

Home Office

Commercial Goals and Objectives 2007/08

The Challenge is to:

1. Introduce transparency and accountability and ensure savings are attributable back to budget
2. Improve the way we manage suppliers
3. Raise the profile and relevance of Procurement & Commercial (P&C) across the Home Office
4. Develop a new Framework & Operating model that reflects the importance of Commercial to each Business plus leveraging/consolidating where it makes sense.

Why we need to change

1. CSR and pressure on budgets
 2. Gov. FTE reduction targets
 3. NAO reports
- When managed appropriately, with clear lines of accountability Procurement & Commercial can help drive budget reductions
 - Increase **OUTPUT** by more than 60% (i.e. Savings and VfM)
 - Reduce **INPUT** (i.e. cost of function) by close to 30%
 - Measured ROI on technology investments.

Our Mission and Priorities, Aligned to Home Office Transformation Plan

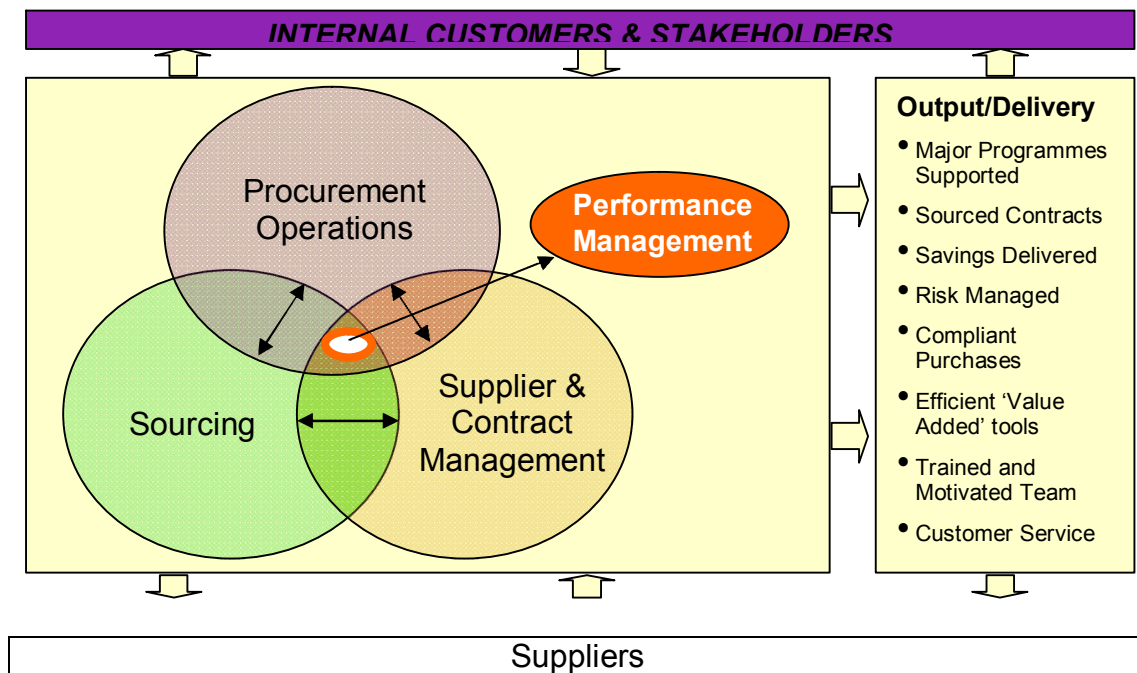
Mission of Home Office Commercial Directorate

To maximise value for money for the Home Office through a high performing central capability, delivering relevant Commercial service and measured collaboration across the Group

Our Priorities

- Commercial capability organised effectively to support delivery and high performance across the Home Office
- Resources matched to spend and commercial risk areas
- Efficient systems and processes with timely management information
- Commercial professionals empowered to make a difference and recognised as making a valuable contribution

Commercial and Procurement Operating Model



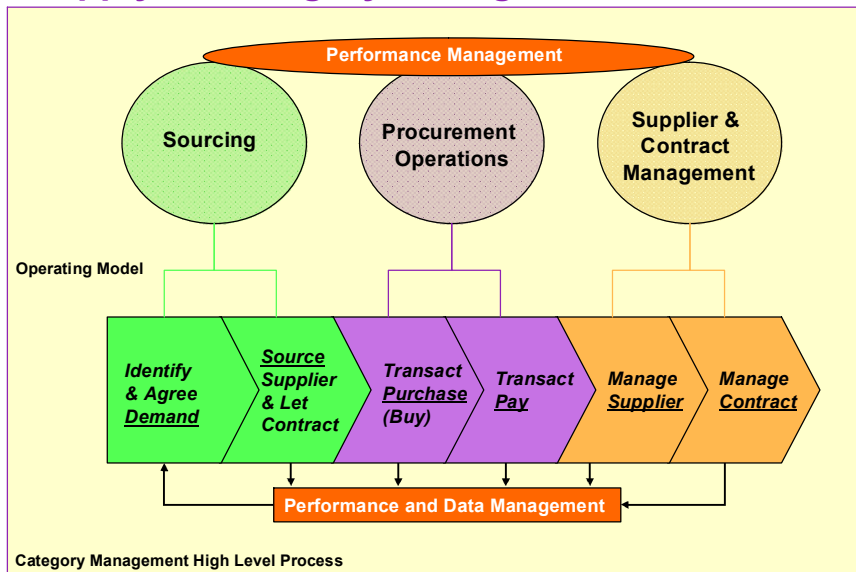
Sourcing
+ Procurement Operations
+ Supplier Contract Management
+ Maximum Value from Procurement

Focused on delivering a relevant balanced Procurement/Commercial service.

Six Key Principles of Organisational Model

1. Specialist teams within each business to manage strategic non shared categories,
2. Better collaboration to manage procurement of major programmes, with coordinated and leveraged management of Procurement Consultants
3. Leverage and consolidation of spend and resources across 3 strategic shared categories of ICT, Professional Services & Estates
4. Consolidation, leverage and (outsourcing) for non strategic shared categories
5. Consolidation and leverage of P2P services across the Home Office to be developed and delivered from Shared Service Centre
6. Model aligned with OGC and Central Government Commercial initiatives

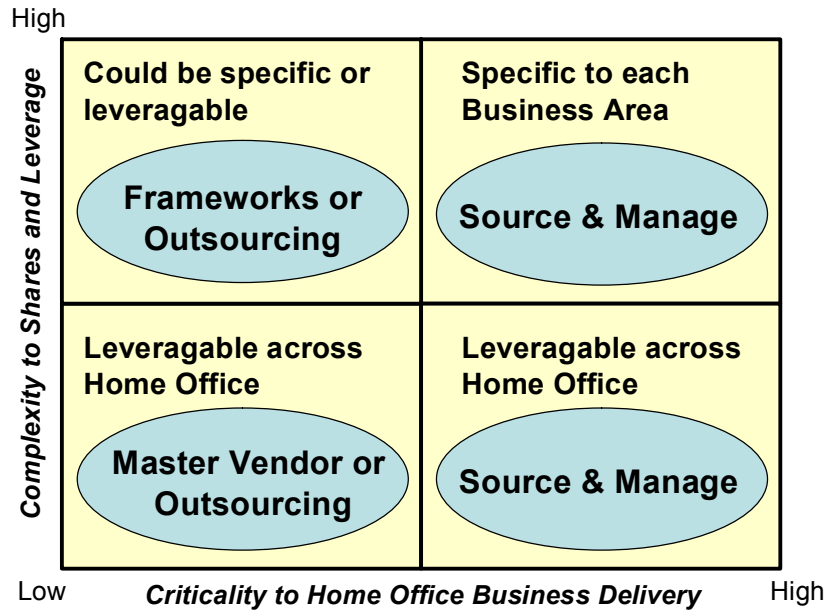
Broken Down into a Continuous Process to Apply as Category Management



The Introduction of Category and Supplier segmentation

| | | | |
|-----------------------------------|--|--|--|
| Complexity to Shares and Leverage | <i>High</i> | <p>Could be specific or leverage, based on business needs, i.e.</p> <ul style="list-style-type: none"> • Mail services • Office supplies | <p>Specific to each Business Area, i.e.</p> <ul style="list-style-type: none"> • 'Target' (BIA) • 'NIS' (IPS) • 'Impact' (NPIA) |
| | <p>Leveragable across Home Office, i.e.</p> <ul style="list-style-type: none"> • Media • Travel • Translation • Agency Staff | <p>Leveragable across Home Office, i.e.</p> <ul style="list-style-type: none"> • ICT Services • Estates • Professional Services | <i>High</i> |
| <i>Low</i> | | | |

Indicative Procurement & Commercial strategy deployed



Commercial Directorate Strategic Goals

The Commercial Directorate will be driven in 2007/08 to deliver 5 Strategic Goals which are built into the Commercial Directors Job Description and those of the Management Team:

1. Ensure delivery of Value for Money targeted savings through improved management of Procurement Operations, Major Projects, Category, Supplier and Contracts Management.
2. Develop a new strategic commercial framework, including Operating and Organisational Model, (aligned with Home Office Transformation Plan) to deliver greater business effectiveness and efficiency in managing third party spend. Gain approval from HOB to implement and execute accordingly.
3. Act as a central point for commercial strategy and management across the Home Office group in managing demand, supply and leverage of third party spend, recorded and reported through collaborative work and initiatives.
4. Through personal actions engender the culture of collective accountability in protecting the integrity of the Home Office in delivering day to day service.
5. Drive the Sustainable Procurement, CSR and Diversity agenda across the group, ensuring the Home Office are seen as playing a leading role within Central Government.

Deliver these goals whilst transforming the Central Commercial Directorate into a smaller more strategically capable unit, relevant to the business.