

MOPAC

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME



MPS-MOPAC JOINT AUDIT PANEL 29th March 2021

MPS Commercial Services: Update on Historic Audit Recommendations

Report by: The Director of Commercial Services

Report Summary

This report describes the findings from the recent review conducted by DARA into the new ways of working introduced into Commercial Services. The paper also references progress made in addressing the 2018 Fleet Audit.

Recommendations

The Audit Panel is recommended to:

- a. Note progress made to date
- b. Note the commitment to address outstanding issues with the aim of providing a further update on progress at the July 2021 Audit Panel

1. Supporting Information

1.1. Further change within Commercial Services

Reports provided to Audit Panel in both July and October 2020 highlighted the work undertaken to address historic and systemic issues within Commercial Services.

Since October 2020, notable changes to the function include:

1. Appointments of both existing and new employees into positions in our new operating model. Key appointments made in recent weeks are the new IT Commercial Director (external appointment made with assistance of Angus McCallum) and new Vehicles Commercial Director (internal appointment made with assistance of AC Louisa Rolfe).
2. Introduction of accreditation for commercial employees against professional standards. The first wave of employees completed in February with the remaining employees to undergo their assessment centres during April. This is one part of our commitment to ongoing professional development.
3. Successful launch of the new Commercial Lifecycle Management system in January 2021.
4. Successful completion of commercial activities on LMS, SSCL and Pegasus. In conjunction, we have contributed to the strategy and design of the new Fleet OBC.
5. Considerable increases in metrics assessed in Staff Survey.
6. 100% of all Commercial Services employees successfully completed the Government Commercial Function Foundation Contract Management module (Only wider Government body to have achieved this)
7. Winner of the 2020 EMEA 'Innovation in Crisis' award in the World Contracting and Commerce Innovation and Excellence Awards.

Further changes planned for 2021 are contained in Appendix 3.

Further benchmarking is planned for the second half of the year against the new version of the Government Commercial Operating Standards and will determine how far the function has progressed in relation to its peers since it was last assessed in 2019.

1.2. Review of Progress in partnership with DARA

Regular dialogue between DARA and Commercial Services over the last 12 months about the new ways of working implemented in the function led to the planning and execution of the review conducted in February 2021 (Appendix 1).

The review was looking to provide assurance that

1. The Met's commercial lifecycle framework is clearly defined and has been developed in line with recognised best practice to meet agreed strategic objectives and appropriate legislative and regulatory requirements.

2. Supporting policies, procedures, accountabilities and roles and responsibilities are clearly defined, properly approved and understood by key stakeholders.
3. Effective systems and infrastructure and appropriate resources support the implementation of the commercial lifecycle framework.
4. Effective governance arrangements are in place to ensure compliance with the approved framework, identify and manage key risks and assure delivery against defined outcomes.

The findings of the review are positive whilst recognising that its timing was only 1 month after the implementation of the new Commercial Lifecycle Management System. Further work will occur to review how these new ways of working embed themselves within the function and in their interactions with stakeholders inside and outside the organisation.

In parallel, assessment of the new ways of working was made in relation to the historic Fleet audit (Appendix 2). Progress has once again been highlighted although a greater focus is now needed to draw these historic issues to a conclusion. A number of these issues have been addressed both within the function and with the relevant stakeholders with the recently published Fleet OBC being the result of significant effort being invested by Commercial Services, Transformation, Finance and business stakeholders to ensure it met both PIB and IAM stakeholder expectations. This was the culmination of nearly 12 months of effort, including considerable engagement with the market to listen to what options would interest them in participating. Seventeen out of twenty-two organisations contacted expressed interest in bidding and their responses will be assessed against business objectives for the business case prior to a return to stakeholders in November. It is our intention to review work undertaken to date with Audit at the earliest opportunity.

1.3. Commitment to close out outstanding issues

It is 1 year since the new operating model was published and considerable efforts have been made during the last 12 months to establish foundations for future success. It is gratifying that stakeholders recognise the efforts made and witness a function being formed that is valued across the organisation.

However, significant challenges still exist for the function and these include:

1. Identification and attraction of the appropriate Commercial talent
2. Working with our supply networks in the evolving COVID
3. Bringing rigour and consistency in the management of our most important contracts and supplier relationships

Whilst we focus on ensuring a successful outcome on these activities, greater focus is required to resolve both new and historic audit issues within the function. An example of this is the Commercial Handbook (Appendix 4) which was created to act as the single reference document for Commercial processes used across the function. Whilst the large majority of this document is completed, the remaining gaps need to be concluded. To do this, it is our intention to increase our focus on these issues during the next quarter with the

aim of reporting considerable progress towards their ultimate closure at the Audit Panel in July 2021.

2. **Equality and Diversity Impact**

Commercial Services is committed to driving equality, diversity and inclusiveness across the Function, the MPS and across its supply networks. It has introduced a number of measures in the last 12 months to drive improvements including the introduction of the 'Safe space to talk' sessions and all employees completing Unconscious Bias training. Our Social Value activities have already identified £340k to invest in social causes in London and further work will start over the next 12 months to drive greater diversity and inclusiveness into our working practices.

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. Year 2 investments are currently being determined.

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**

The new Supplier Risk module of the CLM system launches in April 2021. It will allow the MPS to record various supplier risks to build a profile of individual suppliers which can be tracked over time and provide Commercial Services the opportunity to implement mitigations or actions plans if appropriate.

6. **Contact Details**

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7. **Appendices and Background Papers**

Appendix 1: Commercial Emerging Findings Report February 2021 – Official Sensitive
Appendix 2: Fleet Follow Up Draft Actions March 2021 – Official Sensitive

Appendix 3: Commercial Services Progress Timeline March 2021 – Official Sensitive

Appendix 4: MPS Commercial Handbook - DRAFT – Official Sensitive