



LONDON FIRE BRIGADE

Report title

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## Replacement Finance and Purchasing Solution

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| Report to                                | Date             |
|--|------------------|
| Corporate Services Board                 | 17 August 2021   |
| Commissioner's Board                     | 25 August 2021   |
| Deputy Mayor's Fire and Resilience Board | 7 September 2021 |
| London Fire Commissioner                 |                  |

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| Report by                    | Report number |
|------------------------------|---------------|
| Assistant Director - Finance | LFC-0584y     |

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### Executive Summary

The report seeks the approval of expenditure for the procurement of a new LFC Finance and Purchasing solution for a term of five years, and possible extension for up to a further five years, from contract award in 2022.

The LFC's officers have worked closely with the GLA Collaboration Finance Working Group to explore a collaborative approach. This work has concluded that there are no opportunities across the GLA Group that meet the requirements at this time, and this conclusion has been reported to the GLA Group Collaboration Board.

The LFC has been using the INFOR Masterpiece MP4 masterpiece software as its main finance system for almost 30 years. The LFC's core licence provides for modules covering general ledger, accounts payable/receivable, fund accounting, purchasing, etc. As well as core modules, the system integrates with around 25 different peripheral processes/systems. Over the years, the core system has been upgraded as necessary and has been customised to meet the LFC's specific requirements with a number of specialist utilities to improve workflow processes. These include tools for finance and purchasing professionals as well as end user tools for authorising and closing orders.

The primary user interface for the system is not user friendly and requires a significant period of familiarisation and training for new users. Indications from the product supplier are that the current Masterpiece MP4 piece product may be replaced by a cloud-based solution into the medium term, and no upgrade route to the latest product is expected to be available. A key system consultant engaged through INFOR is no longer available to work with the LFC on the Masterpiece MP4 product, limiting the system development opportunities. Limits to expenditure on the development of the system mean that step change opportunities, such as moving to more paperless and self-service processes, are very restricted. Although the core systems software is on a perpetual licence,

the support contract is renewable only annually now and given also that the product is being replaced by a cloud based solution, continuity risks are likely to increase in the future, as market demand for support declines.

As no viable GLA Group collaborations options are available, it is vital that the LFC procures its own system in order to continue these vital services. The implementation of a new system also provides opportunities for improvements to the finance and purchasing functions to support the delivery of strategic aims.

## **Recommended decisions**

### For the London Fire Commissioner

That the London Fire Commissioner:

1. approves expenditure of up to £1,600,000 <sup>1</sup>to develop, implement and maintain a Finance and Purchasing solution over a five year contract, after completing an OJEU compliant procurement exercise in accordance with the Public Contracts Regulations (as amended) subject to the Deputy Mayor for Fire and Resilience prior approval;
2. approves expenditure of up to £1,000,000 to extend the contract for up to five years; and
3. agrees to delegate authority to the Assistant Director, Technical and Commercial, to award contract(s) to the successful bidder for the supply and implementation of a Finance and Purchasing solution following the tender exercise.

## **Introduction and background**

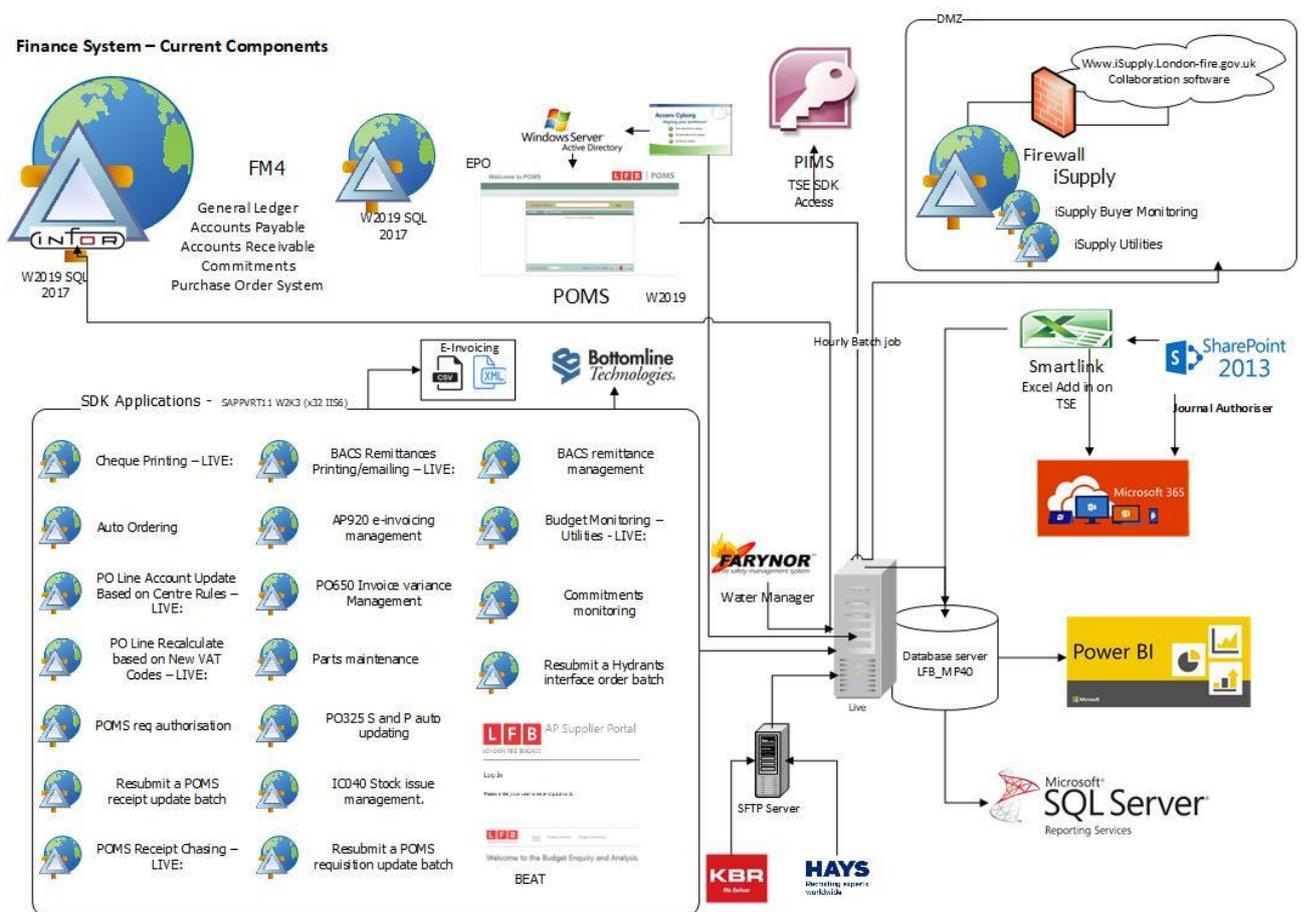
1. The LFC's current Finance and Purchasing Information System (Masterpiece MP4 supplied by INFOR) has been in place for 29 years, since the original procurement in 1992.
2. Masterpiece MP4 is a product that has served the LFC well for a considerable period. However, it is based on ageing technology which offers limited functionality in areas such as automated invoicing and internal document management, required to track transactions through their lifecycle expected by auditors and for online tax administration. This limits its ability to support our strategic aims and vision of being a dynamic, forward-looking organisation.
3. The current system is not capable of exploiting the technology developments offered by mobile devices and cloud services that are available in the market at present. These would support a streamlined and fully audited ordering and authorisation lifecycle and hence support our strategic aims around staff and manager accountability embedded within the Transformation Delivery Plan.
4. Traditionally, systems like this are referred to as back-end systems since they help manage key transactional tasks and are essentially the finance and purchasing system of record. While these core tasks are distinct from strategic finance tasks such as budget management, they are vital to the running of the LFC and the system needs to be modern and harness technology for the LFC to progress with the transformation programme. For staff to engage in strategic Finance and Purchasing, transactional Finance and Purchasing must be managed effectively and efficiently.

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<sup>1</sup> Redact

This can only be achieved through a more capable system. Current systems on the market have proven to be much more than just a "system of record", offering self-service functionality, manager dashboards, reporting and smart technology features.

5. LFC has worked closely with GLA Finance Collaboration Working group to identify and investigate opportunities for collaboration on the finance system. This identified a potential option with TfL and detailed workshops were undertaken to investigate this further, but concluded there was no viable solution to progress. This conclusion was reported to the GLA Collaboration Board in August 2021.
6. An overview of Finance and Purchasing functions of the existing LFC solution and supporting applications is shown in the diagram below. This helps to illustrate the complexity and interfaces within the system.



7. Due to the significant investment required to procure and implement a replacement solution, our preference hitherto has been to continue with Masterpiece MP4 and develop workarounds to address its limitations in functionality. Consequently, Masterpiece MP4 is heavily integrated with other ICT solutions including 32 different forms and interfaces with other systems within the LFC.
8. There are a significant number of bespoke applications that can, along with Masterpiece MP4, be replaced by a single new modern cloud-based solution. This will greatly improve integration of functionality and processes and reduce complexity in support, cost and contractual arrangements for the LFC. This integration may mean that tasks that currently require desk based managed can be more flexibly managed using alternative technology.

9. The software was originally a Computer Associates product, and through acquisitions finally became an INFOR product. The Masterpiece MP4 software is now at the very end of its maturity cycle and the LFC's understanding is that the product will soon be deprecated by the supplier in favour of other products in their portfolio. The Masterpiece product also uses Internet Explorer for all user access, which is now a legacy product and itself is to be withdrawn, and goes out of support in June 2022, and would require significant investment to move the reporting to a replacement internet platform.

### **Future licensing model and recommended contract term**

10. The market for Finance and Purchasing systems like many business solutions has focused more and more on Software as a Service (SaaS).
11. SaaS systems tend to be purchased in a revenue licence, whereas traditional locally hosted software has an upfront purchase and implementation price and an annual maintenance fee (usually around 20 per cent of the purchase price). Revenue licensing can have its advantages over traditional purchase and annual maintenance fee arrangements, as the initial large capital outlay is not necessary, and a system can be surrendered without a capital loss.
12. SaaS systems are also fully supported by the supplier's technical staff. This reduces the burden of regularly security patching servers, installing updates, and managing hardware for ICT infrastructure staff.
13. This report recommends a contract term of five years for the contract, which will allow this to be managed within the capacity in the existing ICT workplan to support changeover of a major software solution. The contract term is the minimum consider appropriate given the investments required is system procurement and implementation.
14. It is further recommended that the contract has an option for an extension of up to five years. This extension would allow the continued use of a system while it remained effective without the need for further procurement and implementation costs. It would allow time to consider any GLA Collaboration options that may develop, particularly following TfL's implementation of the latest version of SAP.
15. The contract plus extension would allow up to 10 years on the new system. Given that the LFC has used the current finance system for nearly 30 years, and TfL will have used its finance system for over 20 years by the time it is replaced, a total contract term up to 10 years would seem appropriate.

### **Alternative options considered and consultation**

16. Four options were available for consideration:
  - **Do Nothing** – Under this option the LFC would continue to use the existing INFOR solution. This is not considered to be a viable option as we have been advised that the current system is approaching end of life and clearly no longer meets the strategic needs of the LFC. Furthermore, the supplier has changed ownership several times. Our view is that were the LFC to enter new contracts with the supplier, this would give rise to new commercial risks that the LFC would be forced to absorb which may not be palatable. Continuing with the current system poses a significant risk to the delivery of core Finance and Purchasing services, limits our ability to deliver our strategic objectives, due to its age and lack of modern technological functionality.

- **Upgrading to the new INFOR offering** – This not viable as the contract with the supplier has been continually has indicated that rather than an upgrade option a new contract would be required, and therefore best procurement practice is to test the market instead of committing to significant investment for a new product with an existing supplier.
- **Shared service options** - The LFC has investigated options for partnership or shared services with other fire and rescue services (FRS), although there has been little interest in this. FRSs have different models in place to support functions such as finance, with many having systems provided by a parent authority, often the county council. However further work is to be undertaken with the sector to identify finance systems used, which may provide opportunities for shared learning on the new system selected.

Options with the GLA group, in particular, TFL, we're considered via the GLA Finance and Professional Services Collaboration Working Group. Following initial data collection, a detailed workshop was held with TfL and its SAP consultants, based on the LFC's system requirements. This workshop clarified the extent to which SAP could meet the LFC's requirements and the cost and timing of this. The current option available to the LFC is to move to the current version of SAP used by TfL, which has been in place 17 years, and would have an implementation cost estimated to be of the order of £1.3m to £1.5m. The workshop also identified that there are some significant differences in the operating model for the finance system, including the way in which orders could be processed on fire stations, and TfL having 13 four week accounting periods, which would need to be addressed. There were also concerns raised by TfL on its capacity to take on the LFC when it is re-implementing SAP as well as being due to commence a project in 2022 to upgrade to the latest version of SAP, which is expected to be completed in 2025 to 2027. It was therefore concluded that there are no collaborative opportunities that meet the LFC's contractual timeframes and expected affordability envelope at present. This conclusion was reported to the GLA Group Collaboration Board in August 2021.

- **Procure a new Finance and Purchasing solution** – This is the preferred and recommended option for the LFC. This avoids the concerns raised with the alternative options, whilst enabling the LFC to continue to provide core services, whilst also supporting the delivery of the strategic aims.

### Objectives and expected outcomes

17. These drivers for change and new developments in the market have created the opportunity to look closely at our existing finance systems and processes, and to develop a fit for purpose specification for an off the shelf, configurable Finance and Purchasing solution instead of a bespoke and heavily customised option.
18. At minimum, the Finance and Purchasing solution will deliver the following functionality;
  - a) Core Finance – general ledger, financial/management accounting, accounts receivable/payable, final accounts, chart of accounts, fiscal sets.
  - b) Budget monitoring.
  - c) E-invoicing – transmission of orders/invoices plus controls of order adjustment to rectify mismatching issues where appropriate.
  - d) Purchasing - requisition creation, amendment, cancellation, approvals, transmission to suppliers and receipting of resulting orders.
  - e) Contracts - management of orders to facilitate contract payments, contract variation control of additional expenditure, ceiling caps.

- f) Catalogues - management of various contract catalogues including creation, amendment, removal including links to existing commitments/stock, punch out/in.
  - g) Operations Support Group (OSG) - stock creations, adjustments, issuing etc.in relation to BDC and PEG; workflow and returns.
  - h) Integration –Hays and others, fire reports, payroll, hydrants.
  - i) Document management –version controls of orders, copies of contracts/quotations, receipts, invoices.
19. There is also the possibility to include budget management and warehouse management and into a single core solution. This can present multiple benefits as opposed to separate solutions; reduced contract management; reduced support and less complexity regarding troubleshooting and resolving technical issues.
20. Enhanced capabilities over the existing solution will also include, reporting and analytics, self-service, workflow automation and mobile access. This will benefit the LFC through driving innovative ways of working and support the strategic aims of seizing the future and delivering excellence.
21. The objective is to procure a software solution that is easy to use, maintain and support. Adopting standard integration methods for data capture and transfer where required and be accessible across different LFC access points. Additionally, it will integrate with Microsoft 365 suite of applications and services to provide an excellent user experience for all staff groups.

### **Project approach and future timelines**

22. A corporate project was initiated in November 2019 to manage the end to end replacement of the existing Finance and Purchasing systems.
23. Appropriate project governance arrangements were put in place with an immediate objective of identifying, engaging and gathering stakeholder user requirements (phase 1). The project is split into three distinct phases with high level timelines summarised as follows.

| <b>Phase</b> | <b>Project stage</b>                               | <b>Estimated completion date</b> |
|--------------|--|----------------------------------|
| Phase 1      | Business requirements gathering & systems analysis | Completed March 2021             |
| Phase 2      | Procurement  | March 2022                       |
| Phase 3      | Implementation and familiarisation                 | April 2023                       |

24. The requirements phase was delayed due to the pandemic, with the data capture to support the systems requirement put on hold whilst everyone was working from home and new processes put in place to support this. This work was re-started in the latter part of 2020 and was completed in March 2021, and was approved by the project board that same month.
25. The completion of the systems requirement allowed detailed discussions on GLA Group collaboration options, and a conclusion to be reached on the route to securing a replacement finance and purchasing system.
26. The project is now ready to progress to Phase 2 and engage the market for a best fit solution. The desire is for the solution to be off the shelf and with minimal supplier configuration. A cloud-

based solution offering location independent access and minimal LFC ICT technical support is also preferable.

27. This contract is expected to have the following value which have been included in the current approved LFC budget.

| <b>Cost Area</b>                      | <b>£</b>         |
|---------------------------------------|------------------|
| Implementation costs                  | 600,000          |
| Annual Fees (5 Years)                 | 500,000          |
| Contingency                           | 500,000          |
| <b>Total 5 Years</b>                  | <b>1,600,000</b> |
| Annual Fees Extension (up to 5 years) | 500,000          |
| Contingency                           | 500,000          |
| <b>Total 10 Years</b>                 | <b>2,600,000</b> |

### **Local Digital Declaration (LDD)**

28. In May 2019, the London Fire Commissioner signed the [Local Digital Declaration](#) (LDD) on behalf of the LFC. The Declaration, which is signed by national and local government bodies, is seeking to co-create the conditions for the next generation of local public services, where technology is an enabler rather than a barrier to service improvements, and services are "a delight for citizens and officials to use". It is acknowledged that one size doesn't fit all, but by developing common building blocks local authorities, and other public services, it will be possible to build services more quickly, flexibly and effectively.

29. The LDD ambition requires both a culture shift and a technology shift, and the LDD sets out five principles to help do this (available via the link above). In particular, and relevant to any new or replacement computer systems is principle 1 which is *"We will go even further to redesign our services around the needs of the people using them. This means continuing to prioritise citizen and user needs above professional, organisational and technological silos."*

### **What system do LFC need?**

30. Consultants were initially employed to conduct a review of work required to specify, procure and implement a new Finance and Purchasing system which set out the budget costs which have been included in the current ICT base budget.

31. The report produced identified three tiers of suppliers in the market:

- *Tier 1 systems* are suitable for multinational, multi-currency, multi-language entities with deep supply chain integration and complex organisational management relationships (this includes SAP used by TfL)
- *Tier 2 systems* are suitable for mid-market organisations.
- *Tier 3 systems* are suitable for small to medium enterprises (SME).

32. Based on the information LFC obtained through consultant Target Analysis Model (TAM) and Target Operating Model (TOM) workshops a Tier 2 system would be most appropriate to the

LFC given the likely requirements and implementation complexity. The recommendation of the consultant report was to go for solutions aimed at mid-sized organisations designed for the specific Finance and Purchasing purpose (Tier 2).

33. A corporate project was initiated in November 2019 to secure resources to deliver the replacement Finance and Purchasing solution.

### **Costs and Funding for a Replacement System**

34. The annual licence fees for the Tier 2 product are in line with current costs for Finance and Purchasing provision, so do not represent a budget pressure and implementation costs fall into the range that are covered by the current budget allocation. The current project plan would look to implement the solution for the financial year 2023/24 in order to align the financial accounting implementation with the tax year. The following figures represent forecast expenditure from approved ICT base budget for the ongoing licence fees, and from the ICT Development reserve for the implementation costs.
35. The annual licence fees are estimated at £100k pa, however it is 30 years since the LFC procured a finance system and so significant contingency has been included to allow for costs above this. The annual costs at £200k, including contingency, can be met within the existing ICT systems budget. Whilst a contingency at 100% is unusual it is felt appropriate given the 30 years that has passed since the LFC last implemented a new finance system. Early engagement with the market identified that there are factors that can significantly impact on the system costs, particularly with the number of modules required to meet the LFC's requirements, as well as the licensing arrangements that allow all necessary staff to access the system. The work with TfL on collaboration options has identified that the costs of a finance system can be significantly in excess of the estimates provided, and therefore the substantial contingency provides flexibility to manage this uncertainty. The cost including contingency can be managed within the existing budget, and it was therefore also part of the consideration to not release this budget whilst significant uncertainty on the final cost remains. It is however expected that a balance on the contingency will remain unused, and that a substantial part of this could be released once the contract is in place, which is expected to be in the early part of 2022.
36. The implementation costs include those from the systems supplier, external resources from another third party supplier to support the implementation including integration with existing systems, and additional LFC staffing in the main departments involved including Finance, Technical & Commercial and ICT. The contingency could also be applied flexibly if additional resources were required for implementation.
37. There will be potential savings resulting from the new system implementation. The highlighted above it is expected that the annual licence fees will be less than the current budget provision, and if this is the case then an ongoing saving can be made against the budget. The LFC also has ongoing budget provision for the existing Masterpiece system and some of this budget can be saved following go-live of the new system, depending on the level of costs to maintain archive access. It is also expected that the new system will allow some efficiencies in the finance and purchasing processes. All these areas will be reviewed and considered further as the project progresses.
38. It is further recommended that an extension of up to five years is included in the contract. This would allow the continued use of an effective system without the need to incur further

procurement and implementation costs. The additional costs will be met from the existing budget and as above there is potential for savings against the ongoing budget.

| <b>Initial Contract</b>      | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> | <b>Total</b>     |
|------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Required Expenditure         | £              | £              | £              | £              | £              | £                |
| Licence                      | 100,000        | 100,000        | 100,000        | 100,000        | 100,000        | 500,000          |
| Supplier Implementation      | 250,000        |                |                |                |                | 250,000          |
| Implementation Support       | 200,000        |                |                |                |                | 200,000          |
| Temporary Staffing           | 150,000        |                |                |                |                | 150,000          |
| Contingency                  | 100,000        | 100,000        | 100,000        | 100,000        | 100,000        | 500,000          |
| <b>Costs of New Solution</b> | <b>800,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>1,600,000</b> |
| Approved Base Budget         | 213,000        | 213,000        | 213,000        | 213,000        | 213,000        | 1,065,000        |
| ICT Development reserve      | 600,000        |                |                |                |                | 600,000          |
| <b>Total Budget</b>          | <b>813,000</b> | <b>213,000</b> | <b>213,000</b> | <b>213,000</b> | <b>213,000</b> | <b>1,665,000</b> |

| <b>Extension</b>            | <b>2027/28</b> | <b>2028/29</b> | <b>2029/30</b> | <b>2030/31</b> | <b>2031/32</b> | <b>Total</b>     |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Required Expenditure        | £              | £              | £              | £              | £              | £                |
| Licence                     | 100,000        | 100,000        | 100,000        | 100,000        | 100,000        | 500,000          |
| Contingency                 | 100,000        | 100,000        | 100,000        | 100,000        | 100,000        | 500,000          |
| <b>Costs of Extension</b>   | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>1,000,000</b> |
| <b>Approved Base Budget</b> | <b>213,000</b> | <b>213,000</b> | <b>213,000</b> | <b>213,000</b> | <b>213,000</b> | <b>1,065,000</b> |

### **Opportunities for collaboration**

39. LFC is required to collaborate with other Fire and Rescue Services and as well as across the GLA group.

40. The LFC worked closely with the GLA Finance Collaboration Working Group on potential collaboration options, with detailed consideration of the option with TfL. The conclusion from the work is outlined above, and was reported to the GLA Group Collaboration Board.

41. Limited engagement was possible with the Fire sector on collaboration opportunities. It was concluded from this engagement that the better opportunity was in shared learning and experience once the new system is in place. This will continue to be pursued.

## Impacts

### Equality impact

42. The London Fire Commissioner and decision takers are required to have due regard to the Public Sector Equality Duty (s149 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.
43. 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.
44. 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, Sexual orientation.
45. The Public Sector Equality Duty requires us, in the exercise of all our functions (i.e. everything we do), to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct.
  - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
  - (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
46. 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 to the need to:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
  - (b) 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;
  - (c) 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.
47. 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.
48. 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 to the need to—
- (a) tackle prejudice, and
  - (b) promote understanding.

49. An Equality Impact Assessment (EIA) has been completed. The new solution would promote inclusion because it will better utilise accessibility tools enabled in the system and compliment accessibility tools provided by the new LFC desktop and Microsoft 365. This benefit would also be enhanced by the more widespread use of tablets/laptops (outside of Citrix) where accessibility tools such as dictation, voice control and speech recognition will be able to run locally offering enhanced functionality.

### **Procurement and sustainability**

50. The first phase of the project was to develop detailed requirements for the Finance and Purchasing solution. This work commenced in November 2020 and was completed in March 2021.
51. With the functional requirements available, the procurement (phase 2) will determine the most suitable market solution for LFC's needs. The procurement activity will be undertaken in accordance with the Public Contract Regulations (as amended), LFC's Scheme of Governance and the GLA group Responsible Procurement policy.
52. Research on potential routes to market has been undertaken and the procurement options will be considered and agreed at the project board in September 2021. The proposal will be that the best route to market will be to use the OJEU process. This decision has been reached on the basis that there are currently no known frameworks that allow access to all of the suppliers in this sector whilst also offering a longer contract term if required. The suppliers on the frameworks are all Value Added Resellers (VARs) and it is not possible to contract direct with the suppliers of the software solution when using this route. The downside to this is that it adds an additional cost layer and therefore may not offer best value. By contracting direct with the supplier more competitive pricing should be achieved. An aggressive timetable has been drafted for consideration at the project board which if agreed will allow for a twelve month implementation period in time for system go live in April 2023.
53. At present no specific sustainability implications have been identified in relation to this procurement.

### **Strategic Drivers**

54. The current system is old and does not provide the Finance/Purchasing functionality needed for a modern fire service. Our purpose under the TDP is to *be trusted to serve and protect London*; a new Finance/Purchasing system will enable us to do this by providing improved record keeping, paperless processes and more efficient auditing of financial records. Our vision under the TPD is to be *a dynamic, forward-looking organisation of fully engaged people at the centre of the communities we serve, adapting to the changing needs of London*; a new Finance/Purchasing system will facilitate the LFC in becoming a forward-looking organisation by harnessing new technology.
55. Procuring a new Finance/Purchasing system supports two of the four TDP pillars; **seizing the future** by providing a solution driven service and harnessing technology to improve ways of working and customer experience; and **delivering excellence** through continually improving our ways of working.

### **Workforce impact**

56. Engagement with staff, consistent with Local Digital Declaration principles, will be required, to meet principle 1 which is *"We will go even further to redesign our services around the needs of*

*the people using them. This means continuing to prioritise user needs above professional, organisational and technological silos."*

57. During Phase 1 of the project (development of business requirements) there have been a significant number of stakeholder workshops and engagement sessions involving staff from various teams in Finance and Procurement, as well as staff from OSG, ICT, Fleet, Fire Stations and Property. These workshops and sessions have now been completed. The stakeholders who have contributed to the workshops will be involved in every further stage of the project to ensure that the software produced meets their requirements and is easy to use.

### **Finance comments**

58. This report recommends that revenue expenditure of up to £2,600,000 is approved to develop, implement and maintain a Finance and Purchasing solution over a contract term of up to 10 years. Paragraph 38 of the report sets out the anticipated total cost and the cost in each financial year, with an initial contract term up to £1,600k and possible extension up to £1,000k. The costs include annual licence fees totalling £500k, with a contingency of £500k over five to total £1,000k, with a further £1,000k, for licence fees and contingency, for the period of the extension. These costs can be met from within existing ICT budget, which includes £213k pa for the new finance system, to total £2,130k over 10 years. The costs also include implementation costs of £600k which are to be funded from the ICT Development reserve. This reserve currently has a balance of £2,283k, and has adequate provision to meet this cost.

### **Legal comments**

59. This report seeks approval of funding to develop, implement and maintain a new LFC Finance and Purchasing solution.
60. Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Section 1 of the Fire and Rescue Services Act 2004 ('the 2004 Act') states the Commissioner is the fire and rescue authority for Greater London.
61. Section 127 of the Greater London Authority Act requires the Commissioner to both make arrangements for the proper administration of its financial affairs and secure that one of its officers (its "chief finance officer") has responsibility for the administration of those affairs. Additionally, section 5A of the 2004 Act enables the Commissioner to "do anything it considers appropriate for the purposes of the carrying out of its functions including things incidental to any number of removes. Consequently, the development, implementation, maintenance and procurement of a new LFC Finance and Purchasing system falls within the powers and duties of the Commissioner.
62. The body of the report confirms the Procurement Department will be engaged in the tender process to ensure compliance with the requirements set out in the Public Contract Regulations 2015; the GLA responsible procurement policy, and LFC standing orders.
63. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
64. By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor"). In particular, paragraph (b) of Part 2 of the said direction requires the Commissioner 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...". The decision to

develop, implement and maintain a Finance and Purchasing solution as set out in the recommendation of this report exceeds this value. The approval of the Deputy Mayor is therefore required in accordance with the aforementioned direction.