

RM6187
Management Consultancy Services

Market Engagement
29th October 2019



Crown
Commercial
Service

Agenda

1. Purpose of today: Management Consultancy - Future Frameworks
2. Introductions
3. Timeline
4. MCF / MCF2 Spend analysis
5. Proposed lot structure
6. Feedback
7. AOB



Today's Objectives

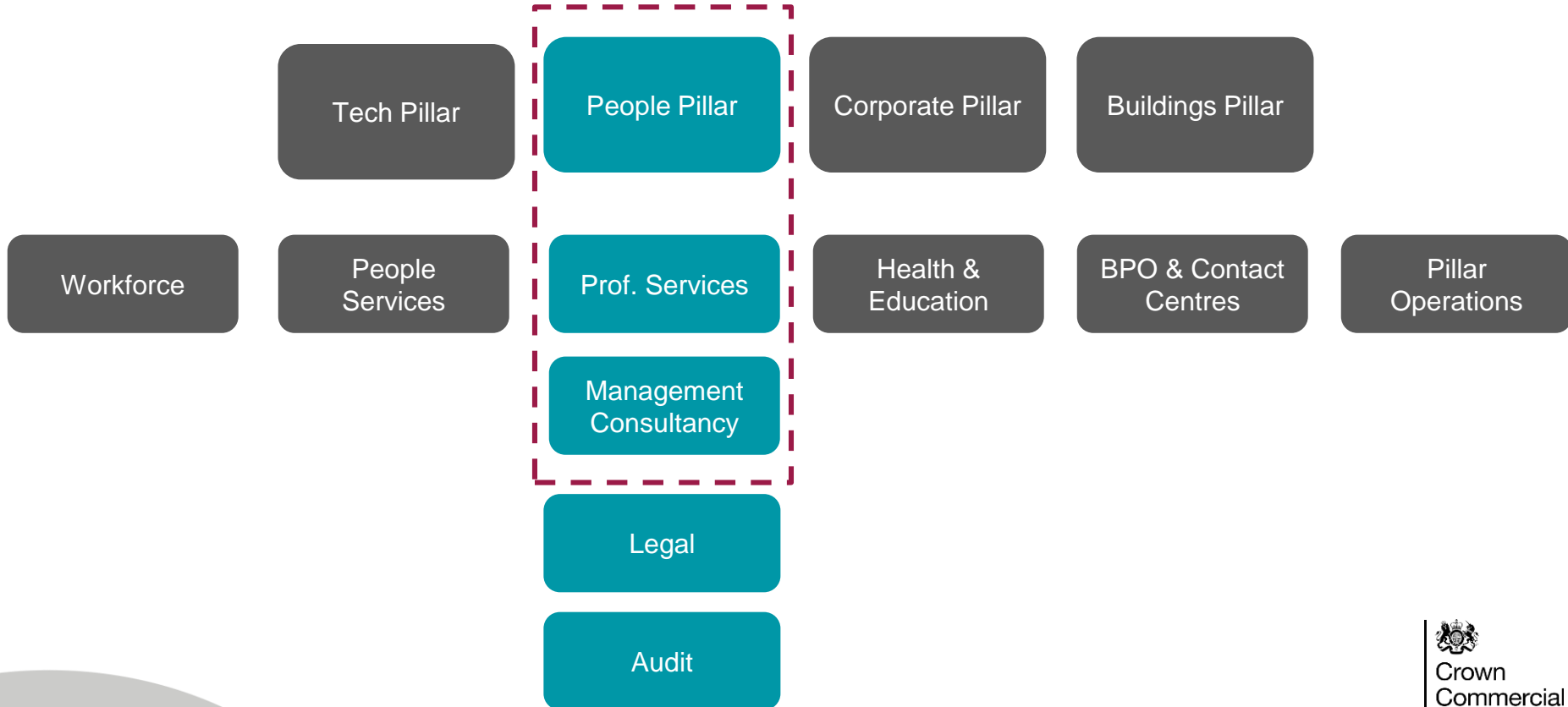
In Scope

- Present analysis of current framework usage
- Present options for future lot structures

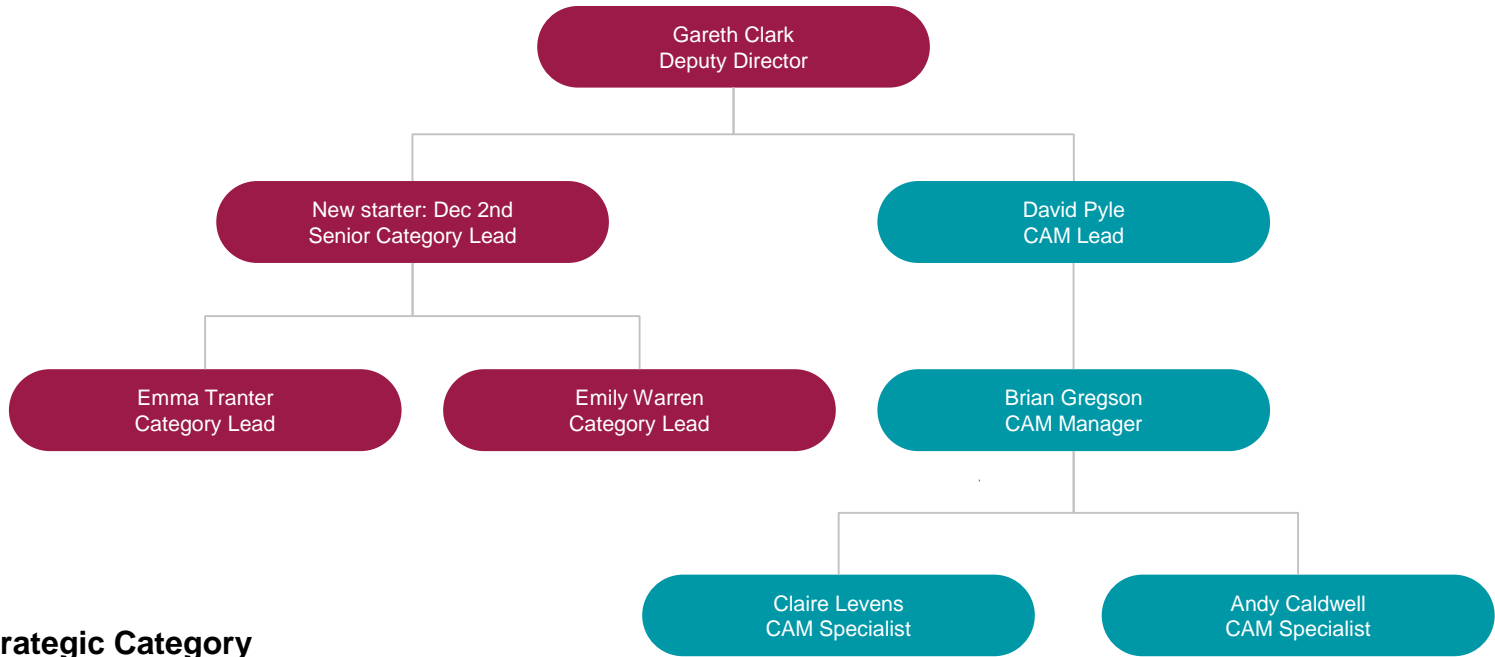
Out of scope

- Evaluation criteria
- Entry thresholds to lots
- Number of service lines per lot for entry

Crown Commercial Category Structure



Management Consultancy Team



Key:

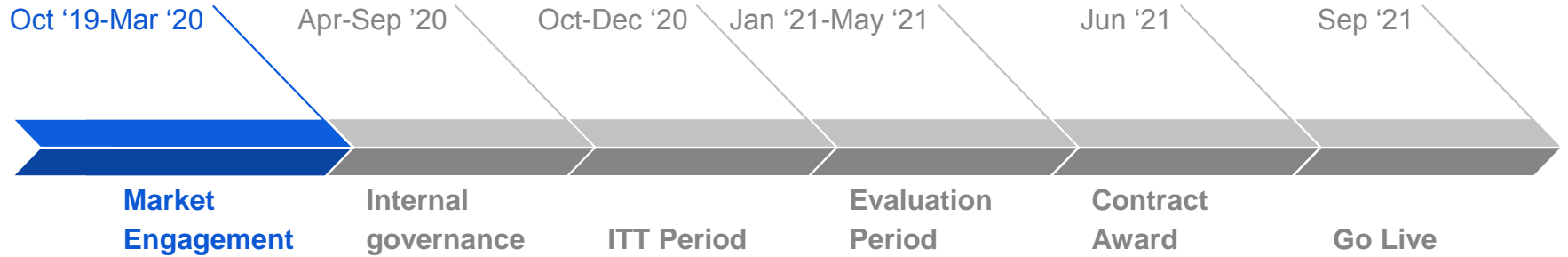
 **Strategic Category**

 **Commercial Agreement Management**

Evolution of Management Consultancy (MC)



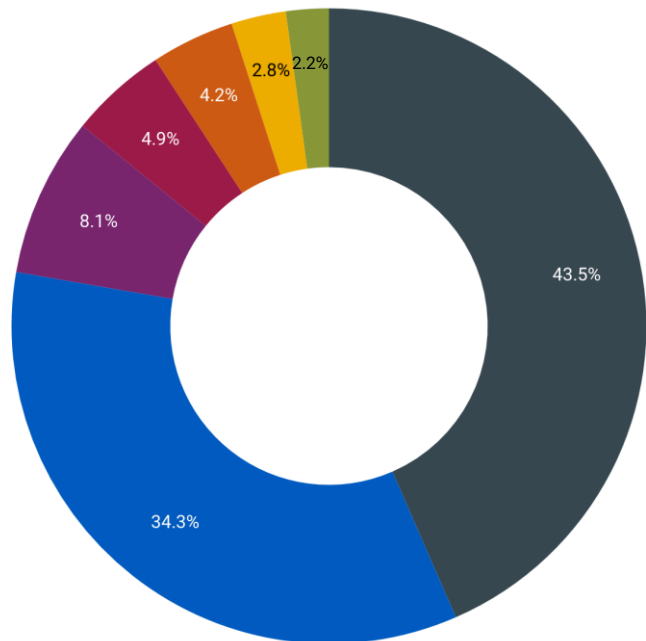
Timeline



MCF and MCF2 Spend analysis

MCF - spend profile

Spend by lot (%)



Finance (L2)	£94.2M
Health & Community (L5)	£74.3M*
HR (L4)	£17.6M
Audit (L3)	£10.7M
Infrastructure (L7)	£9.2M
ICT & Digital (L8)	£6.0M
Education (L6)	£4.7M
TOTAL	£216.7M

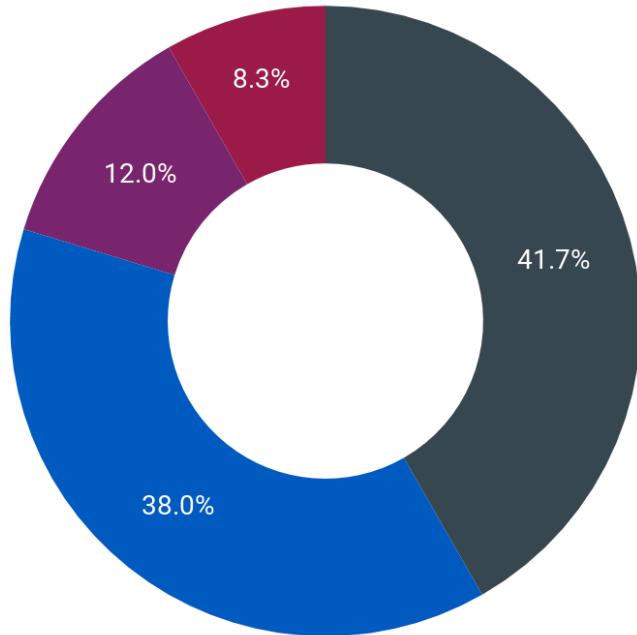
Source: Salesforce - MCF spend FY 2018/19 and FY 2019/20 (up to 30th Sept. 2019) *At least £53.8M of spend via Lot 5 has related to EU Exit



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MCF2 - spend profile

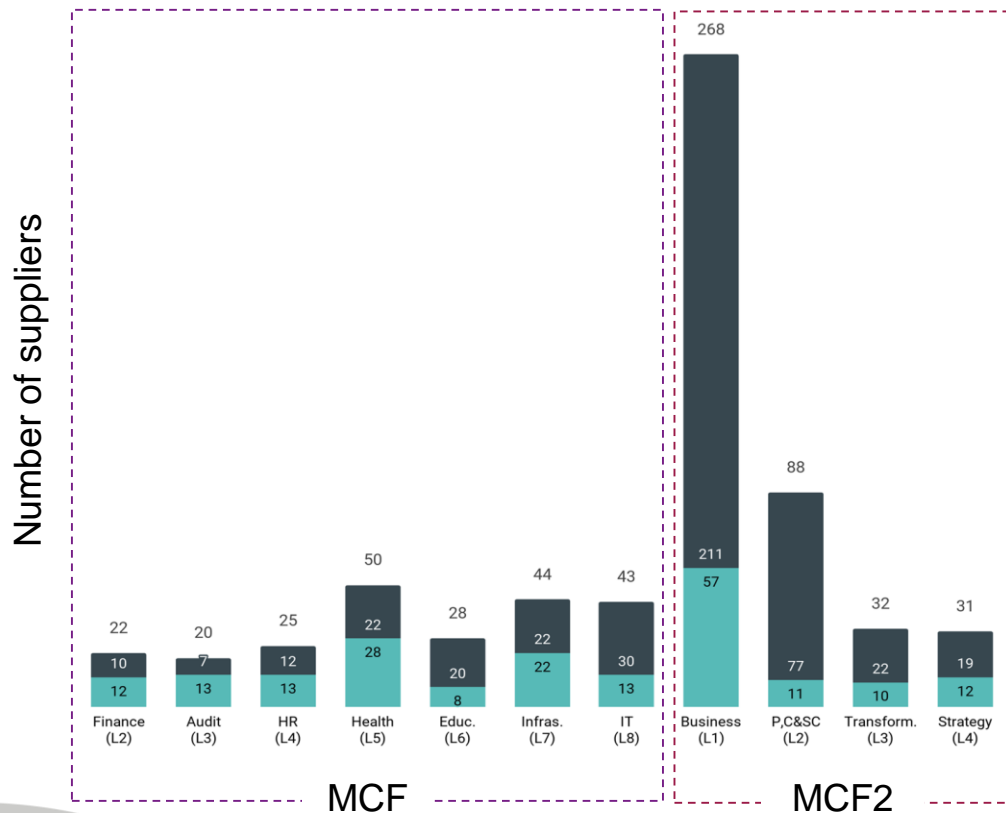
Spend by lot (%)



Complex & Transformation (L3)	£29.0M
Business (L1)	£26.5M
Strategic (L4)	£8.4M
Procurement, Supply Chain & Commercial (L2)	£5.7M
TOTAL	£69.6M

Source: Salesforce - MCF2 spend FY 2018/19 and FY 2019/20 (up to 30th Sept. 2019)

MCF / MCF2 - supplier profile

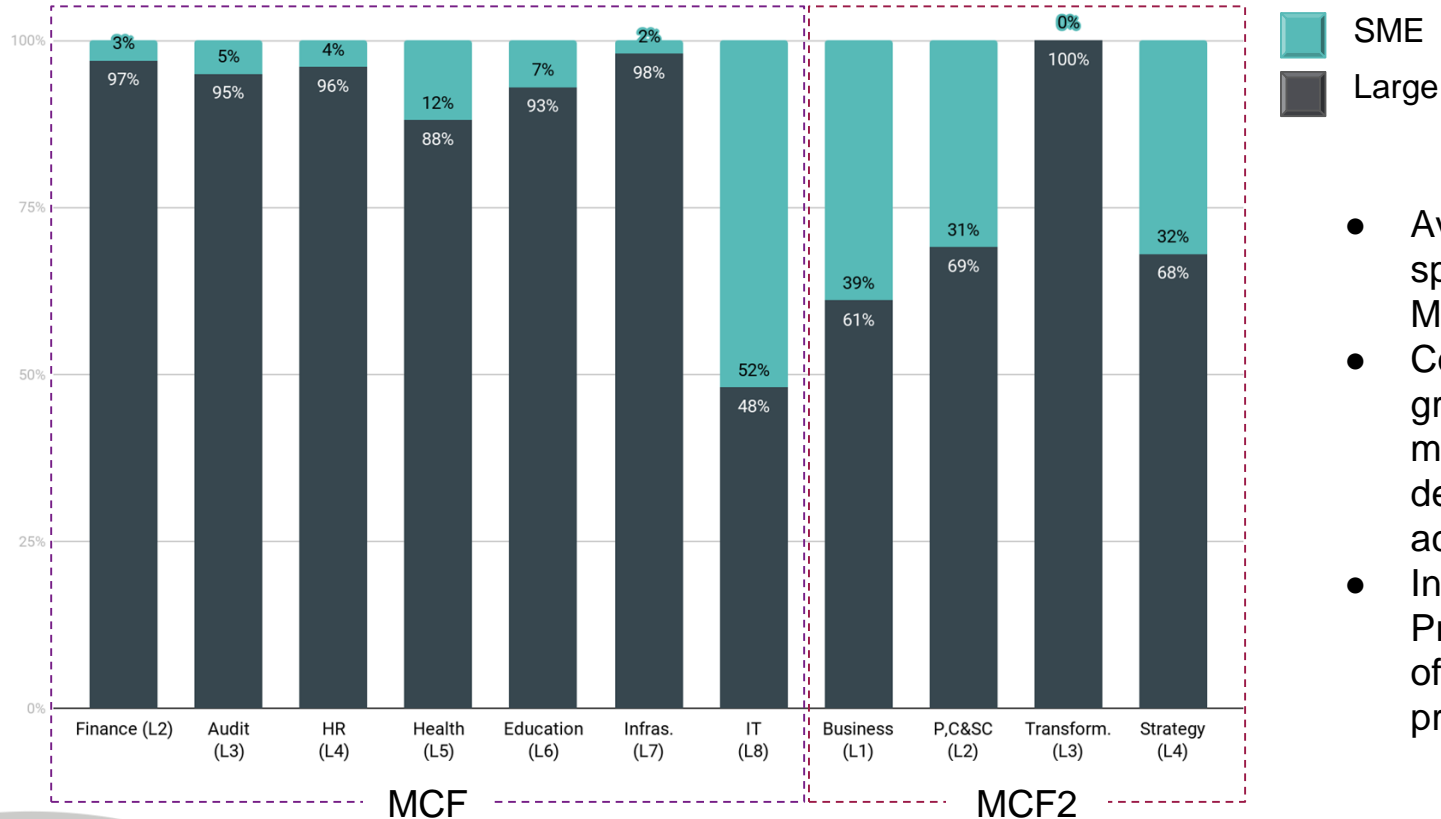


- Suppliers with no spend
- Suppliers with spend

Highlights potential need for fewer suppliers on some lots - with benefits for:

- Suppliers: improve bid to win rate
- Customers: quicker route to market (fewer bids to evaluate)

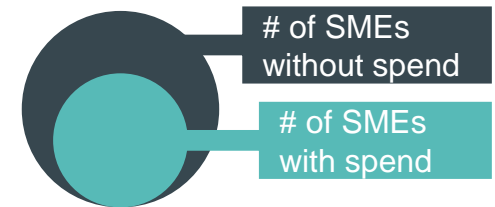
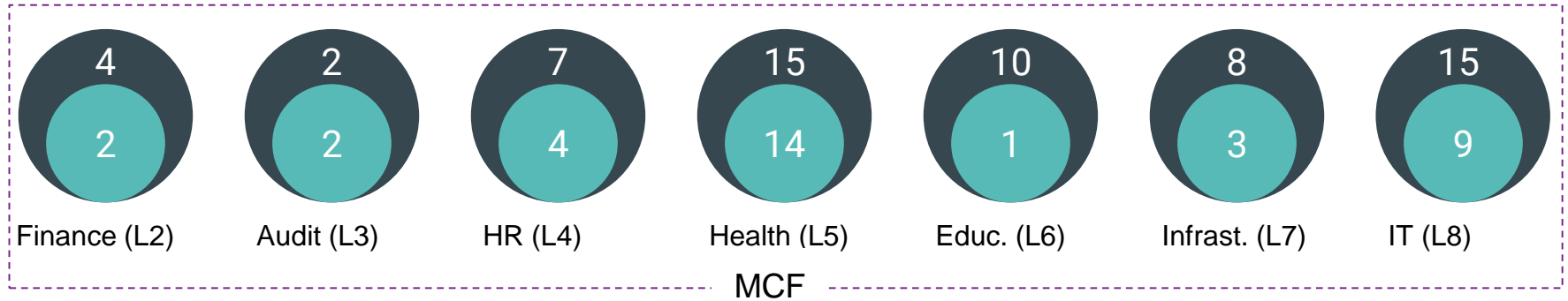
MCF / MCF2 - spend split between large firms & SMEs



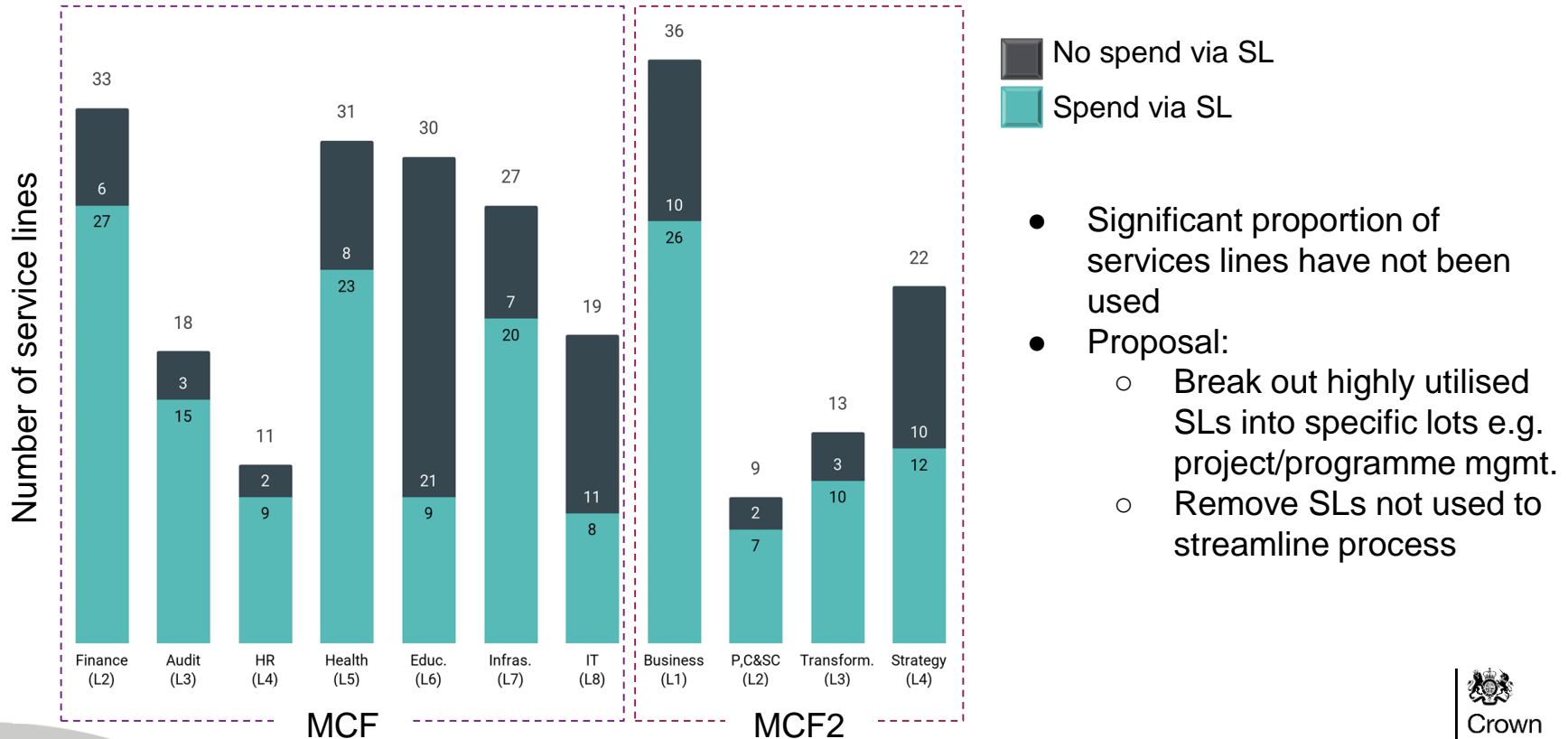
- Average of 11% SME spend across MCF/MCF2
- Consideration of shift to greater # of lots with more specialisms designed to provide accessibility
- Internal Communities of Practice to promote use of SMEs & share best practice

Source: Salesforce - MCF and MCF2 spend FY 2018/19 and FY 2019/20 (up to 30th Sept. 2019)

MCF / MCF2 - number of SMEs awarded spend per lot



MCF / MCF2 - usage of service lines (SLs)



- Significant proportion of services lines have not been used
- Proposal:
 - Break out highly utilised SLs into specific lots e.g. project/programme mgmt.
 - Remove SLs not used to streamline process

Source: Salesforce - MCF and MCF2 spend FY 2018/19 and FY 2019/20 (up to 30th Sept. 2019)

Lot structure options

Lot Structure Options

Option A: Core Lot Structure

1. Strategy
2. HR
3. Procurement, Supply Chain and Commercial
4. Transformation
5. Finance
6. Digital & Technology
7. Business



Option B: A + New Lots

8. Policy & Advice
9. Risk & Compliance
10. Project/Programme Mgmt

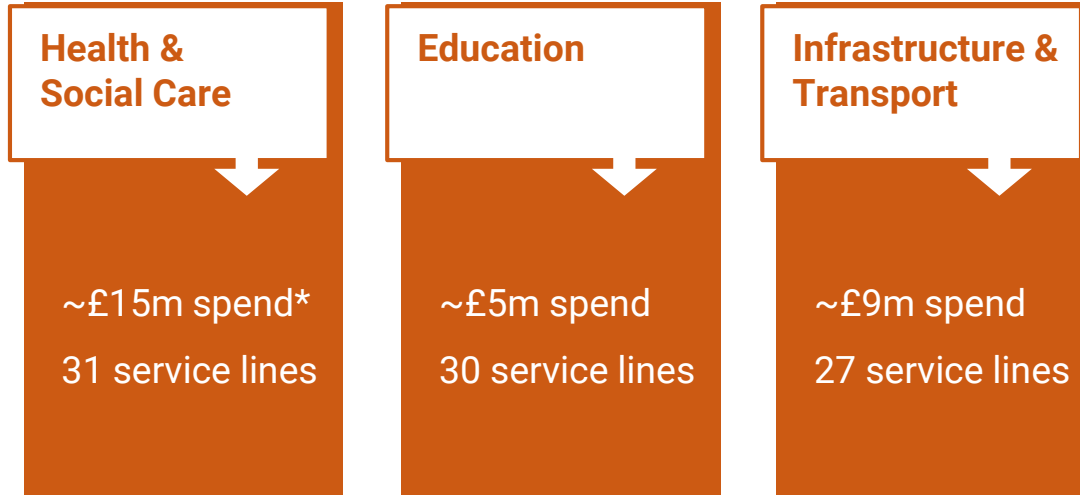
Option C: A + Sector Specific

11. Health & Social Care
12. Education
13. Infrastructure & Transport

Option D: A + DPS

Business Consultancy

Option C - Sector lots



- Currently some spend in Lots 5, 6 and 7 is via non-sector specific service lines e.g.
 - Programme/project mgmt.
 - Transformation
 - Business case development
- However, there is demand for sector-specific expertise e.g.
 - Healthcare service & process evaluations
 - Housing, landlords & tenancy regulation
 - Waste infrastructure

Option D - Dynamic Purchasing System

Pros

- ✓ Quick route to market - simple application
- ✓ No award questions - developed at competition
- ✓ Limited number of entrants
- ✓ Entry at any time
- ✓ Can reapply if not initially compliant
- ✓ Pricing not determined until contract award
- ✓ Ability to filter requirements
- ✓ Opportunity to stimulate the market
- ✓ Cost savings through increased competition

Cons

- ✗ Duplication of MCS Framework
- ✗ Access to entry not equal to framework
- ✗ Cannot direct award
- ✗ No maximum rate caps
- ✗ High demand on supplier engagement
- ✗ Required to check supplier credentials pre award
- ✗ Unclear route to market

Appendix

Summary

- During market engagement various questions & queries were raised around data
- The following slides have been created in response to some of those queries including:
 - Spend by service line on lots
 - Split of SME spend (medium, small & micro)
 - Pricing model spend split

MCF Lot 2

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Business analysis	£24,839,959	26.4%
Accounting advice & risk	£13,709,393	14.5%
Developing & assessing project proposals	£10,699,630	11.4%
Financial performance review & viability studies	£7,575,156	8.0%
Costing review & evaluation	£7,366,799	7.8%

MCF Lot 3

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Internal audit	£4,637,387	43.3%
External audit service	£1,110,002	10.4%
Forensic assessments, accounting Investigations	£1,091,397	10.2%
Governance	£1,033,415	9.6%
Special purpose reviews	£709,079	6.6%



MCF Lot 4

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Organisational training & development	£6,314,686	35.8%
Performance management (including pay, reward & benchmarking)	£3,840,737	21.8%
Human resource functions, process & design	£3,578,971	20.3%
Cultural transformation	£1,701,141	9.6%
Staffing	£716,912	4.1%

MCF Lot 5

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Programme & project management	£8,207,316	11.0%
Forecasting, planning & strategy	£8,028,682	10.8%
Business case development	£7,789,322	10.5%
Policy advice & review	£5,608,815	7.5%
Operational review & improvement	£4,373,011	5.9%

MCF Lot 6

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Transformation, change and assurance	£2,226,449	47.1%
Acute services reconfiguration modelling	£624,999	13.2%
Apprenticeships	£602,120	12.7%
Programme and project management	£515,131	10.9%
Special educational needs	£353,000	7.5%



MCF Lot 7

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Waste infrastructure	£1,089,672	11.9%
Procurement and supply	£1,041,248	11.3%
HR and organisational strategy	£884,960	9.6%
Planning strategies for infrastructure developments	£846,518	9.2%
Business case development	£708,397	7.7%

MCF Lot 8

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Transformation, change and assurance	£2,070,034	34.2%
Programme and project management	£1,669,404	27.6%
Digital services strategy	£706,410	11.7%
Commissioning models	£661,960	10.9%
Unknown	£300,370	5.0%

MCF2 Lot 1

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Capability Development	£2,684,013	10.15%
Business Sourcing Strategies	£2,646,335	10.00%
Project management	£2,534,024	9.58%
Development of Review of Government Policy & or Objectives	£2,302,240	8.70%
Change Management	£2,228,766	8.43%

MCF2 Lot 2

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Contract Management	£1,390,471	24.15%
Procurement Process	£1,259,932	21.88%
Financial Advice on Projects Bidders or Infrastructure Finance	£952,821	16.55%
Optional Appraisal	£750,050	13.03%
Opportunities for Cost Reduction & Commercial Benefits	£699,394	12.15%

MCF2 Lot 3

Top 5 Service Lines (by spend)	Spend	% of Lot Total
Complex Programmes	£8,245,040	28.38%
Supplier Side Advisory Services	£7,603,509	26.17%
Transformation Management	£4,875,916	16.78%
Programme Management	£3,321,397	11.43%
Supplier Side Programme Delivery	£3,179,520	10.94%

MCF2 Lot 4

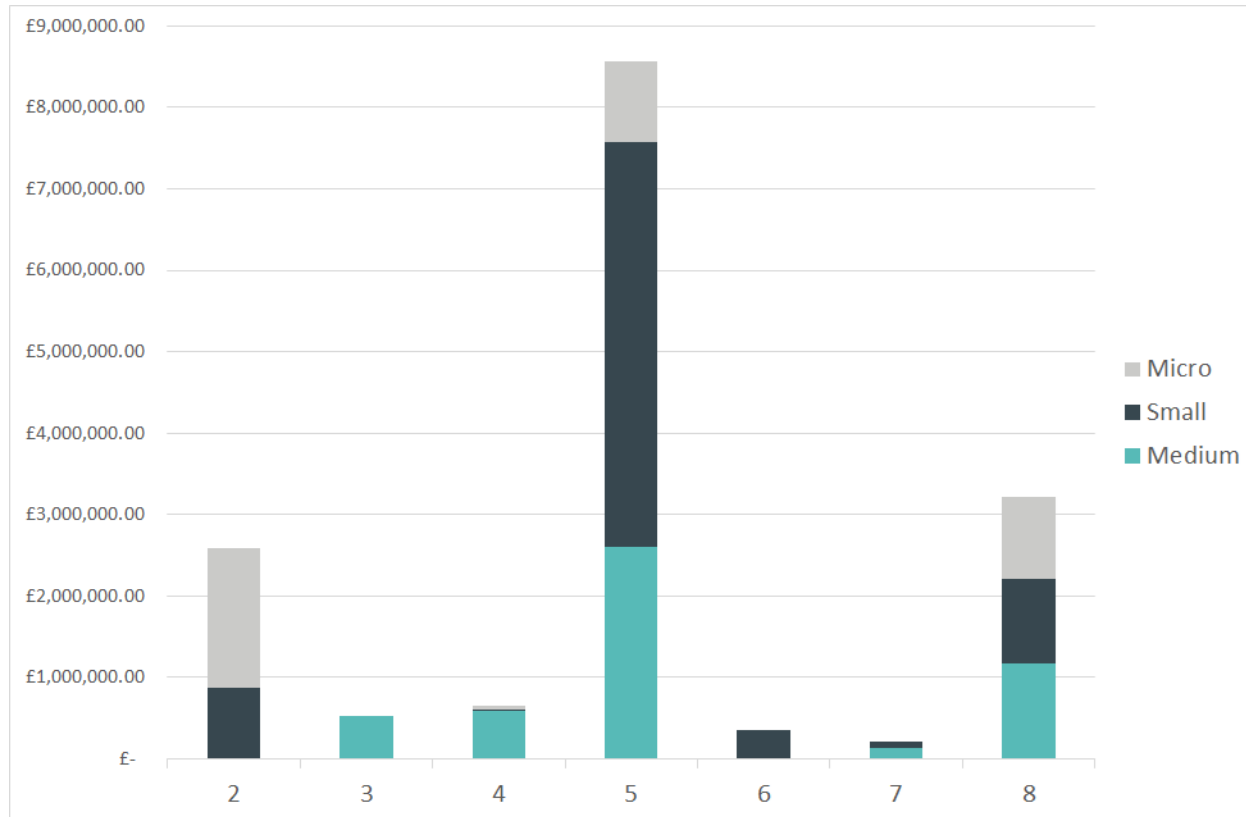
Top 5 Service Lines (by spend)	Spend	% of Lot Total
Organisational Strategy	£3,096,197	36.98%
Crisis and Contingency Management	£1,302,338	15.55%
Change Management	£1,206,383	14.41%
Business Process Reengineering	£1,013,819	12.11%
Design and Innovation	£494,450	5.90%



Pricing Models: Spend Split

	MCF	MCF2
Fixed	61%	65%
T&M	38%	35%
Risk & Reward	1%	-

SME Spend: MCF



SME Spend: MCF2

