

REQUEST FOR DEPUTY MAYOR FOR FIRE DECISION – DMFD257

iTrent change request

Executive summary:

This report requests the approval of the Deputy Mayor for Planning, Regeneration and the Fire Service (Deputy Mayor) to authorise the London Fire Commissioner (LFC) to commit further revenue expenditure of £568,816, to support the implementation of a human resources (HR) and payroll solution (iTrent).

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the LFC to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices”.

Decision:

That the Deputy Mayor for Planning, Regeneration and the Fire Service authorises the London Fire Commissioner to commit revenue expenditure of up to £568,816, to implement a human resources and payroll solution.

Deputy Mayor for Planning, Regeneration and the Fire Service

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

27/01/2025

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

Decision required – supporting report

1. Introduction and background

- 1.1. Report LFC-24-111 to the London Fire Commissioner (LFC) explains that the [Deputy Mayor for Fire and Resilience Decision \(DMFD\) 106](#) (2 March 2021) gave prior approval for the LFC to commit revenue expenditure (LFC decision LFC-0458y, agreed on 11 March 2021). The decision authorised the revenue expenditure for procurement related to London Fire Brigade's (LFB's) human resources (HR) and payroll solution. The contract was signed on 29 September 2021 for a term of five years and nine months, using framework HTE ComIT Lot 2 – HTE-01523.2.
- 1.2. LFB's current HR and payroll system, in use since 1992, is nearing obsolescence and will no longer be supported after December 2026. The system manages LFB's employee records and organisation; generates salary payments; and provides returns to HMRC and the Local Pensions Partnership Administration. A new solution is needed to replace a legacy system that is coming to end of life in December 2026; and to automate workflows to reduce manual interventions, errors and process times.
- 1.3. An unsupported solution would be prone to errors and cyber-attacks; risks being non-compliant; will lose HMRC updates; and could result in severe operational risk, and the potential for critical payroll errors affecting all LFB employees. These risks could lead to reputational damage, legal challenges and increased long-term costs.
- 1.4. There are 18 critical applications that rely on integration with the HR and payroll system. These will face disruptions if the current system becomes unsupported, further jeopardising LFB's operational efficiency and service delivery.
- 1.5. It is unknown if there are any third parties who will be able to support the obsolete system. This is likely to be costly and will not fully mitigate our risks.
- 1.6. To ensure LFB does not run the risk of having an unsupported system, it needs to have implemented a new system by September 2025. This would allow for a three-month parallel run, and 12 months' contingency should we need to look for an alternative solution.
- 1.7. Following a successful tender process, a solution was procured and implementation was enabled from existing business resources. The LFC is committed to annual contract terms for the new solution (iTrent) to June 2027.
- 1.8. The solution was due to be implemented by March 2024, but has been beset by various delays. This is due to the pandemic, procurement delays, lack of steady leadership and availability of resources. The implementation now needs to be fast-tracked, to deliver before the current system reaches the end of its life.
- 1.9. The implementation has been reviewed and the following options considered:

Option	Cost	Pros	Cons
Option 1 Do nothing – continue with current system (Cyborg) and close implementation of new solution project.	£0 additional investment, but additional maintenance costs for support are likely to be high, and there would be continued Cyborg costs.	n/a	• Ongoing costs of manual interventions in HR and payroll teams. • Cost for running Cyborg and additional third-party Cyborg support, if it goes beyond December 2026. • Risks to cyber

			security not mitigated. • Cyborg will lose HMRC updates and be non-compliant.
Option 2: recommended option Secure additional funding, as per requirements below, to deliver the new solution	£568,816	• Delivery of new HR and payroll system that mitigates the risks of an unsupported HR and payroll system with sensitive employee data. • Less manual intervention. • Decisions on mobilising other projects can be made.	• No assessment was made of the future HR requirements for the system (e.g., for the Competency Framework model).
Option 3 Seek alternative system	Likely to be significantly in excess of option 2 as it requires tender process, new system procurement and implementation costs	• Delivery of new HR and payroll system that mitigates the risks mentioned above. • Less manual intervention. • Decisions on mobilising other projects can be made.	• Procurement and delivery timelines will not meet our deadlines for a new system. • Cost of starting again is likely to exceed the remaining costs of implementing current solution. • There will be a delay in seeing the benefits.

1.10. Option 2 is the preferred option to support the successful delivery, rollout and adoption of the new solution. Funding is needed for additional resources, increased contract costs and additional ongoing annual costs as a result of additional contract value.

1.11. These costs include:

Item	Total	2024-25	2025-26
Additional support from the vendor to: build reports, assist with parallel run preparation, configure vehicle management modules and integrations, lead on vendor project management, provide technical consultancy and carry out data loading.	£212,947	£212,947	
Additional vendor services that increase the contract value and therefore the annual cost, including a postcode/bank details checker, a P11D solution, pension reports, audit reports and data model with two environments.	£42,106	£42,106	
Change project management and HR specialist support for nine months to support delivery, rollout and adoption.	£200,000	£146,667	£53,333
Contingency at 25%	£113,763	£63,202	£50,561
Total	£568,816	£464,921	£103,895

1.12. Additional funding will enable the delivery of the solution by Q1 2025-26 financial year and allow for adoption, full project handover and closure by November 2025.

2. Objectives and expected outcomes

- 2.1. With the additional investment, the system implementation can be fully resourced to enable delivery within a critical timeframe. It will also secure additional system modules, to deliver needs that have been identified in the three years since the system was originally specified.
- 2.2. The risks of not going ahead with this work are detailed in section one, above.
- 2.3. This investment aligns with LFB's strategic goals to modernise its infrastructure, enhance operational efficiency and uphold LFB values.

3. Equality comments

- 3.1. The LFC and the Deputy Mayor for Planning, Regeneration and the Fire Service (the Deputy Mayor) are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This, in broad terms, involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2. It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3. The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4. The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
 - eliminate discrimination, harassment and victimisation and other prohibited conduct
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

- 3.7. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
 - promote understanding.
- 3.8. This additional expenditure will not have a negative impact on any groups at LFB.

4. Other considerations

Workforce comments

- 4.1. This report includes additional funding to backfill for a crucial business resource to devote to the implementation. Agreement for the resource has been confirmed by People Services.

Sustainability comments

- 4.2. A Sustainable Development Impact Assessment is not required.

Procurement comments

- 4.3. The additional services required will require a variation to the contract with the current supplier. A change of supplier would require a further procurement which would add significant time, risk (uncertainty with a new supplier) and duplication of costs. The scope and value of the supplier costs, associated with the variation, are deemed to be compliant with the Public Contracts Regulations (PCR) 2015.
- 4.4. LFB has worked closely with GLA functional bodies, and other fire and rescue services, to explore a collaborative approach. The GLA has progressed a shared HR service with Transport for London (TfL). Although the timelines for this aligned with LFB's procurement, a transfer of this kind was highly complex and resource-intensive. TfL did not have the capacity to include an additional organisation that would add further complexity at this time. LFB's main driver for iTrent is the need to replace the Cyborg system, which will go out of support in 2026. This means LFB cannot wait for a collaborative option to be available. Once we are on a supported and modern system, we will explore further options for collaboration. LFB will continue to work closely with GLA functional bodies to try to align procurement timeframes in the future, enabling joint procurement after the five-year period of the new contract.
- 4.5. PCR 2015, reg 72(1)(e), permits variations to public contracts or framework agreements where those variations, irrespective of value, are not substantial. A "substantial" variation is defined by PCR 2015 reg 72(2)(8) as any change, irrespective of value, that meets one or more of the following conditions:
- it renders the contract materially different in character from the original
 - it would have allowed other potential suppliers to participate or be selected, or another tender to be accepted
 - it changes the economic balance of the contract in favour of the contractor in a way that was not provided for
 - it extends the scope of the contract "considerably"
 - it replaces the original contractor, other than where the change arises from a review or option clause in the original contract or from corporate restructuring such as merger, takeover or insolvency.

- 4.6. Whether a change causes “considerably” extended scope or renders a contract “materially different in character” will depend on the circumstances of each case. In this case the variation is not changing the contract “considerably” in terms of scope and value relative to the original contract and therefore does not render the contract “materially different in character”.

Conflicts of interest

- 4.7. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1 This report seeks the approval to commit revenue expenditure, which is necessary to complete the implementation of the HR and payroll solution, iTrent.
- 5.2 This decision is an update to the DMFD (LFC 0458) that was approved on 11 March 2021. LFC 0458 authorised the LFC to commit revenue expenditure of £950,000 for the procurement of an HR and payroll solution.
- 5.3 Further revenue funding of £568,816 is required to support project delivery. This is in addition to the approved budget for consultancy support from the vendor; change-management and project resources, interface development and contingency.
- 5.4 The additional revenue funding requirement is split across two financial years: £464,921 in 2024-25, and £103,895 in 2025-26.
- 5.5 The additional £103,895 one-off revenue funding requirement for 2025-26 is included as an investment bid for the project as part of the 2025-26 budget setting process.
- 5.6 The Budget Flexibility Reserve is forecasted to have an uncommitted balance of £3.766m by March 2025, as per the LFC Quarter 2 2024-25 Financial Monitoring Report. However, as a result of the forecast revenue overspend for 2024-25, the Quarter 2 report proposes that this balance is transferred to the General Reserve.
- 5.7 The LFC Quarter 2 2024-25 Financial Monitoring Report, as well as the forecasted reserve balance above, already account for the additional one-off revenue funding requirement of £464,921 for 2024-25, as detailed in this decision.

6. Legal comments

- 6.1 This report seeks approval to commit expenditure of £568,816. This will be used to implement the iTrent system for HR and payroll.
- 6.2 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office.
- 6.3 Pursuant to section 327D of the Greater London Authority Act 1999, as amended, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.4 By direction dated 1 April 2018, the Mayor set out those matters for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor. In particular, paragraph (b) of Part 2 of the said direction requires the LFC to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above is identified in accordance with normal accounting practices”. The proposed expenditure exceeds this financial threshold; accordingly, prior approval from the Deputy Mayor will be sought.

- 6.5 The iTrent (HR and payroll) system was procured following an open procurement exercise. The variation of contract now needed to implement the system in the timeframe required is being made in accordance with the PCR 2015.
- 6.6 These comments have been adopted from those provided by the LFC's General Counsel Department in report LFC-24-111 to the LFC.

Appendices and supporting papers:

Appendix 1 - LFC-24-111 iTrent Change Request

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

Part 1 Deferral:

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

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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

Soeli Dayus has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service

Niran Mothada has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Planning, Regeneration and the Fire Service for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

✓

Mayoral Delivery Board

A summary of this decision was reviewed by the Mayoral Delivery Board on 20 January 2025.

✓

CHIEF FINANCE OFFICER:

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

Signature:



Date:

20/01/2025