsource.

- 88% of the 16 Service Areas had outsourcing or part outsourcing as either the most/joint popular commercial delivery model.
- Strategic partnering approaches through arrangements such as joint venture or managed vendors were also common suggestions.
- Several responses suggested how the 'in scope' services could be increased. The strongest example of this was across the Finance, HR and Procurement Service Areas, where shared service centres already exist.

In terms of the proposed cost models whilst a wide range was proposed, a consensus existed for a mixed cost model with a blend of fixed and variable fees, including gain share.

For longer term strategic contracts there was strong agreement that the term of the contract should be for a minimum of 7 years (maximum ranged up to 15 years) in order to recover investments and deliver maximum value for money. To ensure the MPS would continue to secure continuous improvement and ongoing value for money on any long term contracts, it will be essential that they are appropriately commercially managed.



## Cost Benefits

**Key Finding: estimates of potential cost benefits from the commercial models suggested by respondents were generally in the range of 20%-30%, though these should be treated with some caution as there was evidence in responses of assumptions of lower levels of process/systems maturity than actually exist within the MPS.**

The suggested benefits across the majority of the Service Areas were typically 20-30%, within a range of 10-40%. To achieve a successful partnership approach, a shared strategic direction, with a governance structure and shared goal/objectives was considered necessary to delivering the desired outcomes.

There was a correlation between the anticipated benefits (30%) for Human Resources and Purchasing Operations (within Purchasing Service Area) through outsourcing, which could be achieved, with Finance Services, through existing shared service centres.

One innovative approach was submitted for the Transport Fleet Service Area which has the potential to deliver a cash injection £30-50m to the MPS, in addition to any efficiency through an improved delivery model.

Whilst there is no specific reason to doubt the quoted benefits from the market, several factors need to be considered alongside it. The key question for each Service Area is, how 'contestable' the internal delivery model is (including any current initiatives) compared to the external market.

- It is clear in some cases that suppliers have assumed a lower maturity level for systems/process than currently exists. As such the size of any cost benefits could be lower than suggested due to the MPS recent instigation of initiatives such as self service (Procurement) or telematics (Transport Fleet).
- The benefits identified by the market are likely to be overstated as there is no requirement for suppliers to deliver against these figures and that they are designed to direct the MPS's decision in a particular way.

## **Cost Drivers**

**Key Finding: while there were many opportunities to reduce cost, three were common: Technology; Automation; Location.**

In addition to typical tendering cost drivers such as demand management/volumes, security needs and diversity of the requirement, 3 cost drivers were common across the Service Areas.

### **Technology**

The use of technology was seen as a key enabler to delivering the benefits quoted in the responses. Whilst technology was common across several Service Areas, such as an ERP platform for HR, Finance and Procurement, other technology solutions were specific to each Service Area. Technology solutions would enable automation of processes that currently require manual intervention.

### **Automation**

Linked to Technology, the responses suggested that a higher level of automation (outside of those activities which require creativity such as strategic direction) could be achieved for the majority of the Service Areas. The suggested applications included asset tracking, self service tools and mobile technology. Whilst the range of automation thought realistic and achievable was broad, between 30-100%, this typically ranged between 70-90%.

### **Service Delivery Location**

The market told us that one of the key cost drivers was the location from which services are provided. Whilst some Service Areas, such as Catering and Warehousing and Logistics favoured using an MPS location, given existing MPS commitments, the majority suggested varying degrees of service relocation. The options ranged from another location within London to off-shore. Whilst off-shoring would maximise the benefits of service relocation, the additional benefits would have to be considered against any perceived/actual lack of service or responsiveness from using a non-UK centre.

Several suppliers recognised that a political decision on inside or outside of London may have to be made and that by moving roles outside of London (which represents lower costs) could lead to a loss of knowledge. This could be mitigated by only moving those processes and activities which can be industrialised to lower cost areas. This would allow existing shared service centres (where appropriate) to be used whilst retaining strategic activity and knowledge within the MPS in London.

### **Scope of the Service Areas**

**Key Finding: generally the market considered the scope of the Service Areas to be appropriate.**

In 44% of the Service Areas, it was suggested that in line with the One Met Model and particularly Met HQ/Support Service, the MPS should retain the strategic direction and decision making, including governance and policy. The market also suggested that the scope of the requirement for Finance Services, HR and Legal Services should be expanded.

In addition to the expansion above, there was a general recognition of the opportunity to consolidate those Service Areas which operate an ERP system i.e. Procurement, HR and Finance Services.

A ready shared service centre market already exists for these 3 Service Areas (Procurement would be the Purchasing Operations functions only), typically located in the North of the UK. These Service Areas require a common ERP platform (fully integrated) to deliver the maximum benefits. This approach is anticipated to deliver additional benefits compared to going to market for the three areas individually.

In one Service Area (Training Services) the market confirmed the MPS's concept of generating income, that could be exploited in partnership with a third party.

## Current Policing BPO Market

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### Current Market Summary

#### Key Finding's:

- The market is dominated by 10 providers
- Ultimate decisions to outsource are largely based on wider public perception
- Who you outsource to is more important than what you outsource
- Broader scope (near front line) outsourcing is less likely to succeed than back office deals

In relation to back office activities the Policing Business Process Outsourcing (BPO) market similar to other sectors is mature with 10 major players that can be broken down into two groups; those that specialise in a core range of back office solutions such as IBM; Logica; Capita; BT; HP and those that provide broader back office and near front line services such as G4S; Steria; Serco. G4S tends to subcontract some back-office services e.g. payroll at Lincolnshire Police. Xafinity Paymaster and Mouchel currently provide HR and Payroll service but are actively looking to expand other offerings to their police clients. There are fewer examples of successful near front line outsourcing. A detailed view of the services and key suppliers is provided in the Vendor Offerings section below.

### Current Force Experience Summary

#### Key Finding's:

- Forces that embarked on broader BPO's are now reviewing activities and likely to move to a niche or specialist BPO model
- Police forces are expected to outsource >15% of services following recent examples
- Targeted BPO activities may deliver transformational savings quicker than most forces can achieve in-house
- Starting from a small base and despite the setbacks from failed deal, adoption of BPO services by UK police sector is still expected to grow significantly at 73% CAAGR to £900m by 2017

There are various levels of outsourcing across the policing landscape. An example is Lincolnshire who let a contract to G4S in February 2012; East Midlands Police forces collaborated on the procurement of payroll services from Mouchel; Hampshire County Council, Police and Fire and Rescue authorities are working on plans to share back-office services; whereas Surrey withdrew from the Lincolnshire deal and Bedfordshire, Hertfordshire and Cambridgeshire recently stepped back from a deal with G4S.

It does appear that forces that clearly focus on back office BPO are more successful than those that focus on a broad range or near front line activities where public and staff perceives this as the thin end of the wedge to outsourcing policing.

Note: detailed information on the Market can be found in Appendix 7.

## Next Steps

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Irrespective of any final decision that is made with regard to phasing of opportunities and contestability, Procurement Services should be engaged with Service Area leads to appropriately benchmark the market and define what 'excellence' is for each of the Service Areas. Further, far more detailed financial models for each area are required before substantive benchmarking or further market engagement is carried out. This will then ensure that whatever delivery model is chosen, internal or external, it will be contestable with the remainder of the public and private sector.

The Opportunity Model needs to be validated. In conjunction with updated financial models for the Service Areas, this will allow the phasing and prioritisation of each area to be determined.

## End

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## Appendix 1 – Service Areas

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Lot 1: A1 – Training Services (Leadership and Learning)

Lot 2: A2 – Finance Services

Lot 3: A3 – Property Services

Lot 4: A4 – Transport Fleet: Customer and Commercial Services

A5 – Transport Vehicle Recovery: Customer and Commercial Services

A6 – Language and Cultural Services: Customer and Commercial Services

A7 – Warehousing and Logistics: Customer and Commercial Services

A8 – Catering: Customer and Commercial Services

Lot 5: A9 – Human Resources (People Services)

Lot 6: A10 – Procurement Services

Lot 7: A11 – Legal Services

Lot 8: A12 – Media and Communications

Lot 9: A14 – IT: Governance

A15 – IT: Infrastructure Projects

A16 – IT: Major Change

A17 – IT: Operational Technology, Information and Reporting Services

## Appendix 2 – Service Area Summaries

Below is the summary from each Service Area from the respective Procurement Lead Summary Report.

### Training Services (Leadership and Learning)

Training Services (Leadership and Learning)					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£28.3</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (45%)</b>	4	5	4	3	£12.7
Weighted Score	76	110	32	33	
<b>Total Weighted Score</b>	<b>251</b>	<b>Early Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (5%)</b>	4	1	4	3	£1.4
Weighted Score	76	22	32	33	
<b>Total Weighted Score</b>	<b>163</b>	<b>Contestable/Retain</b>			
<b>Average View (25%)</b>	<b>207</b>	<b>Early / Contestable</b>			

\* From Finance Services Budget Book (80% of total cost)

The responses for Training Services highlighted a number of common themes; the main ones were centralisation of the training portfolio into a single entity to reduce duplication, process automation, implementation of single Learning Management System and the use of technology for e-learning. Income generation by exploitation of the Met brand and expert resource. The responses included a variety of possible savings between 10% and 50%, through a combination of process automation and use of e-learning. Further efficiencies would be gained from integrating the administration of training with a larger HR self-service package.

Some functions considered out of scope were identified as readily available within the wider training market place these were; training relationship managers and demand/resource planning. There was uncertainty regarding firearms and public order training whereby the capability of the market to provide this type of training was confirmed, it was noted that it should stay within the control of the MPS.

The main cost drivers were people costs (both administration and training staff), volume of training (i.e. demand), level of wastage, i.e. courses with zero attendees and system efficiencies. The location of the service delivery administration (ranging from within London to Off-shore) influences the level of budget reduction possible.

The responses confirmed that no single provider would be able to service all training requirements with the 2<sup>nd</sup> tier suppliers to be engaged where necessary.

The to be proposed Met Change delivery model will recommend retaining training services as an internally delivered service, though recognising that there are income



generation opportunities which could be exploited in partnership with a third party and the College of Policing through a tripartite or multiple joint venture mechanism.

## Finance Services

Finance Services					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£17.3</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (10%)</b>	5	2	4	3	£1.7
Weighted Score	95	44	32	33	
<b>Total Weighted Score</b>	<b>204</b>	<b>Early / Contestable</b>			
<b>CONSERVATIVE BENEFIT VIEW (5%)</b>	5	1	4	3	£0.9
Weighted Score	95	22	32	33	
<b>Total Weighted Score</b>	<b>182</b>	<b>Contestable Opportunity</b>			
<b>Average View (7.5%)</b>	<b>193</b>	<b>Contestable Opportunity</b>			

\* From Finance Services Budget Book (80% of total cost)

The responses for Finance Services were focused on the transactional processes.

The main themes were; location of the service delivery team is key to cost reduction and increased process automation. The potential level of process automation was generally suggested to be 80%, with expenses management identified as an area where process automation could be 100%. The suggested level of savings was estimated to be between 10% to 15%.

Some areas identified as out of scope were identified as potential for moving into scope, these included, 3<sup>rd</sup> party contracts and high level financial planning.

There were a range of suggested delivery models including; consulting, co-sourcing, joint venture and outsourced services (at either an on-shore or off-shore location).

## Property Services

Property Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£174.6</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (25%)</b>	5	4	2	3	£43.6
Weighted Score	95	88	16	33	
<b>Total Weighted Score</b>	<b>232</b>	<b>Early Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (5%)</b>	5	1	4	3	£8.7
Weighted Score	95	22	32	33	
<b>Total Weighted Score</b>	<b>182</b>	<b>Contestable</b>			
<b>Average View (15%)</b>	<b>207</b>	<b>Early / Contestable</b>			

\* From Finance Services Budget Book (80% of total cost)

Note: in the absence of input from Property Services this review was carried out by Procurement Services.

From the responses there appears a mature and ready external market for both in and out of scope activities. Suggestions included inclusion of Treasury Management Services into the scope.

There are a multitude of organisations that currently provision property services externally through some form of partnership. Some of the examples provided include: Defence Infrastructure Organisation; London Fire Brigade Shell, ExxonMobil, AstraZeneca, Sony, Deutsche Bank, Legal & General.

The consensus was for a long term contract with a single specialist provider on an output basis geared at delivering MOPAC/MPS overall 20/20/20 goals.

Commercial options ranged from full open book to guaranteed maximum price that covers cost of employment and overheads, with profit paid and applied separately by demonstrable savings.

The range of savings varied from 5% to 50%; on average it appears to be 10% to 30%, examples provided included the Department for Work and Pensions who outsourced their property services to Land Securities Trillium achieving initial saving of 30% in the first two years followed by further 5% year on year savings. The North East Lincolnshire arrangement provides a guaranteed savings in budgets of 10% in the first two consecutive years of the contract.

While providers see little opportunity to automate activities, administration through specialist applications can reduce support staff headcount considerably, circa 50%.

### **Transport Fleet: Customer and Commercial Services**

CCS Fleet Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£38.1</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (25%)</b>	3	4	4	4	£9.5
Weighted Score	57	88	32	44	
<b>Total Weighted Score</b>	<b>221</b>	<b>Early Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (5%)</b>	3	1	4	4	£1.9
Weighted Score	57	22	32	44	
<b>Total Weighted Score</b>	<b>155</b>	<b>Contestable/Retain</b>			
<b>Average View (15%)</b>	<b>188</b>	<b>Contestable</b>			

\* From Finance Services Budget Book (80% of total cost)

Responses were received from specialist fleet management companies, Business Process Outsourcing (BPO) organisations, consultancies and technology providers. Although useful information was obtained from the BPO and consultancy services the focus of their responses was a "lift and shift" approach whereby they essentially take on services as they are currently. It was clear however, that the innovation that MPS require was only offered by specialist fleet management companies which are able to redesign the service to truly meet the needs of the MPS. This would include a full 'cradle to grave' management of the entire MPS overt fleet.

It is evident that this solution can only be delivered in a collaborative partnership with the service provider in an open book environment. This will provide the greatest opportunity to fully realise the benefits and provide the flexible service required to respond to operational demand.

Clear benefits through automation have been identified which include the use of telematic systems in our vehicles including an increase in utilisation, greater control of fuel costs, improved customer service, increase fleet safety and security and assisting MPS commitments to reduce our carbon footprint. It is important to note that Transport Services have already undergone installing telematic systems into vehicles therefore realising these benefits before any future change in the way the service is delivered.

One innovative approach was submitted for the Transport Fleet Service Area which has the potential to deliver a cash injection £30-50m to the MPS, in addition to any efficiency through an improved delivery model.

### **Transport Vehicle Recovery: Customer and Commercial Services**

CCS VRES Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	£8.0 Potential Benefit - £m
OPTIMISTIC BENEFIT VIEW (30%)	3	4	4	2	£2.4
Weighted Score	57	88	32	22	
Total Weighted Score	199	Contestable Opportunity			
CONSERVATIVE BENEFIT VIEW (20%)	3	3	4	2	£1.6
Weighted Score	57	66	32	22	
Total Weighted Score	177	Contestable Opportunity			
Average View (25%)	188	Contestable Opportunity			
* From Finance Services Budget Book (80% of total cost)					

\* From Finance Services Budget Book (80% of total cost)

The quantity and quality of the responses received for Vehicle Recovery services was relatively low. No responses were received from organisations such as The AA or GRG who currently run Vehicle Recovery services for other Police Forces and large public sector bodies (e.g. DVLA, Highways Agency). It is likely that given the recent VRES tender carried out by the MPS which included for provision of a single provider may have undermined attempts to solicit more in-depth responses.

It is recommended that direct meetings take place with at least these organisations to understand opportunities to improve this service and to establish alternative provisioning models along with the potential benefits to the MPS.

## Language and Cultural Services: Customer and Commercial Services

CCS L&CS Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£8.0</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (50%+)</b>	3	5	2	5	£4.0
Weighted Score	57	110	16	55	
<b>Total Weighted Score</b>	<b>238</b>	<b>Early Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (30%)</b>	3	4	2	5	£2.4
Weighted Score	57	88	16	55	
<b>Total Weighted Score</b>	<b>216</b>	<b>Early / Contestable</b>			
<b>Average View (40%)</b>	<b>227</b>	<b>Early Opportunity</b>			

\* From Finance Services Budget Book (80% of total cost)

There were a limited number of responses received to this Service Area and the content of these responses, when taken in conjunction with other market intelligence information, leads to a picture of a relatively immature marketplace. The responses were varied as to what type of delivery model would generate the most benefit, the options suggested included; outsourcing to service providers; using service integrators and system automation as possible avenues of improvement. The perceived scope of benefits provided by the respondents focused almost exclusively on savings to be achieved by the MPS, which were estimated to be up to 30%, but did not explore in any depth potential revenue generation opportunities.

The 'to be proposed' Met Change delivery model is for Joint Venture with a commercial partner to create a unique Language and Cultural Services entity that will deliver the services to the MPS, whilst having the commercial freedom to develop and expand its services and products to service the wider marketplace, which is estimated to be worth up to £20m per annum.

## Warehousing and Logistics: Customer and Commercial Services

CCS Logistics Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£8.0</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (50%+)</b>	4	4	3	3	£4.0
Weighted Score	76	88	24	33	
<b>Total Weighted Score</b>	<b>221</b>	<b>Early Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (30%)</b>	4	3	3	3	£2.4
Weighted Score	76	66	24	33	
<b>Total Weighted Score</b>	<b>199</b>	<b>Contestable Opportunity</b>			
<b>Average View (40%)</b>	<b>210</b>	<b>Early / Contestable</b>			

\* From Finance Services Budget Book (80% of total cost)

Warehousing and Logistics services for the police criminal and exhibits market is still relatively naive and narrow market, requiring closer scrutiny for the provision of service benchmarked against our own operations.

There is enthusiasm from the market to replicate our operations with key areas of automation coming from back office management systems. A key theme is the

replicating our current systems on an outsourced basis with only one supplier possibly being able to provide alternative warehouse locations.

Other sector comparisons, such as defence, needs to be progressed to enable direct comparison with similar secure services exemplars.

Suppliers are keen for a 10 year partnering agreement based on open book arrangements with a potential of savings of 20 - 30% but there was no direct correlation between these savings and their offerings.

### **Catering: Customer and Commercial Services**

CCS Catering Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	£8.0 Potential Benefit - £m
OPTIMISTIC BENEFIT VIEW (15%)	5	3	4	3	£1.2
Weighted Score	95	66	32	33	
Total Weighted Score	226	Early Opportunity			
CONSERVATIVE BENEFIT VIEW (10%)	5	1	4	3	£0.8
Weighted Score	95	22	32	33	
Total Weighted Score	182	Contestable Opportunity			
Average View (12.5%)	204	Early / Contestable			

\* From Finance Services Budget Book (80% of total cost)

From the responses there appears to be a ready and mature market of both direct catering suppliers and those providing holistic logistic catering solutions through longer term outsourced partnerships. The market demonstrated they had the experience to support the MPS's diverse catering requirements including operational feeding by referencing examples for organisations such as Allenby Connaught (Kellog Brown and Root), Staffordshire County Council & police (Captia) & a national flag airline (DHL) catering for 5,000 flights per week.

Whilst the majority message from the market was that the scope of services was appropriate, one third of the responses suggested that catering should be consolidated with other customer facing services, such as cleaning, reception and mail services i.e. facilities management from the Property Service Area.

The market suggested that the saving would typically be 15-20%, within a range of 10-35%. The main cost drivers supporting these savings were waste reduction and a rationalisation of low demand areas/periods and automation i.e. EPOS, with the market suggesting that 80% of the administrative activities could be automated.

The market expectation is that catering does not need to be subsidised to be delivered cost effectively.

## Human Resources (People Services)

HR Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	£36.3
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (25%)</b>	5	4	4	4	£9.1
Weighted Score	95	88	32	44	
<b>Total Weighted Score</b>	<b>259</b>	<b>Early Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (15%)</b>	5	3	4	4	£5.4
Weighted Score	95	66	32	44	
<b>Total Weighted Score</b>	<b>237</b>	<b>Early Opportunity</b>			
<b>Average View (20%)</b>	<b>248</b>	<b>Early Opportunity</b>			

\* From Finance Services Budget Book (80% of total cost)

From the responses there was a common theme to provide HR via a Shared Service centre but a range of options as to how this may be operated. The most common suggestion was via an outsourced solution, which came from the large Shared Service organisations. Smaller service providers suggested that it could be an internally managed service with sub-contracted services.

There was numerous responses which stated more services should be included within the scope, such as; Business Partnering, Workforce Planning, HR Policy, Payroll and Reward and Compensation. Those organizations who noted Payroll as part of this service have also responded to the Finance Services notice, so there may be scope to combine any future activity across these two Service Areas.

The responses suggested that savings of up to 30% could be achieved from the Shared Service Centre, with the higher savings being achieved by locating a centre away from London and possibly off-shore, if there was an appetite for this in the MPS. Automation would also contribute to the level of savings with most respondents stating the services are suited to a high level of process automation (between 30%-100% depending on the service). The extent of automation would depend on the authority's tolerance levels for self-service applications and the use of mobile technology

There were multiple costing options for these services including; fixed fee (unitary charge), transactional charging or a gain share fee mechanism.

The draft Met Change delivery model recommends retaining the strategic direction in Met HQ with the creation of a 'Hire to Retire' service line in the Shared Service centre. This will include; Resourcing, Training, Reward, Attendance Management, Talent & Performance Management, Occupational Health etc.

## Procurement Services

Procurement Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£4.5</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (25%)</b>	5	4	4	3	£1.1
Weighted Score	95	88	32	33	
<b>Total Weighted Score</b>	<b>248</b>	<b>Early Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (15%)</b>	5	3	4	3	£0.7
Weighted Score	95	66	32	33	
<b>Total Weighted Score</b>	<b>226</b>	<b>Early Opportunity</b>			
<b>Average View (20%)</b>	<b>237</b>	<b>Early Opportunity</b>			

\* From Finance Services Budget Book (80% of total cost)

From the responses there was a common theme to outsource Purchasing Operations, whereas for strategic direction and strategic sourcing there was a divide between those who felt it should be outsourced and those who believed the MPS should retain this capability. The market believed that up to 30% could be saved on headcount budget through outsourcing Purchasing Operations, but several responses were assuming a maturity start point lower than where the MPS currently sits.

The main cost drivers relative to Purchasing Operations were headcount and automation, with the market indicating that between 70-90% of Purchasing Operations could be automated. The location of the service delivery (ranging from within London to Off-shore) influencing the level of budget reduction possible. A ready shared service centre market for the Purchasing Operations functions exists, typically located in the North of the UK. A similar ready market also exists if the MPS went to market for those services requiring a common ERP platform i.e. HR, Finance and Purchasing Operations. This approach is anticipated to deliver additional benefits compared to going to market for the three areas individually.

The to be proposed Met Change delivery model will recommend retaining the strategic direction and sourcing and operations will be dependant upon how 'contestable' an internal model is (including current initiatives) compared to the external market.

## Legal Services

DLS Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	<b>£0.7</b>
					Potential Benefit - £m
<b>OPTIMISTIC BENEFIT VIEW (25%)</b>	3	4	4	1	£0.2
Weighted Score	57	88	32	11	
<b>Total Weighted Score</b>	<b>188</b>	<b>Contestable Opportunity</b>			
<b>CONSERVATIVE BENEFIT VIEW (15%)</b>	3	2	4	1	£0.1
Weighted Score	57	44	32	11	
<b>Total Weighted Score</b>	<b>144</b>	<b>Core/Strategic - Retain</b>			
<b>Average View (20%)</b>	<b>166</b>	<b>Contestable/Retain</b>			

\* From Finance Services Budget Book (5% of total cost)



Overall the level of response was not as detailed or innovative as had been hoped for; the responses only reflected processes and levels of automation which are already utilised within the MPS.

All responses suggested that the services could be contracted out on a full outsource basis. Potential savings were estimated at between 20% and 30%, with the location of the service delivery team and the use of an electronic claims management system (though this may be different to 'full process automation').

The full scope of identified services were included in all proposals, with only one respondent (a dedicated claims management company) stating that misfeasance claims (which are out of scope) could also be included.

The range of potential cost models was consistent from all respondents and covered fixed fee, variable fee (i.e. per transaction), incentive/results based fees and shared risk.

The option to bundle these services with others from a single 'Shared Service' provider should be considered, if such a provider can be identified.

## Media and Communications

DMC Service Area Scores					Budget Book* £m's
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	£1.8 Potential Benefit - £m
OPTIMISTIC BENEFIT VIEW (20%)	4	3	3	2	£0.4
Weighted Score	76	66	24	22	
Total Weighted Score	188	Contestable Opportunity			
CONSERVATIVE BENEFIT VIEW (5%)	4	1	3	2	£0.1
Weighted Score	76	22	24	22	
Total Weighted Score	144	Core/Strategic - Retain			
Average View (12.5%)	166	Contestable/Retain			

\* From Finance Services Budget Book (80% of total cost)

The responses were split between a full outsourced model of the in-scope services and an in-house provision with contracted out services to deliver best value. Those organisations that were supportive of an outsourced provision also identified further services from the 'out-of-scope' range which could be provided within the scope of an outsourced service. These out-of scope services included; Brand Management, Media Monitoring and Public liaison, with one provider suggesting all out-of-scope services could be outsourced.

Savings assessments were not generally provided, with most responses focusing on how savings might be achieved. The few estimates provided ranged from 10% to 34% and were based upon campaign/printing production costs only, not on an overall service provision.

The main costs drivers were identified as staff costs and content creation/production costs. Reducing staff costs was aligned with increased automation, mainly with the introduction of 'case management' and 'digital asset management' systems. These opportunities are to be explored further by the DMC team. Reducing content creation/production costs focused upon shortening production cycle time, volume consolidation and creation of 'longer life' campaigns.

The proposed Met Change delivery model will recommend retaining a significant proportion of the service including the strategic direction and public liaison elements and will be dependant upon how 'contestable' the internal model is compared to the external market.

### Information Technology (all 4 Service Areas)

DOI Service Area Scores					Budget Book*
	Market Maturity Low 1 - 5 High	Benefit Potential Low 1 - 5 High	Perceived Complexity Low 5 - 1 High	Political Factors Low 5 - 1 High	£260.3 Potential Benefit - £m
OPTIMISTIC BENEFIT VIEW (30%)	4	5	2	4	£78.1
Weighted Score	76	110	16	44	
Total Weighted Score	246	Early Opportunity			
CONSERVATIVE BENEFIT VIEW (15%)	4	3	2	4	£39.0
Weighted Score	76	66	16	44	
Total Weighted Score	202	Early / Contestable			
Average View (22.5%)	224	Early Opportunity			

\* From Finance Services Budget Book (80% of total cost)

The overall quantity and quality of the response indicates strongly that there is a market capability and appetite to engage with MPS within all the ICT Service Areas. There was a common theme recommending outsourcing most current in-house skill sets as well as services and equipment. The market considered that all areas of IT should be considered as a whole in any future procurement exercise.

There were credible responses indicating benefits of 20% savings on current expenditure. This was dependent on MPS considering carefully the cost drivers of its policies and processes, security, complexity and diversity of specification. A common recommendation was that MPS considered very carefully "right shoring" the provision of its services while "right sizing" and "right skilling" its own and its contractor operations.

The overall proposed Met Change delivery model is an outsourced provision with the supply chain model consisting of a Towers structure that included IL4 and above services and was based on standardised COTS products wherever possible.

## Appendix 3 – Market Engagement Key Numbers

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### Responses\*

- 78 suppliers responded;
- 213 responses were received across the 16 Service Areas;
- 7 suppliers, responding to 12 Service Areas, submitted a response but did not complete the questionnaire;
- 33 (42%) suppliers submitted a response to only one Service Area and only one supplier responded to all 16 Service Areas;
- The number of responses for the respective Service Areas ranged between 2 (for Vehicle Recovery) and 23 (for IT Major Change).
- 37% of the Service Area responses were submitted against the four IT Service Areas.
- 27 (35%) responses were received from companies defined as an SME;
- 33% of the SME responses were in the Training Service Area;
- SME suppliers submitted an average of 1.82 Service Area responses, opposed to non SME suppliers who responded to an average of 3.46 Service Areas.
- Only 1 Supplier who submitted a questionnaire did not submit a response to any of the Service Areas.

### Supplier Conference\*\*

- 150 suppliers & over 300 delegates were invited to attend the Supplier Conference.

\* See Appendix 4 for further details.

\*\* See Appendix 5 for further details.

## Appendix 4 – Overview of Suppliers Responding

This shows which suppliers responded to the Market Engagement, the Service Area/s they responded to, the size of the company and if they are classed as an SME.

Supplier Name	Service Areas Suppliers are interested in																	Size of Companies Responding		
	Training Appendix 1	Finance Appendix 2	Property Appendix 3	CCS Transport Appendix 4	CCS VRES Appendix 5	CCS Language & Cultural Appendix 6	CCS Wastewater & Logistics Appendix 7	CCS Catering Appendix 8	Human Resources Appendix 9	Procurement Appendix 10	Legal Appendix 11	Media and Comms Appendix 12	IT Governance Appendix 14	IT Infrastructure Appendix 15	IT Major Change Appendix 16	IT Optech Info & Reporting Appendix 17	Turnover	Number of Employees	SME Supplier	
Accenture PLC.	X	X							X	X			X	X	X	X	> €1bn	> 10,000	N	
Ad.IQ Ltd									X			X					≤ €10m	≤ 50	Y	
adam&eveDDB												X					€250 - €500m	250 – 1,000	N	
Affinity Connect	X																≤ €10m	50 - 250	Y	
Agilisys Ltd													X		X		€50 - €250m	1,000 – 5,000	N	
Argiva Ltd														X	X	X	€500m - €1bn	1,000 – 5,000	N	
Assanteh Ltd				X												X	≤ €10m	≤ 50	Y	
Babcock International Group	X		X	X			X			X							> €1bn	> 10,000	N	
Balfour Beatty Workplace		X	X							X							€500m - €1bn	> 10,000	N	
Brunch Bite								X									Responded but not in questionnaire format			
BT Plc	X	X		X					X	X			X	X	X	X	> €1bn	> 10,000	N	
Buddi															X		≤ €10m	≤ 50	Y	
C3IA Solutions Ltd													X		X	X	≤ €10m	≤ 50	Y	
Camberley Auto Factors Ltd				X													€250 - €500m	1,000 – 5,000	N	
Cap Gemini													X	X	X	X	> €1bn	> 10,000	N	
Capita Business Services Ltd	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	> €1bn	> 10,000	N	
Cassidian													X	X	X	X	Responded but not in questionnaire format			
Chrystal Consulting Ltd		X															≤ €10m	≤ 50	Y	
Compas Contract Services								X									> €1bn	> 10,000	N	
Constant Consultancy Services				X													≤ €10m	≤ 50	Y	
Crest Advisory (UK) Ltd												X					≤ €10m	≤ 50	Y	
DHL Supply Chain				X			X	X				X					> €1bn	> 10,000	N	
EC Harris LP			X														€250 - €500m	1,000 – 5,000	N	
Efficio Ltd										X							€10 - €50m	50 - 250	Y	
EMC														X	X		Responded but not in questionnaire format			
Encompassed Ltd	X																≤ €10m	≤ 50	Y	
Enterprise Rent-A-Car UK Ltd				X													€250 - €500m	1,000 – 5,000	N	
Enzyme Consulting Services	X																≤ €10m	≤ 50	Y	
Equiniti		X							X		X					X	€250 - €500m	1,000 – 5,000	N	
FleetEurope Plc				X													€10 - €50m	≤ 50	Y	
Fujitsu		X							X				X	X	X	X	> €1bn	> 10,000	N	
G4S Policing Support	X	X		X			X		X								> €1bn	> 10,000	N	
Gallagher Bassett Int. Ltd											X						€10 - €50m	250 – 1,000	N	
Haymarket Network												X					€10 - €50m	50 - 250	Y	
HCL	X	X							X	X			X	X	X	X	> €1bn	> 10,000	N	
Henley Software							X					X		X	X		≤ €10m	≤ 50	Y	
Honda UK				X													≤ €10m	250 – 1,000	N	
HP Enterprise Services		X							X				X	X	X	X	> €1bn	> 10,000	N	
IBM United Kingdom	X	X	X						X	X				X	X	X	> €1bn	> 10,000	N	
ISS Facility Services			X					X					X	X	X	X	€500m - €1bn	> 10,000	N	
J Walter Thompson												X					€50 - €250m	250 – 1,000	N	
JML Training Solutions	X																≤ €10m	≤ 50	Y	
John Laing			X			X	X	X									€250 - €500m	1,000 – 5,000	N	
Jones Lang Lesalle			X														€250 - €500m	1,000 – 5,000	N	
KBR	X		X	X	X	X	X	X		X	X	X					> €1bn	> 10,000	N	
Kenexa Ltd	X								X								€10 - €50m	50 - 250	Y	
KPMG				Only submitted a section 1 & 4 response. No service area responses were submitted.													> €1bn	> 10,000	N	
Lambert Smith Hampton			X				X										€50 - €250m	250 – 1,000	N	
Language Line Ltd						X											€50 - €250m	250 – 1,000	N	
Lex Autolease				X													> €1bn	1,000 – 5,000	N	
Matrix SCM										X							€50 - €250m	≤ 50	N	
MediaCom												X					Responded but not in questionnaire format			
Mouchel			X	X													€500m - €1bn	5,000 – 10,000	N	
MTHL				X													Responded but not in questionnaire format			
MWL Print												X					€10 - €50m	50 - 250	Y	
NorthgateArinso		X							X								€500m - €1bn	5,000 – 10,000	N	
Northrop Grumman	X												X	X	X	X	> €1bn	> 10,000	N	
Oracle Group	X	X							X	X				X	X	X	> €1bn	> 10,000	N	
Overbury			X														€250 - €500m	250 – 1,000	N	
Oxford Leadership	X														X		≤ €10m	≤ 50	Y	
Penna	X											X					€50 - €250m	250 – 1,000	N	
Q Associates													X	X	X	X	€10 - €50m	50 - 250	Y	
Redtray Solutions	X																≤ €10m	50 - 250	Y	
RehabWorks									X								≤ €10m	50 - 250	Y	
Repknight Ltd												X				X	≤ €10m	≤ 50	Y	
Ruddocks												X					Responded but not in questionnaire format			
SAP														X	X		Responded but not in questionnaire format			
S Macneillie & Son Ltd				X													€10 - €50m	250 – 1,000	N	
Serco	X		X	X						X							> €1bn	> 10,000	N	
Skyscape Cloud Service													X	X	X	X	≤ €10m	≤ 50	Y	
Sopra Group													X	X	X	X	€10 - €50m	250 – 1,000	N	
Steria	X	X							X	X							€10 - €50m	250 – 1,000	N	
SunGard Availability Services													X	X	X	X	€50 - €250m	250 – 1,000	N	
T.I.D.E.S Ltd	X																≤ €10m	≤ 50	Y	
Talent Human Capital M'ment									X								€10 - €50m	50 - 250	Y	
Theblue ballroom												X					≤ €10m	≤ 50	Y	
TVS Supply Chain Solutions Ltd				X													€50 - €250m	250 – 1,000	N	
Weightmans LLP																	€50 - €250m	1,000 – 5,000	N	

Note: The 7 suppliers marked in red submitted a response but did not complete any part of the questionnaire.

## Appendix 5 – Overview of Supplier Conference

This shows the suppliers who were invited and attended the Market Engagement supplier conference.

Supplier Name	Attended Y/N	No of Attendees	Supplier Name	Attended Y/N	No of Attendees
3Cubed Limited	N	n/a	Languageline Solutions	Y	2
Accent Language Consultants	Y	1	Lex Autolease	Y	3
Accenture	Y	3	Lockheed Martin	Y	3
Achene Media	Y	1	Logica	Y	3
Adiaglobal	Y	1	Macneillie	Y	3
Agilisys	Y	3	Matrix SCM	Y	2
Amey	Y	2	MediaCom Career	Y	2
Amor Group	Y	1	Michael Browne Associates	N	n/a
Analysis Mason	Y	1	MidlandHR	Y	1
Arqiva	Y	3	Mokum Change Management	Y	2
Ashford Consultancy & Training	N	n/a	Mouchel	Y	2
Assanteh	N	n/a	NCBI London	Y	1
ATKINS	Y	3	Nexus Rental	Y	1
Babcock International	Y	3	Nockolds Solicitors	Y	3
Balfour Beatty	Y	3	Northgate Information Solutions UK Limited	Y	2
Barker Ross	Y	1	NorthgateArinso	Y	1
Beechwood Equipment Limited	N	n/a	Northrop Grumman	Y	3
Best Practice Group plc	Y	1	NRPSI Limited	Y	1
BMW Authorities	Y	2	OPM	Y	1
Booker Direct	Y	2	Oracle	Y	3
Brunch Bite	Y	2	Oxford Leadership Academy	Y	2
BT	Y	3	PA consulting	Y	2
buddi Ltd	Y	3	Panoptech Ltd	Y	1
C3IA SOLUTIONS LIMITED	Y	1	PDI Ninth House	Y	1
CapGemini	Y	1	Penna Plc	Y	2
Capita Group Plc	Y	3	Phonenix	Y	1
Cassidian Systems	Y	2	Post Office	Y	1
CCL Group Ltd	Y	1	PWC	Y	2
CCube Solutions	Y	1	Q Associates Ltd	Y	2
Centre for learning	N	n/a	Radio Tactics	Y	1
Chequered Flag Training	N	n/a	RBS - Local Authorities & Housing Associations	Y	3
Colliers International	Y	2	Redtray Solutions	Y	1
Compass Group	Y	3	Reed Global	Y	2
Computacenter (UK) Ltd	Y	2	RepKnight	Y	1
Crest Advisory	Y	2	Resource Services Group Ltd	Y	1
Damovo	Y	2	Ryland Technology Ltd	Y	1
Dell Inc	Y	3	Sancus Solutions	Y	2
DHL	Y	2	SAP	Y	1
Diegesis Limited	Y	2	Savills	Y	1
Driver Connex	Y	2	SCC	N	n/a
Duncan Croll Associates	Y	1	Scisys UK Limited	Y	1
EC Harris LLP	Y	1	Seabourne Group Ltd	N	n/a
Efficio	Y	2	Serco	Y	2
EMC Computer Systems Limited	Y	1	Service Point UK	Y	2
Enterprise	Y	2	Shout Communications	Y	1
Enzyme Group	Y	2	Skyscape Cloud Services Ltd	Y	1
Equanet	Y	1	Smithfield Performance Ltd	N	n/a
Equifax Ltd	Y	1	Social Enterprise Press	Y	1
Equiniti ICS Limited	Y	1	Sodexo	N	n/a
Ernst & Young	Y	2	Sopra group	Y	1
Esri UK	Y	2	Steria	Y	3
Eversheds	Y	1	Stockton Bradley	Y	1
EWA Bespoke Communications	Y	1	Sungard	Y	3
Frequentis	Y	1	Symantec	Y	1
Fujitsu	Y	2	Tag London	Y	1
G4S Government and Outsourcing Services	Y	3	Technology One	Y	1
Gallagher Bassett International	Y	1	telent Technology Services	Y	3
Havas People	N	n/a	Teleperformance UK	Y	1
Henley Software	Y	1	The Blueball Room	Y	1
Hitachi	Y	1	The Capital Group	Y	1
HP	Y	3	TLT Solicitors	Y	1
HR Solutions	N	n/a	TMP Worldwide	Y	1
IBM	Y	3	tonic-agency.com	N	n/a
Interserve	Y	1	Training for Security Limited	N	n/a
ISS Facility Services	Y	2	Trustmarque	Y	1
JML Software Solutions Ltd	Y	3	TVS Supply Chain Solution	Y	2
John Laing	Y	2	TwoFour	Y	1
Jones Lang LaSalle	Y	2	University of Portsmouth	Y	2
JWT London	Y	2	Unsiys	Y	3
KBR	Y	3	Verity Fletcher	N	n/a
KCOM Group Plc	Y	1	Virgin Media	Y	2
Kenexa Limited	Y	3	Weightmans LLP	Y	2
Knight Frank LLP	Y	1	workcomms.com	Y	2
KPMG	Y	1	Xchanging	Y	3
Lambert Smith Hampton	Y	1	Xma Limited	Y	3

## Appendix 6 – Opportunity Model Methodology

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This shows the methodology used in the Opportunity Model to determine the contestability and phasing for each Service Area, based upon the findings of the Market Engagement. An Opportunity Model for each Service Area is included Appendix 2 'Service Area Summaries.



Appendix 6  
Opportunity Model

## Appendix 7 – Current Policing BPO Market

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Provides analysis of the current Policing Business Process Outsourcing (BPO) Market



Appendix 7 Current  
Policing BPO Market

# Management Board

## Draft Commercial Principles

19<sup>th</sup> August 2014





# Commercial Principles for the Commercial Strategy Programme

Update on Commercial Principles:

- A set of key Commercial Principles have been developed to support the delivery of the Commercial Plan and the future work of the Design Authority. For each of these a set of commercial tests have been developed
- These Commercial Principles and related commercial tests should allow decision making between options (e.g. these will form part of the assessment of the outline business case options assessments and also influence the TOM for the future).
- The Commercial Principles support the need for the MPS not only to achieve best value for money but to maximise its income to the fullest extent permitted by the relevant legislation and associated regulations.

# Commercial Principles for the Commercial Strategy Programme

The suggested key Commercial Principles are as follows:

1. All aspects of commercial activity should align to **overall MPS/MOPAC objectives** and adhere to **robust MPS commercial governance arrangements**
2. A clear and detailed understanding of the **baseline service and future requirement** is needed and should be **driven by operations**
3. All commercial opportunities should focus on the delivery of long term **value for money**
4. Future **sourcing make or buy decisions** should consider operational, organisational, financial and political dimensions and ensure **that effective operational policing is not put at inappropriate risk**.
5. Future **sourcing options** should be assessed against the range of MPS requirements
6. Future goods and service **contracts** should be flexible, align to commercial best practice and protect MPS interests.

The commercial tests for these Commercial Principles are detailed on the following slides...

# Commercial Principles for the Commercial Strategy Programme

1. All aspects of commercial activity should align to overall MPS/MOPAC objectives and adhere to robust MPS commercial governance arrangements
  - Does the commercial activity support the delivery of the MOPAC 20/20/20 challenge?
  - Does the commercial activity reflect the ethics/values of the MPS and align to the MPS's public sector duties?
  - Does the investment decision align to the MOPAC/MPS Investment Strategy Framework, governance and process for appraisal and funding decisions
  - Does the investment decision meet the MOPAC/MPS investment criteria?
  - Has the sourcing and future contract management organisation been designed and trained with robust commercial acumen at its core?
  
2. A clear and detailed understanding of the baseline service and future requirement is needed and should be driven by operations:
  - Is the baseline service understood (the existing service definition, process, performance levels, people involved and costs of the existing end to end service)?
  - Is there a clear future requirement and expected level of service that is driven by operations and does this have an operational owner?
  - Has future demand been accounted for in determining the future requirements?
  - Has prioritisation taken place to segregate mandatory and discretionary requirements?
  - What market engagement has been undertaken to understand the 'art of the possible'?

# Commercial Principles for the Commercial Strategy Programme

3. All commercial opportunities should focus on the delivery of long term value for money
  - Does the opportunity follow the optimum sourcing model to enable the delivery of early and sustainable benefits?
  - Does the sourcing opportunity encourage and maintain healthy competition from future providers and support the comparison and achievement of fair market based pricing?
  - Does the opportunity contribute to the financial challenge that the MPS faces and support in-year cost reduction target (and align to revenue savings targets and any capital constraints)?
  - Does the opportunity balance the desired whole life savings with the quality of service needed?
  - Does the future commercial arrangement incentivise service delivery providers to provide continuous service improvement and maintain current market pricing?
4. Future sourcing make or buy decisions should consider operational, organisational and political dimensions and ensure that effective operational policing is not put at inappropriate risk.
  - Does the service under consideration require a warrant card to be delivered?
  - Do the services include covert activities or those that are deemed strategic in nature to the MPS?
  - Is the risk (reputational, operational, commercial, security and IT risk) of transferring the services to a third party acceptable?
  - Is there an existing mature market for the relevant in scope services?
  - Does the COTS service/application meet the needs of the MPS and if not will the missing requirements provide VFM by radically transferring service delivery?
  - Is there internal capacity with the capability to deliver, improve or transform the service?

# Commercial Principles for the Commercial Strategy Programme

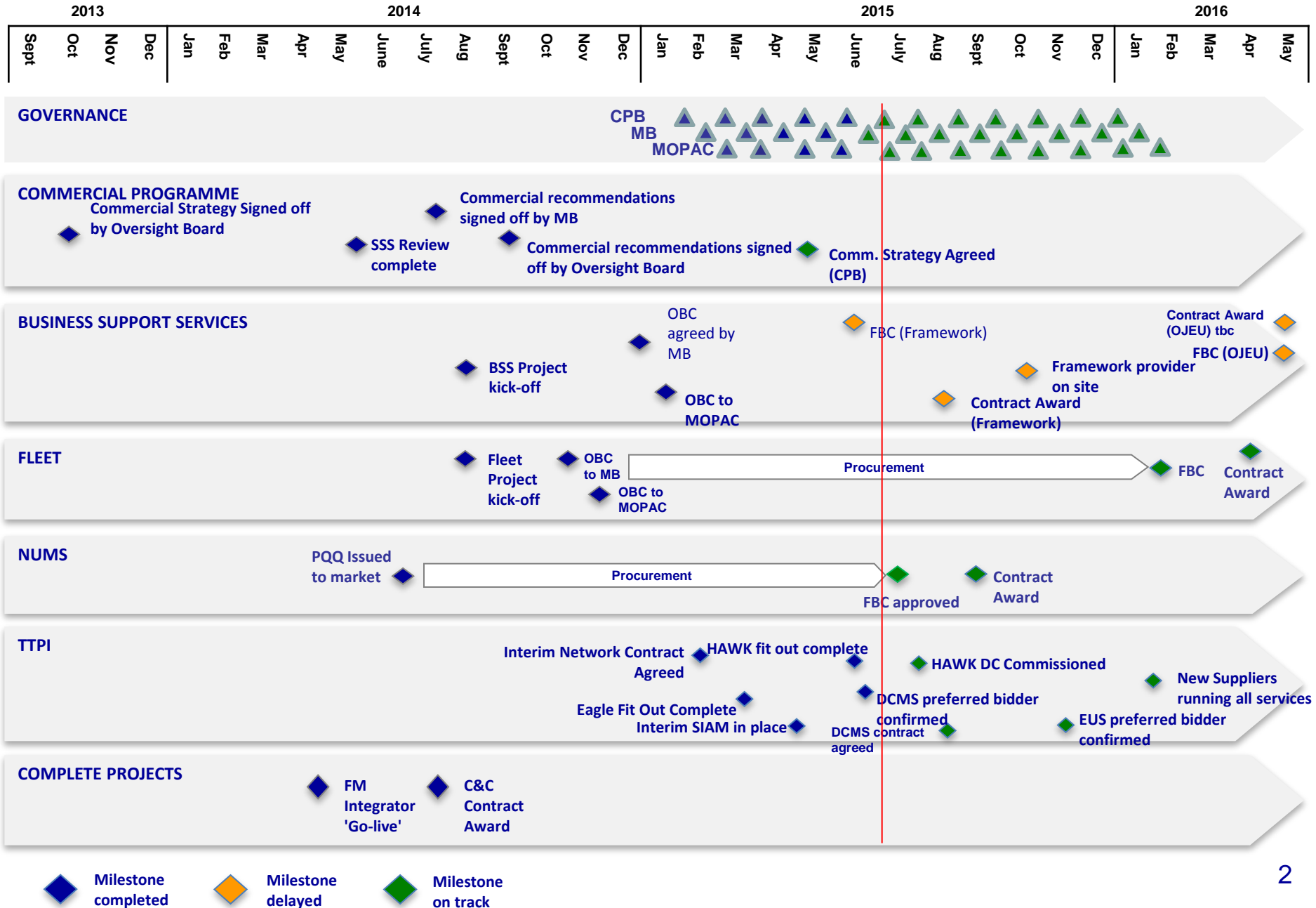
5. Future sourcing options should be assessed against the range of MPS requirements:
  - Is the future service being sourced through an appropriate route – i.e. are they being procured effectively at speed?
  - Is the future service being sourced through an appropriate vehicle – i.e. is it an appropriate commercial vehicle for future gain?
  - Do future service delivery options consider the optimum location for delivery – and consider the operational, people and data security impacts of this?
6. Future contracts providing MPS with a service should be flexible, align to commercial best practice and protect MPS interests
  - Do the contract provisions allocate risks to the party most suited to manage them and consider the effect of any such risk transfer (e.g. for IPR, Liability, Contract term/duration, Asset Ownership, Exit, Incentive based contracting, indexation, benchmarking)?
  - Does the contract provide financial transparency (through mechanisms such as open book) and allow the third party to achieve a fair and reasonable margin?
  - Does the contract facilitate the opportunity for MPS to maximise income (within the statutory and regulatory constraints under which it operates)

# **Commercial Programme Report**

**Commercial Programme Board**

**25 June 2015**

# Commercial Programme Plan (Milestones)



# Commercial Programme Status 29/5/15 – 22/06/15

DIMENSION	Programme Savings	Financial Management	Risk Assessment	Planning	Decisions
Status of the Programme	Amber	Amber	Amber	Amber	Amber
Status update	The overall status of the programme is amber as there is still significant work involved in order for MPS to realise their revenue savings.				
Key decisions required	Final Business Case for NUMS to go to Management Board on 7 <sup>th</sup> July				
Next Steps	BSS FBC to be reviewed and approved by SRO and key stakeholders in order to go to Management Board.				

Project Level Summary	Phase	Service Lead	Project Manager	Procurement Lead	Project Spend	Scope	Schedule (original / latest)*	Overall	Projected Annual Savings	Trend
Front Line Services Fleet Services	Procurement	Phil Ind	Roxana Opris	Phil Ind	Green	Green	Nov 15 / Apr 16	Amber		↔
Support Services HR Finance Procurement	Procurement	Brian Taylor	Steph Williams	Alan Rouke	Green	Green	Amber	Amber		↔
Logistics NUMS	Procurement	Liz Church	N/A	Paul Butcher	Green	Green	Aug 14 / Sep 15	Green		↔

Headlines	Stakeholder Engagement
<p>Significant activity has taken place across the live 007 projects across this reporting period. The focus of the BSS project remains closing the outstanding commercial issues with SSCL which is taking longer than planned. This issue has contributed to the delay in finalising the FBC. Comments received on the FBC from key stakeholders have been processed during this week. The Fleet team has been working to develop the elements of the ISOP. There are a number of outstanding issues which need to be urgently addressed in order to meet the 10/07/15. A Bidders day was held on 19/6/15 to walk them through the ITPD. Work has started to agree an approach to identify future savings opportunities for the next phase of the Commercial Strategy.</p>	<p>NUMS</p> <ul style="list-style-type: none"> <li>Redacted version of the FBC has been shared with Trade Unions</li> </ul> <p>BSS</p> <ul style="list-style-type: none"> <li>Ongoing dialogue with SSCL to close out issues</li> </ul> <p>Fleet</p> <ul style="list-style-type: none"> <li>Bidder's day on 19 June to give an overview of the dialogue process.</li> </ul>



# Commercial Programme Status

## Summary

**NUMS:** On approval of the FBC at the last CPB it has been prepared to share with the Management Board on 7<sup>th</sup> July. Papers to support the FBC at Management Board are being developed. DP and HR have been engaged to identify the process of transferring data to a new supplier. The Trade Unions have a redacted version of the FBC. At the SRO's request, the first section of the FBC has been amended to reflect the CPB approval and to focus more on MPS than on the national perspective. The status of the project remains green with the project on track to meet upcoming major milestones.

**Fleet:** The ITPD including the service requirements have been completed in the period (12/06). There are concerns around Fleet's capacity to finalise the Technical Standards and collect data in due time for the issue of the ISOP (10/07). The SRO and Fleet project team met the bidders on 19/06 to provide an overview of the dialogue process and upcoming schedule. The status of the project remains amber due to a significant volume of work that will continue until the finalisation of the ISOP.

**BSS:** The FBC continues to be shared, reviewed and updated. A meeting has taken place with the Deputy Major as well as sessions with the Commissioner. Ongoing discussions are continuing with SSCL and the Cabinet Office to finalise outstanding items e.g. Right Shoring costs, Enhanced Interfaces, Customer Responsibilities and Governance. However, the negotiations are taking longer to close out than expected impacting MPS's ability to finalise the FBC.

## Major Issues and Risks To Delivery

**NUMS:** There may be a challenge to the contract award by an unsuccessful bidder which may impact the standstill stage of the procurement and delay the contract award complete date. This has been fully documented and the PAR has been reviewed by the Procurement Lead to minimise the risk. There are DP and Finance resources leaving MPS and knowledge transfer from these individuals is key to transition

**Fleet:** The completion of the Standards and obtaining the data set for the Bidders are at significant risk due to a large volume of work undertaken by Fleet. These are on the critical path and impact the project as a whole.

**BSS:** The issue is that MPS are still unable to finalise the outstanding clarification points with SSCL and the CO with the deadline for the FBC approaching e.g. resourcing pain / gain outcomes, resourcing costs, right shoring, subcontract between SSCL and Cap etc. which may have a negative impact on the costs or impact sign off at MB. The issue is that the PSD are unable to tell the BSS team where they are likely to be based during transition which means we can not organise a broadband link to the development team at Cap to build P-SOP. There is a risk that there are a number of the pre transition / transition activities that are not currently scoped out and that the team will not have the proposed resources in the required timeline to carry out the activities.

Status Summary	Financial	Scope	Schedule	Overall
	Amber	Amber	Amber	Amber

## Key Achievements This Period

### NUMS

- Redacted version of the FBC circulated to the Trade Unions
- Submitted the Chair's Brief and FBC to the SRO for final sign off
- Engaged with DP and HR to start identifying the processes for transferring data to the new supplier

### Fleet

- SLAs / KPIs workshop complete and performance measures defined (Schedule 3)
- Financial workshop complete – progress on the payment mechanism (Schedules 7 & 9)
- ITPD issued to Bidders 12/6
- Bidders Day complete 19/06

### BSS

- Fed back to the Cabinet Office regarding the Security Schedule
- Followed up on comments from the Steering Group with respect to FBC comments
- Met with the Commissioner to address concerns regarding the FBC
- Worked with SSCL to close down outstanding negotiation areas
- Organised sessions with each of the COG's and ASDM's
- Finalised the position on BC / DR

## Key Activities For Next Period

### NUMS

- Send the FBC to Met HQ by 30th June
- MB on the 7th July
- Organise briefings with MOPAC ahead of JIB

### Fleet

- Finalise the Standards (Schedule 23)
- Project team review of ISOP Volume 2 – Contract & Schedules
- TLT review of ISOP Volume 2 – Contract & Schedules
- Evaluation criteria and Bidders Questions workshop to define detailed questions for the Bidders response document
- Acquire outstanding Fleet data for the Data Room

### BSS

- Finalise outstanding clarification points with SSCL. Including Resourcing costs, right shoring costs, enhanced interface costs etc.
- Further Socialisation of the FBC
- Develop the HRAC and Case Management decision papers for Management Board
- Formal submission of FBC

Key Upcoming Milestones	Baseline	Actual / Forecast	RAG
NUMS – Management Board	07.07.15	07.07.15	Green
Fleet - Bidders Day complete	19.06.15	19.06.15	Complete
Fleet – ITPD issued to Bidders	11.06.15	12.06.15	Complete
Fleet – ISOP document finalised and published to bidders	22.06.15	10.07.15	Amber
BSS- Transformation plan agreed	24.04.15	26.06.15	Amber
BSS– Commercial Terms Agreed	24.04.15	26.06.15	Red
BSS- Commercial Schedules complete	24.04.15	29.07.15	Amber
BSS – FBC signed off by SRO	29.05.15	29.06.15	Red

# Commercial Programme Status (Projects not in procurement)

## Summary

### Catering;

We have issued a PIN to commence a formal pre-market engagement exercise the findings from which will be used to inform the next Outline Business Case.

### Referencing

Phase II

### Language and Cultural Services:

Phase II

### Training:

Phase II

### Ballistics:

Phase II (via NUMS)

### Archives:

No progress

### Distribution;

Logs and Warehousing **SOC** drafted but no further action has been taken.

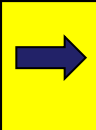
### Criminal Justice:

Following a series of development discussions by Senior Responsible Owners of the One Met Model Strands, One of which is Criminal Justice, a One Met Model Strategic Outline Case was discussed at Management Board on 18th June 2015. The case outlined the Strategic, Economic, Commercial, Financial and Management case and informed discussion concerning the improved functionality, potential structure, policy changes and technical solutions across the service. The ambition for Criminal Justice is the provision of a high-quality service that reduces public risk through effective management of offenders and protection of vulnerable people and to place the needs of victims and witnesses at the heart of prosecution processes by providing a multi-agency streamlined journey.

TTPI Infrastructure Summary			Tower Lead	Project Manager	Procurement Lead	Finance	Scope	Schedule	Overall	Trend
TOWERS	Networks	Network Contract	TBD	Rob Atherton	Martin Farncombe	Green	Green	Green	Green	Complete
		Transformation Consolidation <small>BT</small>				Green	Green	Amber	Amber	↔
	Data Centres	DCMS Procurement	Sheldon Scott	Tania Eiberg	Nick Prebble	Green	Green	Green	Green	↔
		Strategic Data Centre Readiness <small>Capgemini</small>				Green	Green	Green	Green	↔
	SIAM	SIAM Procurement	Steve Lyons	Zara Clark	David Williams	Green	Green	Green	Green	↔
		Interim SIAM & Single Service Desk <small>Capgemini</small>				Green	Green	Amber	Amber	↔
	Hosting	Hosting Procurement	Luke Howlett	John Sullivan	Paul Brocklehurst	Amber	Green	Green	Green	↔
		DC Migration <small>Capgemini</small>				Green	Green	Amber	Amber	↓
	EUS	End User Services Procurement	Gary Crowe	Tania Eiberg	Dimitris Mitromaras	Green	Green	Green	Green	↔
		Next Generation Desktop <small>Capgemini</small>				Green	Amber	Amber	Amber	↔
	AMS	Application Management Services Procurement	Daniel Walker	TBD	Alex Rowe	Green	Green	Amber	Amber	↓
Enablers			Lead	Team						
	Exit, Transition and Transformation		Rob Howard	Rick Godbolt	Karen Wilson (Commercial)	Green	Green	Amber	Amber	↓
	HR		Katherine Patterson	Victoria McCullough	N/A	Green	Green	Green	Green	↔

# Commercial Programme Board - Risk Report

## Top 5 Programme Risks

ID		Risk Owner	Comments	RAG/ Trend
1	Business Change: The benefits and savings will not be fully realised as users will not be trained to embrace the transformational change delivered by the Commercial Programme and other initiatives	Robin Wilkinson	Picked up under OMM	
2	There are challenges on capacity and leadership bandwidth to successfully delivery both the programme as well as BAU	Lynda McMullen	Picked up under Commercial & Finance Transformation Plan	
3	We don't manage to take people with us on the change journey and don't embrace the change of culture and new ways of working	Robin Wilkinson	Picked up under OMM	
4	There is a risk that the bidder solutions will not represent value for money for MPS.	Lynda McMullen	All solutions will be subject to the HMG Green Book business case methodology	
5	Resources: The loss of key staff / SMEs through other MPS initiatives reduces the MPS knowledge base and impacts the transition to potential outsourced service solutions.	Lynda McMullen	Picked up under Commercial & Finance Transformation Plan	

# Legend

	Budget	Scope	Schedule Contract Award* (original/latest) date	Overall
Red	Overspent remedial action required	Scope of work expanded and will attract additional funding	Major milestones are at significant risk	Project out of control and needs intervention
Amber	Not enough information available	Area of project scope challenged, needs further debate	Milestones are at moderate risk	Project faces a number of challenges
Green	Budget spend on track or below predicted spend	Scope defined and agree with	All activities and milestones are on track as planned	Project is on track

# Risk Rating Criteria

Criteria for Risk Likelihood

Likelihood	Scale	Descriptor
<b>Negligible</b>	1	Rare, no realistic possibility of occurrence
<b>Low</b>	2	Unlikely but could occur
<b>Medium</b>	3	Possible
<b>High</b>	4	Likely to occur
<b>Very High</b>	5	Certain/already occurring

Criteria for Risk Impact

Impact	Scale	Impact Categories			
		Delivery of Corporate Objectives	Confidence & Satisfaction	Financial	Community & Staff Safety
<b>Insignificant</b>	1	No discernible impact on the delivery of corporate objectives	No discernible impact on service delivery / reputation	Negligible budgetary / efficiency impacts	No injury
<b>Minor</b>	2	Minor effects on the delivery of corporate objectives	Impact on service delivery / reputation of little / no concern to stakeholders	Minimal budgetary / efficiency impact	First aid injury
<b>Moderate</b>	3	Noticeable effects on the delivery of corporate objectives	Impact on service delivery / reputation relevant & noticeable by stakeholders	Limited budgetary / efficiency impact	Lost time injury (over 3 days)
<b>Major</b>	4	Delivery of several objectives compromised	Major impact on service delivery / reputation	Major budgetary / efficiency impact	Major injury
<b>Catastrophic</b>	5	Failure to deliver corporate objectives	Catastrophic impact on service delivery / reputation	Beyond budget capability / Unworkable	Death

**Commercial Strategy - current position**

Service	2014/15 savings (£m)	2015/16 savings (£m)	2016/17 savings (£m)	2017/18 savings (£m)	2018/19 savings (£m)	2019/20 savings (£m)	Total savings (£m)	2015/16 base budget (£m)
BSS **		-1.0	-4.0	-4.8	-2.4	-3.9	-16.0	37.7*
Property - KBR	-8.0	0.2	0.8	0.1			-6.9	62.9
Transport Services - Fleet			-6.0				-6.0	46.6*
Transport Services - VRES			-0.7				-0.7	3.2*
NUMS			-1.0	0.4	-0.2	-0.2	-1.1	11.2
TTPi		-2.9	-23.9	3.6	0.4	0.3	-22.5	120.8
<b>Overall Total</b>	<b>-8.0</b>	<b>-3.7</b>	<b>-34.7</b>	<b>-0.7</b>	<b>-2.2</b>	<b>-3.8</b>	<b>-53.2</b>	<b>194.9</b>

\* - based on PWC model dated 05/05/16

\*\* based on gross savings not including one-off costs to be funded through reserves

**PCS Briefing**  
**London Assembly**  
**Budget and Performance Committee investigation into Met Police outsourcing**

8 September 2015

**1. Summary**

- 1.1. There is an acknowledgement amongst many, if not most, commentators that there is an outsourcing 'crisis' in the UK public sector (PAC, 2014; NAO, 2010). The private sector delivers around around £90 billion worth of complex public services (half of all public sector expenditure) so the implications of this crisis are profound (PAC, 2014).
- 1.2. However, despite this crisis, and the near-collapse of the global economy in 2008/09 which was rooted in the failures of the neo-liberal financial model, the persistence of the neo-liberal belief in the efficacy of competition and the inherent superiority of the market continues to dominate the thinking of many public sector leaders.
- 1.3. Stephen Greenhalgh, deputy mayor, told PoliceOracle.com earlier this year: "I think it's beyond controversy that if you have a strong client knowing exactly what they want, that you can use enterprise and the market as a way of driving down the cost of delivering support services to policing." ([www.BlueLineJobs.co.uk](http://www.BlueLineJobs.co.uk), 22 July 2015)
- 1.4. The signing of the Metropolitan Police Service (MPS)'s contract with Shared Services Connected Limited (SSCL), on 24 August 2015, heralds the start of a new phase of privatisation<sup>1</sup> which will see almost all MPS police staff functions subject to 'market testing' between now and 2020. **Note on scope:** The project scoping paper says the purpose of this investigation is to 'examine the Met's commercial programme to compete back-office functions'. 'Back office'<sup>2</sup> generally refers to roles involving no direct contact with the public, yet one of the seven strands of the 'commercial programme', listed in the scoping paper, is the Command and Control System ('MetCC'), which handles 999 and non-emergency calls from members of the public. Areas not currently listed in the commercial plan also face 'market testing', including the 'frontline' work of Designated Detention Officers (DDOs) staffing the custody suites. The only staff role not at present facing the possibility of privatisation is that of the PCSO<sup>3</sup>.

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<sup>1</sup> On 1 October, 440 staff in transactional HR, finance and procurement ('business support services') transfer to SSCL.

<sup>2</sup> PCS rejects the pejorative use of the term 'back office' and the false dichotomy it creates with 'frontline' staff.

<sup>3</sup> PCSOs, however, are from safe as the MPS has just started examining options to reduce or abolish the 1,017 PCSO posts in neighbourhood policing.



- 1.5. The Public and Commercial Services (PCS) union is the largest recognised union in the MPS, representing over half the police staff workforce, with 6,500 members. We are also the main union for the UK's civil servants.
- 1.6. PCS rejects the drive to outsource public services for the following reasons:
- a) It consistently results in redundancies and attacks on the terms and conditions of affected employees which is, in and of itself, unacceptable in a 21st-century developed economy; and which has a knock-on detrimental impact to the local economy and public finances. It is part of a 'race to the bottom' which we reject as a solution for the British economy.
  - b) The alleged financial savings rarely materialise to the extent promised, and in many cases, end up squandering public money only to line the pockets of shareholders.
  - c) There are broader public interest dangers, including human rights, accountability, offshoring and exploitative labour practices. Public services should not be delivered for profit.
- 1.7. The drive to outsource is offered as a solution to the huge budget cuts the MPS is facing, and will continue to face in the upcoming Comprehensive Spending Review (CSR) for 2016-20. However, as stated, PCS believes privatisation does not offer genuine medium- to long-term financial savings to the MPS, and that other options which do not involved privatising and cutting the jobs of long-suffering police staff are being ignored in order to adhere to the ideologically-driven target of 32,000 police officers imposed by the mayor and deputy mayor. There are an increasing number of warranted officers in roles that could be undertaken by lower-paid police staff, and this trend will continue as police staff are outsourced and made redundant.

## **FINANCIAL PERFORMANCE**

### **2. Genuine savings?**

- 2.1. One of the main objectives of your investigation is to 'to test the robustness of the MPS's estimates for the savings it plans to secure from outsourcing'.
- 2.2. The MPS claims that the 'business support services' contract with SSCL, which goes live on 1 October, will save up to £100 million over the 10-year life of the contract. However, the record of SSCL and its' parent company Sopra Steria elsewhere in the public sector raises genuine doubts as to whether the financial assumptions that underpin this belief are justifiable. See (3). PCS has also concerns about some of the details of the contract with SSCL. There is an 'incentive' angle to the MPS should other police forces sign contracts with SSCL – the company has acknowledged it is trying to get into the 'police market'. The MPS is effectively being used as a 'flagship' for this privatisation policy. Moreover, the MPS – **not** SSCL – will pay for the mass redundancies which will ensue within 12-18 months after the transfer as a result of work being relocated out of London. PCS has been

told by SSCL that this is standard practice across the civil service – but on checking with colleagues in other departments, we have been categorically told that **SSCL** has always absorbed the huge costs of redundancies that have formed a key plank of their business plan.

- 2.3. There have also been significant and costly delays to MPS contracts with other firms, including the £90 million command and control integration deal with Lockheed Martin to update the 999 and 101 call-handling system. Originally due to go live in October 2015, this has been put back. Some of the information PCS has is 'commercial in confidence' (the difficulties of obtaining reliable and detailed data on the performance of contracts is one of the biggest problems of outsourcing – see point (7)). However, much is in the public domain (e.g. MPS, 13 April 2015).

### **3. The performance of SSCL across the civil service**

- 3.1. SSCL has been an integral part of the Cabinet Office's shared services strategy since the strategy was launched in 2012 (this was a revised version of the original Labour government approach launched in 2009). The purpose of 'shared services' is to combine 'back office' or support functions into a single service across a department. Other government departments then gradually join. In 2012, the coalition government decided to bring in the private sector, inviting them to bid for contracts. Avarto won the Department for Transport (DfT) contract to manage its' shared services centre in Swansea, and SSCL won the contract to manage the Department for Work and Pensions (DWP), Defra and Environment Agency centres, part of its Framework Shared Services contract with the Cabinet Office.
- 3.2. Since then 16 government departments have signed contracts with SSCL (and most recently the MPS) under the Cabinet Office 'framework agreement'. Most have experienced significant problems operationally, in terms of delays and costs.
- 3.3. **Ministry of Justice (MOJ)** – SSCL was awarded the contract to set up the MOJ's 'in-house' Shared Services Programme (SSP)<sup>4</sup> in 2012 but was unable to deliver on the project, due to the work undertaken being obsolete, leading to the MOJ writing off £56.3 million of public money when the project had to be shelved (Ministry of Justice 2013-14 Annual Accounts, p47, para 3.22). As a result of these failures, attributable in large part to SSCL failings and the MOJ's poor project design/programme governance, the department abandoned the in-house solution in favour of outsourcing and, in 2014, awarded the new contract to ... SSCL.
- 3.4. The MOJ refused to explain to PCS – the main civil service union, representing the members in Bootle and Newport – why SSCL was being rewarded for failure after squandering tens of millions of pounds of public money on the in-house project.

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<sup>4</sup> The Shared Service Programme (SSP) was based on the ERP platform running HR, 'transactional' finance, procurement, payroll and end-to-end transactional services for 90,000 civil servants across several government departments. Run from Bootle and Newport, these centres employed 1,000 staff.

We called for the contract to be cancelled and a proper in-house bid given serious consideration to prevent more public money being wasted.

- 3.5. **Business Innovation and Skills Department (BIS)** – In the summer of 2014 BIS signed a contract (as part of the Cabinet Office framework agreement with SSCL) for SSCL to take over the provision of finance, HR and payroll transactional work (shared services). The transfer was originally planned for 1 April 2015. However, as a result of further due diligence by BIS, and delays by SSCL, the transfer date was put back and, over the summer, BIS finally took the decision to terminate the contract, citing the costs and risks of the project as 'no longer viable' (internal PCS sources; The Register, 2015). BIS has confirmed to senior PCS officials that it intends to run shared services in-house, as a result of the problems with SSCL.
- 3.6. The Major Projects Authority which was created under a Prime Ministerial mandate in 2011 to improve the delivery of major projects in government, has flagged the entire shared services project across central government as problematic (MPA, 2015; The Register 2015). The majority of migrations were originally supposed to be complete by the end of 2014. However, many have run into significant delays, with, for instance, staff 'exits' (under redundancy schemes) being delayed. All of this is costing money (internal PCS sources). The MPA also noted that both the Arvato-run centre for SAP licences and the Steria centre to manage Oracle licences had been hit by 'replans'. (MPA, 2015; The Register, 2015).
- 3.7. **Capgemini** – SSCL has signed a contract with Capgemini to help it deliver the PSOP platform to be developed for the new MPS deal. Capgemini already provides the t-Police support solution as the integrated support system for a number of constabularies in England and Wales. Capgemini's track record as an IT provider to the public sector has been heavily criticised by the Public Accounts Committee as a key example of a poorly-managed semi-monopolistic contract (PAC, 2012).

## **BROADER PUBLIC INTEREST DANGERS**

4. The deputy mayor for policing, Stephen Greenhalgh, quoted above, frames privatisation as a solution to 'driving down' costs ([www.BlueLineJobs.co.uk](http://www.BlueLineJobs.co.uk), 22 July 2015). This emphasis on a narrow financial agenda, at the expense of broader public interest, social and ethical issues, is a major failing of many outsourcing initiatives across the public sector. It was criticised heavily by the Public Accounts Committee in its 'recent investigation into contract management. The PAC condemned a 'culture of revenue and profit-driven performance incentives .. too often .. misaligned with the needs of the public who fund and depend on these services.' (PAC, 2014). Some of the dangers of this focus on profit and efficiency (in the most limited sense) is examined below.

## **5. Detriment to employees**

- 5.1. One of the main reasons PCS is opposed to privatisation is because – notwithstanding the laughable claim by the deputy mayor last year that many staff would prefer to work

for a private employer – privatisation generally leads to a worsening of job security, pensions and terms and conditions, for the affected staff. This is the experience of most, if not all, PCS members who have been transferred to the private sector over the past 20 years, and includes the experience of all our members working for current MPS providers, consisting of some of the leading players in the outsourcing market (Interserve, Balfour Beatty, Skanska, Carillion).

- 5.2. The SSCL bid for 'business support services' is predicated on a relocation of jobs outside London – i.e. the vast majority of the 440 staff transferring on 1 October will be made redundant within 12-18 months as their work is transferred to cheaper UK labour markets, probably Newport or Newcastle.
- 5.3. The MPS claims to have learned from the problems experienced by government departments in their contracts with SSCL and to have tightened up programme governance and properly negotiated contract arrangements. If true, the knock-on impact of this is that staff will bear the brunt, now (through job cuts) and in the future years through downward pressure on their pay and job security. This can be evidenced in the experience of the 350 cleaners working on the Facilities Management contract run by Interserve. As a result of a poorly-drafted tender for the new FM cleaning contract, and the way in which the MPS is more effectively managing the contract and performance targets (through its' KBR integrator or middleman), Interserve is trying to force its' low-paid employees to absorb the hit to the company's profits through systematic attempts to reduce their hours, and other terms.
- 5.4. Office closures, mass redundancies – and offshoring – have been the SSCL business model delivered in the 16 civil service departments it has contracts with.

## **6. Lack of transparency and accountability**

- 6.1. One of the key problems in outsourcing projects has been the lack of accountability and transparency. Moreover, and linked to the key question of to what extent projected savings are subsequently delivered, analysing the performance of the contract is difficult and highly complex, if not impossible at times (PAC, 2014).
- 6.2. PCS and the smaller recognised unions refused to sign the non-disclosure agreement (NDA) last year, therefore our ability to engage and comment on the outline and final business cases was severely limited, as most of the financial data was redacted.

## **7. Offshoring**

- 7.1. The SSCL business or 'target operating' model across the civil service is based on offshoring to cheaper wage countries as a key component of its' ability to deliver financially competitive bids. The new MPS 'business support services' contract is currently based on a UK operating model, however the Commissioner has refused

to rule out the possibility of the MPS seeking to renegotiate the contract during its 10-year duration to include the possibility of offshoring.

- 7.2. PCS does not oppose offshoring *per se* – that is, the creation of new work or jobs in other countries. What we oppose is the ‘race to the bottom’ strategy which seeks to relocate existing jobs to cheaper wage locations (be it Newport or Mumbai) and the consequential damage to the staff sacked and the local economy.
- 7.3. We also oppose the security risk of offshoring. With a heightened risk of terrorism, the sending abroad of personal data belonging to police officers, and staff, is an additional risk which should not be countenanced.

## **8. Blacklisting, low pay and other unfair employment practices**

- 8.1. There are a number of unfair labour practices practiced by existing MPS contractors including blacklisting (Carillion, Balfour Beatty), and late implementation of the London Living Wage (Interserve).

## **9. Privatisation of custody suites and DDO role**

- 9.1. There are significant additional dangers should the MPS choose to follow other constabularies in privatising custody suites (where prisoners are held after arrest). This is a genuine possibility – see 1.4 above. The MPS has just finished centralising all custody suites across London under a new command, Met Detention. In the final paper for the Met Detention project board, it states that once the new structures have settled in, the MPS will be looking to ‘market test’ this area.
- 9.2. The privatisation of prisons – which is of longer duration than the privatisation of police custody suites – provides a clear warning of the tension between social and profit objectives. There are ‘profound ethical and ideological issues surrounding the privatisation’ of prisons, yet these have been ignored largely in favour of discussions regarding cost-effectiveness, comparative costs and value for money’ (Funnell et al, p257).
- 9.3. These issues relate to the general lack of transparency and accountability in outsourcing. A report by Scotland’s Chief Inspector of Prisons was stopped and copies destroyed because the private operator, Premier Prisons, threatened legal action on the basis of commercial confidentiality if staffing levels were made public (Funnell et al, 2009).

## **Sources**

- 1. Funnell, Warwick, Jupe, Robert and Andrew, Jane (2009), *In Government We Trust: Market Failure and the Delusions of Privatisation* (Pluto Press)
- 2. Major Projects Authority Annual Report 2014-15 (2015)

3. Metropolitan Police Service, Performance and Assurance Board, 13 April 2015 (released under the Freedom of Information Act)  
[http://www.met.police.uk/foi/pdfs/how\\_we\\_make\\_decisions/corporate/mb\\_performance\\_assurance\\_minutes\\_13april2015.pdf](http://www.met.police.uk/foi/pdfs/how_we_make_decisions/corporate/mb_performance_assurance_minutes_13april2015.pdf)
4. Ministry of Justice 2013-14 Annual Accounts
5. Public Accounts Committee (26 January 2012), 'Government and IT — "a recipe for rip-offs": time for a new approach'
6. Public Accounts Committee (10 December 2014), 23rd report of parliamentary session 2014-15 'Transforming contract management'
7. The Register (2 September 2015), 'BIS shuns Steria HR and payroll shared services centre'  
[http://www.theregister.co.uk/2015/09/02/bis\\_shuns\\_steria\\_shared\\_services\\_centre/](http://www.theregister.co.uk/2015/09/02/bis_shuns_steria_shared_services_centre/)
8. [www.BlueLineJobs.co.uk](http://www.BlueLineJobs.co.uk) (22 July 2015), Ian Weinfass, 'Outsourcing hundreds of Met staff jobs to be signed-off next week'



## London Assembly investigation into police outsourcing Response from We Own It July 2015

We Own It is an independent voice for public service users and for forward-looking public ownership. We have carried out research and polling on outsourcing of public services which is relevant to this investigation.

Our understanding is that the Met aims to create a more 'commercial culture' in the police and that this will involve outsourcing more services. The Met believes its new approach will lead to a 20% reduction in costs and a 20% increase in confidence in the Met police (up to 75%). We believe that outsourcing police services will not help the Met to achieve these goals, for three reasons.

### 1) Police outsourcing is not supported by the public

62% of the public is against privatisation of the police.<sup>1</sup> Our polling found that only 21% of the public trust outsourcing companies, whereas 65% trust the police. 69% would be more comfortable with police services being provided by the public sector. Only 16% think there is adequate regulation of private companies running public services.<sup>2</sup>

Companies that are likely to bid for police work - such as G4S - are very unpopular with the public, for good reason. Their involvement is likely to reduce confidence in the police, not increase it. Only 22% of the public think outsourcing companies like Atos, Capita, G4S and Serco are motivated by providing the best service to the public - while 80% think this should be important.<sup>3</sup> Companies providing back-office services may not be as high profile but they are similarly motivated by profit and there have been some serious contract failures, for example in Somerset<sup>4</sup> and Sandwell<sup>5</sup>.

The Met is likely to work with large companies as its stated aim is to 'reduce the number of contracts and work with a small number of strategic suppliers'. Negotiating contracts and ensuring delivery would be an additional burden on the public sector. Contractors in particular may be skilled at winning bids but often less committed to

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1 <http://comres.co.uk/a-caution-for-police-privatisation-2/>

2 [www.weownit.org.uk/privatisation/outsourcing](http://www.weownit.org.uk/privatisation/outsourcing)

3 Ibid.

4 <http://www.computerweekly.com/news/2240142323/Somerset-Council-to-bring-Southwest-One-services-back-in-house>

5 <http://www.expressandstar.com/news/2013/08/21/sandwell-council-to-part-ways-with-bt-and-end-300m-contract/>

delivering what the public needs - as evidenced by the many scandals outsourcing companies have been involved in.<sup>6</sup>

## **2) Police outsourcing will reduce public accountability**

Everyone relies on the police to keep our communities safe. The police provide a public service and staff are primarily motivated by a public service ethos. Private companies are primarily motivated by profit - they are accountable to their shareholders, not to citizens. Outsourcing means that the police force loses flexibility and operational control, while the companies providing services have no incentive to go above and beyond the requirements laid out in the contract.

Involving private companies in delivering police services also reduces transparency. Contracts, performance and financial data would not be available for public scrutiny, and lack of information makes it harder to assess whether contracts are working in the public interest. The public would also be confused about who to complain to. We Own It is campaigning for a Public Service Users Bill to promote transparency, accountability and people before profit in public services.<sup>7</sup> We would like to see the Met adopt this approach to public contracts.

## **3) Outsourcing will undermine value for money**

Public services meet society's needs and often operate in a context of monopoly or near monopoly. A culture that encourages efficiency, innovation and collaboration is vital - but it cannot be assumed that this is the same thing as a 'commercial' culture. There are many innovative ways to improve services in-house and make them more efficient.<sup>8</sup> To make the most of these, is important for authorities to have flexibility rather than being locked into a pre-agreed contract. Research from the Association of Public Service Excellence (APSE) found that 57% of 140 local authorities 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% of these, and quality and control being further drivers.<sup>9</sup>

Private companies pay profits to their shareholders, pay their executives up to 30 times more than the public sector and have much higher pay inequality.<sup>10</sup> Therefore a decision to outsource also means a decision to subsidise shareholder profits, higher executive pay and greater pay inequality with public money. This might be justified if it was felt that private companies were so much more efficient that the subsidy would be worth it. However a comprehensive study from the Public Services International Research Unit finds that 'there is no empirical evidence that the private sector is intrinsically more efficient'.<sup>11</sup> A review of outsourcing finds that the claims made about its benefits are unproven, but that potential risks are substantial.<sup>12</sup>

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6 [www.weownit.org.uk/privatisation/outsourcing](http://www.weownit.org.uk/privatisation/outsourcing)

7 <http://www.weownit.org.uk/public-service-users-bill>

8 <http://www.neweconomics.org/publications/entry/public-services-inside-out>

9 [www.unison.org.uk/upload/sharepoint/On%20line%20Catalogue/20122.pdf](http://www.unison.org.uk/upload/sharepoint/On%20line%20Catalogue/20122.pdf)

10 <http://www.equalitytrust.org.uk/sites/default/files/Subsidising-Unfairness.pdf>

11 [http://www.epsu.org/IMG/pdf/PSIRU\\_efficiency.pdf](http://www.epsu.org/IMG/pdf/PSIRU_efficiency.pdf)

12 [http://workinglives.org/fms/MRSite/Research/wlri/Working%20Papers/WLRI%20Working%20Paper%20no%2011%](http://workinglives.org/fms/MRSite/Research/wlri/Working%20Papers/WLRI%20Working%20Paper%20no%2011%20)



Outsourcing police services is likely to undermine public confidence in the police and undermine public accountability. The evidence suggests it will reduce rather than increase value for money. For these reasons we strongly believe that the Met should reconsider its plans.