

REQUEST FOR DMPC DECISION – PCD 83

Title: Contract Renewal – Training Managed Services

Executive Summary:

This paper requests endorsement of the current Training Managed Service Provider (MSP) model and to approve the initiation and award of contract for a two year period to Premier Partnerships up to a value of £18m.

Recommendation:

The DMPC is asked to

1. Continue to endorse the Training MSP model as a route to market for external training for a period of two years.
2. Approve the initiation and award of a Call-Off contract for Training MSP to Premier Partnerships via a single supplier framework for a period of two years for up to a maximum value of £18m.

Deputy Mayor for Policing And Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Spence Henderson

Date

27 / 10 / 16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. The Training MSP enables access to an external supply chain for all learning and development which cannot be delivered internally by the College of Policing who are the professional body for standards and best practice.
- 1.2. The first generation solution was implemented in 2014 for a period of two years and has covered a scope of services including both bespoke specialist police training and corporate projects to support organisational change and transformation.
- 1.3. This paper requests approval to renew this arrangement whilst the wider training transformation project, Police Training Faculty is progressed.

2. Issues for consideration

- 2.1. This model continues to deliver benefits to the MPS, with demand management savings in excess of £1.2m being delivered over the initial Call-Off. MPS now wishes to continue this route to market to support external training projects to facilitate the One Met transformation.
- 2.2. The paper does not request authorisation of any spend associated with training and is merely approval to award a Call-Off arrangement to facilitate spend which is approved in line with the local scheme of delegation. There are also no guaranteed volumes or values committed under the Call-Off proposed.
- 2.3. Further details are provided in Part 2.

3. Financial Comments

- 3.1. The cost of up to £18m will be funded from current budgets. Further details are provided in Part 2.

4. Legal Comments

- 4.1. Under para 4.13 of the MOPAC Scheme of Delegation the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to all requests to go out to tender for contracts of £500,000 or above. Under paragraph 7.23 of the Scheme, the Director of Strategic Procurement has consent to approve the award of all contracts with the exception of those called in through the agreed call in procedure. Paragraph 4.14 provides that the DMPC reserves the right to call in all award contracts for £500,000.

5. Equality Comments

- 5.1. There are no direct equality or diversity implications arising from this report

6. Background/supporting papers

- 6.1. None

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – Yes

If yes, for what reason: commercial sensitivity

ORIGINATING OFFICER DECLARATION:

	Tick to confirm statement (✓)
Head of Unit: The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Head of Strategic Finance and Resource Management has been consulted on this proposal.	✓
Equalities Advice: Equality and Diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date 25/10/16



=====



Business Justification

Contract Renewal: Training Managed Services

Investment Advisory Board 20/10/2016

Freedom of Information Act Publication Scheme

Protective Marking	Commercial - Protected
Publication Scheme Y/N	N
Title	Contract Renewal: Training Managed Services
Version	0.1
Summary	This paper assesses the route to market options associated with external training spend.
(B)OCU or Unit, Directorate	Met Training
Author	John Collings and Kate Davies
Review Date	21.09.2018
Date Issued	21.09.2016

Version History

Version	Date	Additions/Modifications	Prepared/Revised by
Draft	21/09/2016	Final version amended in response to feedback	Kate Davies, Commercial
Final	18/10/2016	Revision following PIB	Kate Davies, Commercial

Internal Consultation & Assurance

The following people have been consulted in the production of this Business Justification and their opinions are incorporated.

Directorate / Dept.	Name & Job Role	Rank / Grade	Date Assured
Procurement	Kate Davies, Strategic Category Lead	Band U	01/09/2016
HR	John Collings	Band B	01/09/2016
Legal (DLS)	Luke Collins	DLS	01/08/2016
Finance Business Partners	Neil Barton	Band S	08/08/2016



Contents

1	<i>Decisions Required</i>	3
2	<i>Strategic Case</i>	4
3	<i>Economic Case</i>	8

1 Decisions Required

The Training Managed Service Provider (MSP) enables access to an external supply chain for all learning and development which cannot be delivered internally or by the College of Policing who are the professional body for standards and best practice. The first generation solution was implemented in 2014 for a period of two years and has covered a scope of services including both bespoke specialist police training and corporate projects to support organizational change and transformation. This paper requests approval to renew this arrangement whilst the wider training transformation project, (formally known as Police Training Faculty (part of the Met Enterprise portfolio) is progressed.

The DMPC is requested to approve the following recommendations:

1. Continue to endorse the Managed Service Provider model as the route to market for external training, for a period of 24 months (1st November 2016 – 30th September 2018). This will enable continuity of supply via a single route to market for training services.
2. Approve the initiation and award of a Call-Off contract for Training Managed Services to Premier Partnerships via the Eastern Shire Purchasing Organisation a single supplier framework covering a period of November 1st 2016 to September 2018 for up to a maximum of £18m spend will be subject to scheme of delegation and corporate approval procedures for each requirement.

The key issues the DMPC needs to take account of are:

- This model continues to deliver benefits to the MPS, with demand management savings in excess of £1.2m being delivered over the initial Call-Off. MPS now wishes to continue this route to market to support external training requirements and enable efficient and effective value for money procurement of training projects to facilitate the One Met transformation.
- The paper does not request authorisation of any spend associated with training and is therefore merely approval to award a Call-Off agreement to facilitate spend which is approved in line with local scheme of delegation and/or corporate governance (£500k+). There are also no guaranteed volumes or values committed under the Call-Off proposed.

2 Strategic Case

The Business Need

The Managed Service model for training was established in 2014 as the initial solution for external training spend. The solution was implemented to consolidate our external supply base, improve transparency of demand and support commissioning of that demand through market competition. The second generation solution is currently being developed under the Training Transformation project (previously known as Met Enterprise – Police Training Faculty), which supports development of the transformation of training services (both internal and external) and explores opportunities associated with the Met brand and IPR in relation to training.

Both the Met and MOPAC utilize these contracts as the route to market for external training requirements, enabling clarity over our requirements and facilitating economies of scale discounts.

The Training Managed Service provider has thus far facilitated delivery of projects and individual business as usual training over £6m of learning and development. In delivering this service, the MPS has saved £1.22m through demand management expertise provided by the Managed Service Provider and competition in the supply chain. The route to market was created in order to reduce the number of individual procurements required, whilst also maintaining a rigorous competitive process for lower value higher volume requests.

Background

Prior to June 2014, the MPS had historically purchased external training services on an ad-hoc, departmental basis. This was due to a high volume of low value contracts distributed across a large supply base, each being awarded small requirements without central visibility over demand or the opportunity to assess value for money over the medium to long term. This resulted in a supply base of over 400 suppliers and in many instances the Procurement process for the same training requirements were duplicated by different business groups. This limited the ability of Procurement Services to achieve value for money through consolidation and leverage. Alongside this issue, due to the nature of a high volume of low value requirements, management information and supplier contract management has traditionally not been prioritized by the business.

The training category strategy was developed into two phases. The first phase was to implement a managed service model to reduce administrative burden, consolidate supply base and improve economies of scale. The implementation of a managed service model has allowed commercial services to support the business to further explore phase two of the category strategy under Training Transformation. This project is designed to transform the end to end training service (both internal and external) and explore commercial opportunities associated with MPS brand and IPR.

The managed service was designed to cover both business as usual training requirements and project work, with the majority of spend envisaged for the former (definitions of both service types can be found in (Appendix 2). There has however been a notable shift towards strategic learning and development projects covering wider audiences, showing targeted investment to enhance skills identified through developing MPS Strategy. This has enabled the Managed Service model to deliver additional benefits such as a reduced lead time to accessing training services (in some instances up to 9 months was removed from the procurement milestone timeline) and consolidated management of multiple suppliers to deliver one project.

2014 to Present Day

In 2014 Joint Investment Board (now Investment Advisory Board) approved the award of two separate call off agreements. Each Call-Off was awarded under separate supplier Frameworks, where all requests would be competed by one of the two Managed Service Providers, namely:

Description:	Framework 1: Accessing Supply Chain via:	Framework 2: Accessing a Supply Chain via:
Framework Title:	Civil Service Learning Framework (Wider Public Sector)	Managed Training Services
Framework Owner	Crown Commercial Services	Eastern Shires Purchasing Organization
Framework Structure	Single supplier manages demand and competes requests using a supply chain which evolves over time to meet customer needs	Single supplier manages the demand and competes requests using its supply chain which evolves over time to meet customer needs
Managed Service Provider:	Capita Business Services	Premier Partnerships

Both call-offs together provided access (without commitment or exclusivity) to the knowledge and expertise of a training network of over 6000 training suppliers. Incorporating the needs of the MPS operational and support departments to provide a consistent engagement method for the management, supply and delivery of training requirements delivered by third party providers.

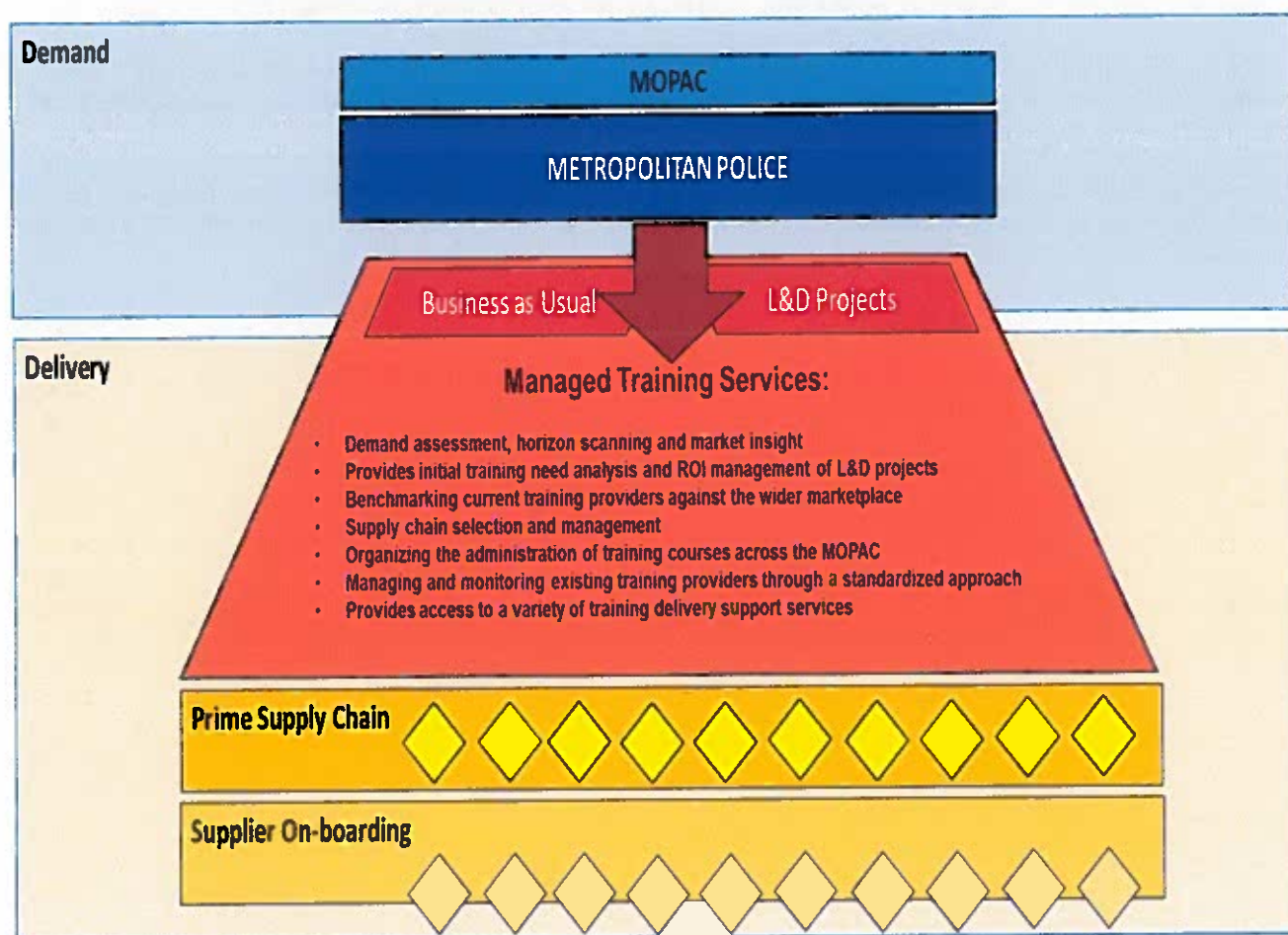
Case for Change

The existing Call-Off arrangement with Premier Partnerships is due to expire on the 1st November 2016. It is therefore necessary to explore the route to market available for the period of 1st November through to October 2018 when the wider Police Training Faculty transformation project will be undergoing solution implementation to transform all learning and development demand across the MPS.

Benefits delivered to date

The following benefits continue to be delivered via the Training Managed Service Provider model:

- Increased transparency over learning spend, attracting oversight from training departments and formal governance as opposed to the previous reactive contracting methodology which led to many requirements being disaggregated and not therefore enabling strategic governance processes to be in place.
- Past organisational structures have resulted in a lack of central coordination and governance. However through increased awareness of the total scope of requirements and associated spend, departments can review their external training commissions and work together with the managed service provider to implement continuous improvement and add value through forward planning. An example of this is in relation to Cyber Crime, where SO15 are commissioning a new Cyber curriculum, previously delivered by a number whereby the pricing negotiation is severely reduced due to the specialist technical nature of the training.



Lessons Learnt and Best Practice

Given the size and scale of the transformation being implemented across the organization, the managed service provider model has played an instrumental part in enabling skills development to facilitate change in areas such as; adopting new technology, performance management, recruit legislative training, leadership, career development and mental health awareness (as commissioned by MOPAC) to name but a few.

In order to facilitate change in the organization, a number of high value training projects have been developed using the Managed Service Provider Model. To continue to support this development, in addition to the Business As Usual training requests, Premier Partnerships have developed a process to ensure the relevant

support and expertise is available from the outset. This form of Early Supplier Engagement (ESI) has proved valuable in assessing and managing demands, which has led to cost avoidance which would otherwise have been included in the specification. More information on the cost avoidance savings can be found in Appendix 3.

Assurance

Whilst the recommendations contained in this paper suggest moving away from a multiple managed service model to consolidate under one provider, this does not mitigate or remove the need for value for money via competition. All requirements must be competed using the supply chain unless the training requirement is niche and therefore satisfied by only one provider. These processes remain to be a key part of the engagement process for external training using the Managed Service Provider model.

The recommendations included in this paper seek to secure a central route to market for all training demands required by the Met and MOPAC. Whilst the route to market includes the approval to award call-off contracts under frameworks designed to consolidate the training supply chain, it should be noted that this does not provide financial authority to spend any of the value (estimated at £18m) for the contracting period. The estimated contract ceiling value has been developed from a forecast of the potential learning and development pipeline demand over the 24 month period from 1st November 2016 to 30th September 2018.

Each training request will therefore be subject to approval in line with existing corporate governance and the scheme of delegation. For project work over £500k this means the submission of an approved business case and investment recommendation.

Business as usual requirements managed under various budgets including the Central External Training Budget (managed by Strategic Learning) and the CT Grant Fund will be managed in line with the embedded processes for bid and award of corporate funds.

3 Economic Case

The purpose of this section is to examine the options for satisfying the business need and recommend a preferred way forward which represents the optimum value-for-money.

Options Analysis

The following table shows the benefits and challenges of the Managed Service Model in comparison to removing a single, consolidated, route to market for training services.

It should be noted that the Economic Case covers two options:

- 1 Remove Managed Service Provider, thus commercial services would react to requests on a case by case basis as engaged by the requesting department.
- 2 Continue with the Managed Service Provider Model, enhancing where possible through negotiation.

It should also be noted that the option to maintain two independent managed service models for training services was initially explored and discounted, as by nature a Managed Service Model delivers benefits through economies of scale associated with consolidation. The various routes to market available for Option 2 below is addressed in the Commercial Case, as it relates specifically to the procurement of the solution.

- 1) Remove Managed Service Provider, thus commercial services would react to requests on a case by case basis as engaged by the requesting department

Qualitative Analysis:

Benefits:

- There is no immediate procurement need, however all requests will need to be competed separately thus adding to procurement capacity required on an ongoing basis.

Challenges

- Lack of central oversight (and data) for external training spend due to vast supplier base. This removes the ability to identify synergies between different departments' requirements and negotiate a better price.
- Lack of oversight regarding need and spend clarity, leading to uninformed investment decisions.
- Lack of standardisation of terms and conditions.

Quantitative Analysis:

- Insufficient capacity to manage vendor base and undertake procurements. Without the Managed Service Provider model in place the Met would have needed to undertake 5 separate procurements during the 2 year timeframe at a total cost of £180,000. This mitigated as part of its inclusion in the managed service provider fee
- Increased cost of managing supply base (approximately £40k based on 400 suppliers at £100 per vendor record) vs. management of one strategic supplier

- 2) Continue with the Managed Service Provider Model, enhancing where possible through negotiation:

Qualitative Analysis:

Benefits:

- Mitigates changes to operating processes
- Provides continuity of service
- Facilitates demand clarity to exploit economies of scale and inform investment decisions
- Captures requirement synergies between departments e.g. Firearms and Royalty Protection to provide a better rate based on consolidated volume
- Further efficiencies to be explored in linking central budget investment to the Managed Service quotations process

- Managed Service provides access to over 500 providers with standardized performance and supply chain management undertaken by the managed service provider.

Challenges:

- Ensure all customers engage fully with the Managed Service Provider, when the training need is first identified. Currently the business is taking on the admin of obtaining quotes, which removes the leverage which can be applied by the Managed Service Provider.

Quantitative Analysis:

- Non-Cashable: Given the maturity of our external training demand management and commissioning processes, the best value Managed Service Provider model available is Premier Partnership at 10% Managed Service Fee, which includes need identification, sourcing and competition, supplier on-boarding and supply chain performance management. The next nearest solution is offered at 18.5%.
- Non-Cashable: Savings achieved to date via the Managed Service Model: In excess of £1.2m over two years. MPS would expect to achieve a similar saving for the proposed Call-Off recommended in this paper.

Conclusion:

Given the benefits of utilizing a managed service provider model for training services, Strategic Learning as the corporate client sponsor are content to continue delivery via this model until the Met Enterprise – Police Training Faculty solution is developed. The focus of analysis in this paper is therefore reverted to the Commercial Case, as is consistent with decision making surrounding the procurement strategy and route to market for the required solution.

