

MOPACMAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL

27 July 2020

Addressing the Commercial Governance and Control Issues

Report by: The Director of Commercial Services

Report Summary

This report provides an update on how Commercial Services will address and resolve its long-standing Governance and Control issues, ensuring alignment with the revised Scheme of Consent and Delegation that is being implemented.

This paper will also seek to correct elements of the report published in September.

In addition, this paper will provide an update on the corrective action plan implemented to resolve issues identified with the Commercial Lifecycle Management system that was paused in January, as well as other activities that seek to leverage best practice from peer organisations across the Public Sector.

Recommendations

The Audit Panel is recommended to:

- a. Note progress made to date
- b. Note support to enable further work
- c. Note expectations on closing out outstanding action items

1. Supporting Information

1.1. Addressing fundamental principles

The previous report provided by Commercial Services for the Audit Panel referred to the progress being made on the implementation of the Contract Lifecycle Management system. The benefits of such a system are well-documented and its adoption will be a key enabler for Commercial Services in supporting MPS activities for the foreseeable future. However, most organisations fail when they believe implementing a system will be the answer to addressing failing or ill-defined underlying business processes.

To implement such a solution successfully, there are a number of key success factors that must be addressed prior to and throughout the progress of the project. One is the agreement and design of the underlying business processes upon which the system will operate whilst the second is the support and involvement of its intended user base upon whom the success will depend. It was recognised in January 2020 that the project had neither of these factors in place and the project was paused to prevent a failed implementation in April. A review of the project was undertaken with recommendations made (please see Appendix 1) on how to move forward.

One of the recommendations was to review all design and requirements documentation. This activity has been concluded recently following a series of workshops involving a range of internal commercial stakeholders. All processes and operating decisions have now been agreed by the Commercial Services leadership team. These will be formally presented and discussed in a review meeting with representatives from the Audit team on July 30th. These documents can be provided to Audit Panel members if needed. Through the involvement of internal commercial stakeholders, we have addressed both the internal support for the project as well as establish the process foundations upon which any system will operate.

The project will shortly recommence with intended aim of deploying in the autumn to support the new Commercial operating model. As we move towards deployment, we will be seeking to leverage best practice and lessons learnt from related user groups and peer organisations.

One other area to have been addressed during the process workshops is agreement around a savings methodology that can clearly explain what benefits have been derived from commercial activities. This is now in the process of being agreed with Finance in readiness for immediate adoption.

All of this information will be shared with existing employees and be provided to any new employees to support their integration into the function.

1.2. Embedding the necessary changes across Commercial services and the MPS

One of the most significant changes recently announced in the new commercial operating model is the creation of a new Enablement and Performance pillar. This pillar will support the 6 category pillars on a number of initiatives including capability uplift, supplier relationship management and systems. One additional area that will be owned by Enablement and Performance is the area of Governance, Risk and Controls. A project is currently underway to review all previous documents, processes and governance to assess their suitability for the new model. Recommendations will be shared with stakeholders during July and August in readiness to launch in the autumn. One recommendation will include establishing category pipelines, which will highlight projects of varying complexity and risk to establish which will require extra focus as it passes through the assurance stages.

The Enablement and Performance team will own the relationship with peer organisations to identify and where necessary adopt best practice around assurance and governance. This will include working with representatives of the Government Commercial Function to ensure adherence to necessary standards and embedding of best practice such as the Outsourcing playbook. A knowledge sharing session is already planned for July 23rd with the extended Commercial leadership team ahead of a wider deployment to the entire function. The Enablement and Performance team will also own the upskilling of the function. This has already begun with commercial employees enrolling and learning from the Commercial College courses. This has been obtained without charge and is being shared across the organisation, not just within Commercial, via the Transformation Directorate.

Finally, the Governance, Risk and Controls team will be working closely as we start to implement the new Scheme of Delegation, ensuring this integrates seamlessly with any new assurance processes implemented within Commercial Services.

1.3. Meeting expectations

It is apparent that Commercial Services has not previously moved at the pace required or expected of it in addressing its Governance and Controls issues.

These issues are now being addressed and are key objectives for the year as it establishes and embeds its new ways of working. To ensure the necessary focus remains, it is suggested that a new audit is conducted in the second half of the financial year to ensure that Commercial Services is meeting its obligations of addressing its Governance and Controls issues.

2. Equality and Diversity Impact

There are no immediate Equality and Diversity Impacts. Greater focus on our supply base and the quality of data should help to identify opportunities to drive improvements in our commercial activities supporting Social Value. Our plan to launch our collaboration with Givewith, a social value impact capability, in the second half of 2020 will allow Commercial to directly contribute to MPS efforts.

3. Financial Implications

Management Board have approved one-year pump prime investment of £1.7m to enhance capacity in Commercial Services, with the expectation that these costs will be met in future years from savings delivered by stronger commercial activity. Improving rigour around our systems and processes whilst also improving our governance and capability, should start to realise better commercial outcomes which will be tracked and monitored via the new savings methodology. It is worth noting that any CLM system implementation will incur costs for implementation and software licences. These costs have been included in the 3 year business case which support the new commercial blueprint.

4. Legal Implications

There are no direct Legal Implications. However, providing all commercial employees and wider MPS employees with the ability to complete Contract Management training should also start to drive improved contractual approaches.

5. Risk Implications

Implementing any system is not the single reason why risk will suddenly improve in an organisation. The clear mapping and understanding of commercial processes now provide the opportunity to identify the risk area and implement the appropriate mitigation to improve commercial outcomes for the MPS.

6. Contact Details

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7. Appendices and Background Papers

Appendix 1 – Jaggaer Review and Recommendations – official sensitive