

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3225

### SAP replacement project team

#### Executive summary:

The GLA uses finance, human resources and procurement software from SAP, as part of its shared service arrangements with Transport for London. These were established to provide better and more cost-efficient 'back office' services than could be achieved by the GLA acting on its own.

TfL is in the process of replacing its SAP solutions, which are reaching the end of their supported life. This is a major change and will have a number of significant impacts on the GLA's business processes, which the GLA must address. It provides the opportunity to review these processes and seek to obtain further efficiencies enabled by the new software.

This MD seeks approval to allocate budgetary provision to support the GLA's initial project team in responding to the replacement programme for the group-wide SAP suite. It also approves budget provision for implementation of the HR module known as "Success Factors".

#### Decision:

That the Mayor:

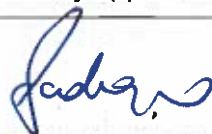
- approves expenditure of up to £850,000 in 2024-25 to set up an initial team, within the GLA, to ensure that the TfL-led SAP replacement programme is properly responded to by the GLA as a key customer
- approves the use of up to £800,000 of reserves, set aside for this purpose, to fund the GLA's share of the project implementation costs for the HR module relating to the above
- delegates authority to the Interim Chief Finance Officer to negotiate up to that sum; and charge the appropriate share of this to the Old Oak and Park Royal Development Corporation (the "OPDC") for their contribution, without the need for a further decision form
- consents to the making of a revenue grant from the OPDC to the GLA under section 121(2) of the Greater London Authority Act 1999 in respect of the OPDC's contribution to the GLA's project costs as set out in the third decision, above.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

6/2/24

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The GLA accesses all core systems through a shared-service arrangement with Transport for London (TfL). All core systems, including finance, procurement and human resources (HR), are now provided through the SAP suite – also known as an enterprise resource planning (ERP) suite.
- 1.2. The current instance of SAP is nearing end of life, and the software provider will cease support for this version in 2027. The new incarnation of the SAP ERP is substantially different and built on entirely new driving principles. This means the move to the new version is, in effect, a complete system replacement. This is a large, complex project that will take at least three years to complete.
- 1.3. Whilst TfL is the system provider and owner, the GLA (as a key customer) will need to respond to the planning process, and actively participate in all forums, to ensure that its requirements are fully met. Capacity will also be needed within the GLA to manage the change; and ensure that data is transferred successfully, with security maintained.
- 1.4. A substantial project team within the GLA will likely be needed to manage implementation. This Mayoral Decision (MD) seeks approval to set aside budgetary provision for an initial team to respond to early planning and scope the larger work programme for the GLA specifically. Further resources will likely be needed to support the programme until 2030, but the precise nature of this is not yet understood. Further decision forms will be submitted as this is better defined.
- 1.5. One element of the system is already in progress, following the transfer of operational HR services to the TfL Shared Service. This is the HR module known as Success Factors. The GLA must fund its share of the TfL implementation costs, expected to total around £800,000 across at least two financial years.

#### **2. Objectives and expected outcomes**

- 2.1. Approval of this MD will allow the GLA to set up an initial project team that will provide the capacity and capability to interpret the requirements of the overall TfL ERP replacement programme. This will ensure that the GLA is equipped to fully respond to the ERP replacement and optimise the use of the systems into the future. The team will cover the needs of the GLA's subsidiary companies, including GLA Land and Property Ltd; and work in collaboration with the Old Oak and Park Royal Development Corporation (OPDC), leading much of the work on their behalf.
- 2.2. The GLA has used systems provided via TfL for over 10 years. These were implemented when the GLA was a much simpler organisation, with far less complex needs from systems. Over time, use of the systems has evolved; but as underlying processes have not changed, it is no longer the case that they always provide the most efficient and effective solution to the GLA's needs.
- 2.3. This replacement programme represents a unique opportunity to review how systems are deployed within the GLA; and shape them to support current and future needs. It is essential that the GLA's response to this programme is proactive, and led by a suitably experienced individual to ensure that the GLA's needs are fully considered.
- 2.4. The initial project team is proposed to consist of the roles listed below, with anticipated day rates based on expected agency employment rates. Whilst direct employment of individuals is preferred, we recognise that given the nature of the employment market for this skills, it will be difficult to match suitable candidates to this type of role without using agency interim resource. The roles are proposed as:

- project lead – anticipated cost £1,000 per day
- finance lead – anticipated cost £800 per day
- digital lead – anticipated cost £800 per day
- HR lead – anticipated cost £800 per day.

- 2.5. The total cost of this small team, for a year, is anticipated to be around £850,000. This will just be the initial team, tasked with assessing and defining the needs for the larger team – which will need to be recruited as the programme of work becomes clearer. Fixed-term contracts will be explored once the initial scoping exercise is complete. However, it is recognised that it may only be possible to employ appropriate officers on agency contracts. Approval for any posts will also be sought in parallel through the GLA's Establishment Control processes.
- 2.6. The Success Factors module, which manages the group's HR needs, is currently in implementation. The GLA must fund its share of the implementation costs incurred by TfL. This is currently estimated to be in the region of £800,000, with £612,000 already incurred and a further sum to be required when the final payroll solution is defined. There will be an additional charge for providing the system to the OPDC; this will, in the first instance, be charged to the GLA, who will pay it on behalf of the OPDC via the GLA's existing shared services arrangement with TfL. The total sum remains an estimate. This MD requests a delegation of authority to the Interim Chief Finance Officer (without the need for a further decision form) to determine the final sum payable, within this approved total; and to negotiate the appropriate sum to be charged to OPDC.
- 2.7. The fourth decision requests the Mayor's consent to a revenue grant from the OPDC to the GLA under section 121(2) of the Greater London Authority Act 1999 by way of reimbursement for the charges paid by the GLA to TfL on behalf of the OPDC. To that end, the OPDC has notified the GLA that it has sufficient budget to cover the costs of a revenue grant of the estimated amount. If the amount turns out to be greater than first envisaged, the OPDC has confirmed that it will make the necessary budgetary adjustments in order to meet such increased amounts.

### **3. Equality comments**

- 3.1. The Mayor and the GLA are required to comply with the Public Sector Equality Duty (PSED) set out in section 149(1) of the Equality Act 2010. This requires them to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.2. This MD relates to the setup and recruitment of an initial project team to lead the GLA's response to the ERP replacement programme. The ERP programme itself will be led by TfL, who are also subject to the PSED, and will ensure that equality and diversity are at the heart of all decisions made in that programme. The GLA has established clear guidelines on recruitment that ensure that recruitment activity is conducted in a way that promotes diversity and inclusion in decision making – in particular the specific framework around recruitment and selection.

### **4. Other considerations**

- 4.1. The replacement of any computer system is inherently risky. This is increased due to the complexity of the system suite being replaced; and the fact that the programme is being led by one partner who will not necessarily have a detailed understanding of the needs and issues of the other partner.
- 4.2. The establishment of this project team is intended to mitigate the risk that the ERP suite will be developed by TfL without reflecting fully the GLA's needs. It is also intended to ensure that the GLA

maximises the opportunity to review processes, data structures and interactions to optimise the capabilities of the new version of the system infrastructure. The establishment of this team will also ensure the security of GLA's data during the review and transition process.

#### Link to Mayoral strategies and priorities

- 4.3. The provision of efficient and reliable IT systems underpins the delivery of all Mayoral priorities. Without accurate information flows, no organisation can deliver its ultimate objectives. This decision form will ensure that the GLA's access to the core systems meets its own needs; and any disruption to the delivery of normal business is kept to a minimum.

#### Consultation and impact assessments

- 4.4. This decision form has been prepared in consultation with the Interim Chief Finance Officer and the Director of Digital, both of whom are senior stakeholders for this programme of work. This decision is considered essential to ensure that the GLA can benefit from uninterrupted access to core business systems that meet the organisation's needs. Central to this is ongoing compliance with the requirements of the General Data Protection Regulation, which will be an underpinning requirement of the ERP replacement programme.

#### Conflicts of interest

- 4.5. No one involved in drafting this decision form has any conflict of interest to declare.

### **5. Financial comments**

- 5.1. The proposed initial project team is expected to cost around £850,000 per annum. This MD seeks approval to set this sum aside as budgetary provision for the first year of the programme. This funding has been set aside within the reserves plan in the draft GLA:Mayor budget, published in November 2023.
- 5.2. During the first year of the programme, the initial project team will assess the workstreams required, and the further resources that will be needed to support this programme. It will propose the structure of the full project team, which will probably flex over the three years it is likely to be in place. Where possible, staff will be employed on fixed-term contracts.
- 5.3. This MD also proposes the use of up to £800k of reserve funding, to fund payment of the GLA's portion of the implementation costs for Success Factors. This project is already under way, with £612,000 required in 2023-24 for costs already incurred. The balance is expected to be paid in 2024-25 as the final payroll solution is defined. In addition to the sum payable for the GLA's own service, TfL will charge a sum to the GLA relating to provision for the OPDC. The GLA will pay TfL for the OPDC-related services via the GLA's existing shared services arrangements with TfL. By way of reimbursement, the OPDC will then provide a revenue grant to the GLA under section 121 of the Greater London Authority Act (the "GLA Act"). The sum of the revenue grant will be determined in discussion with the OPDC's leadership.

### **6. Legal comments**

#### HR for response to TfL-led SAP replacement programme

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers; and fall within the GLA's statutory power to do such things considered to further, or that are facilitative of, or conducive or incidental to, the promotion of each of the GLA's principal purposes in Greater London. In formulating the proposals in respect of which a decision is sought, officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people

- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
- consult with appropriate bodies.

- 6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; and advance equality of opportunity, and foster good relations between persons who share a relevant protected characteristic and those who do not (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. It should be noted that this decision relates only to the approval of budget, although there is reference to creating a project team to undertake the work required. If agency workers are brought in, this should be done in line with the GLA's normal processes for recruiting agency staff. If permanent or fixed-term employees are brought in, those staffing decisions must be approved by the Head of Paid Service in accordance with the GLA Head of Paid Service Staffing Protocol and Scheme of Delegation.

#### GLA's share of project implementation costs

- 6.4. Under section 401A of the GLA Act, the GLA can enter into arrangements with specified organisations (including TfL as a functional body) for the provision of administrative, professional or technical services between each other, whether for consideration or otherwise. The proposed services to be provided to the GLA by TfL fall within that description.
- 6.5. The GLA has existing shared-services arrangements for delegation and attendant working arrangements setting out those services, which TfL provides to the GLA. The officers are reminded to ensure that: any payments to TfL be made under the appropriate working arrangement; and the relevant working arrangement cover the required services. To the extent that the relevant working arrangement do not cover the required services, the officers are reminded of the need to vary its scope to include the required services before any payment is made to TfL.

#### Delegation

- 6.6. Any function exercisable by the Mayor on behalf of the Authority may also be exercised by a member of the GLA's staff albeit subject to any conditions, which the Mayor sees fit to impose. To this end, the Mayor may make the requested delegation to the Interim Chief Finance Officer if he so chooses.

#### Section 121 revenue grant

- 6.7. In the fourth decision, above, officers have sought the Mayor's consent to a revenue grant from the OPDC to the GLA pursuant to section 121(2) of the GLA Act. Officers are reminded that, in accordance with section 121(3) of the GLA Act, no conditions may be imposed upon the GLA's use of the grant other than that the grant must not be used for capital expenditure. Furthermore, in accordance with section 121(4) of the GLA Act, the GLA must apply the grant towards meeting revenue expenditure for the purposes of, or in connection with, the discharge of its functions.

## **7. Planned delivery approach and next steps**

- 7.1. The project will be delivered according to the following timetable:

<b>Activity</b>	<b>Timeline</b>
Recruitment of interim project team	February/March 2024
Delivery start date	April 2024

**Appendices and supporting papers:**  
None.

### Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

### Part 1 – Deferral

**Is the publication of Part 1 of this approval to be deferred? NO**

### Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form? NO**

### ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

#### Drafting officer:

Anna Casbolt has drafted this report in accordance with GLA procedures and confirms the following:

✓

#### Sponsoring Director:

Enver Enver has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

#### Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees the recommendations.

✓

#### Advice:

The Finance, Governance and Legal teams have commented on this proposal.

✓

#### Corporate Investment Board

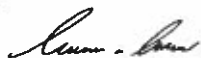
This decision was agreed by the Corporate Investment Board on 5 February 2024.

✓

### INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**



**Date:**

05/02/2024

### CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

**Signature:**



**Date:**

05/02/2024

