

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2129

### Title: Procurement of a Corporate Travel Management Company

#### Executive Summary:

The GLA is seeking to enter into a contract with a corporate travel management company to provide staff with a simple and easy to use booking service for work-related travel and accommodation.

The travel management company will provide the GLA with a fully managed service, facilitating the procurement of all the GLA's travel requirements, including an online booking tool and offline booking system for UK and international rail and air travel and accommodation. The company will also provide an out of hours service.

TfL has been carrying out a detailed review of its travel requirements and the procurement options available to it. This review has been part of the wider Collaborative Procurement agenda, covering all of the GLA Functional Bodies. Following this analysis, TfL has confirmed that the most suitable option for all Functional Bodies is to call off from the Crown Commercial Services (CCS) Wider Public Sector Travel Management Services Framework and that the most appropriate provider on this framework is Capita Travel and Events Ltd. This decision was endorsed by the GLA Collaborative Procurement Board on 04/02/2016.

The cost of engaging Capita over a five-year contract will be £32,340, made up of an account management fee of £8,100 for year one and £4,860 for each of years two to five, plus a monthly invoicing fee of £80 payable regardless of how many bookings are made.

#### Decision:

That the Executive Director of Resources approves:

1. Entry into a contract with Capita Travel and Events Ltd for a fully managed travel services and associated expenditure of £32,340 over five years.

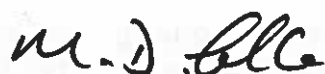
#### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities. It has my approval.

Name: Martin Clarke

Position: Executive Director - Resources

Signature:



Date:

7.8.17

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

Since July 2016 the GLA has had no agreement in place for the provision of a booking service for the purchase of work related UK and international travel and accommodation.

In July 2016 the GLA's existing contract came to an end. As TfL was in the process of investigating options for the procurement of a new travel management contract as part of the wider Collaborative Procurement agenda covering all of the GLA Functional Bodies, a decision was made by the GLA to postpone the procurement of a new contract. This postponement was to last until TfL had decided how to progress and, providing its conclusions were applicable to the GLA, the GLA would then follow TfL's recommendations as to which service to procure and enter into a replacement contract.

The decision was made to follow TfL's recommendation as, although the number of bookings TfL makes is significantly greater than the GLA, the service required i.e. a simple to use one stop shop for UK and overseas travel and accommodation booking, is the same. Therefore, the options looked at by TfL were felt to be applicable to the GLA's requirements.

Currently, staff are required to identify best value and book travel and accommodation themselves, often using the corporate credit card to make the purchase. This process uses significant staff time, is overly bureaucratic, puts additional pressure on the GLA Finance Team and can incur a credit card surcharge.

The engagement of a corporate travel management company will create both savings in staff time and financial savings, as not only will the company be responsible for sourcing the travel and accommodation and making the booking, but it will also be able to do this at below market rates due to the volume of its business. Additionally, it will avoid credit card surcharges.

Staff will be able to access a simple and easy to use travel and accommodation booking service. This will be by way of a link from the GLA's intranet and most bookings will be made online. However, staff will also be able to talk to consultants at the travel management company if required and there will be an out of hours service available.

Work will be carried out with Capita when installing the system to ensure that there is an approval process for all bookings that matches the requirements of the Expenses & Benefits Framework and how this is done will be developed with Capita during the planning phase.

TfL has been carrying out a detailed review of its travel requirements and the procurement options available to it. This review has been part of the wider Collaborative Procurement agenda, covering all of the GLA Functional Bodies. Following the production of a detailed options paper, TfL has concluded that the most suitable procurement option is to call off from the Crown Commercial Services (CCS) Wider Public Sector Travel Management Services Framework (Framework) which allows for a direct call-off from the Framework without the requirement for a mini competition.

There are two suppliers on the Framework, Capita Travel and Events Limited and Click Travel Limited, and both made presentations to all of the Functional Bodies, and submitted an estimate of costs and savings. As a result of this analysis, TfL concluded that the most appropriate provider on this Framework for all of the Functional Bodies was Capita.

There are three lots available under the Framework. The one that offers all the features required by the GLA is Lot 3, which provides a "one stop shop fully managed travel services". Therefore, it is Lot 3 that will be procured under this proposal.

Having reviewed TfL's options paper it has been concluded that this is also the most appropriate solution for the GLA for a number of reasons:

- TfL's requirements are similar to those of the GLA. Therefore, the GLA is satisfied that it can rely on the TfL's Group Procurement Team, who have carried out the detailed review of travel requirements and the options available to it and the other Functional Bodies and who advise the GLA on procurement issues, to source the most appropriate contract with the best value.
- By using the Framework the GLA is not required to carry out a full procurement, as the CCS has already undertaken an OJEU procurement of the providers on the Framework. This will save GLA a considerable amount of staff time and avoid the bureaucracy in the procurement process.
- The Framework is compliant with and developed in line with EU regulations. This reduces procurement risk in the procurement process.
- Providers appointed onto this Framework are 'pre-qualified' as to their general suitability. This provides GLA with greater assurance that Capita can meet the appropriate standards in the provision of a travel management service.
- Under this new arrangement, the requirement from the GLA's Contracts and Funding Code that staff secure value for money will be met, as the GLA will receive the benefits of an aggregated volume of spend and the benefits associated with an increased leverage on the market, including discounted prices for travel and accommodation.
- Of the two providers on Lot 3, TfL has recommended Capita to the Functional Bodies. This is because TfL believes that Capita offer the best fit for the Functional Bodies' requirements. Additionally, Capita provides a travel management service for the Metropolitan Police Service and their feedback on Capita's performance to date has been good.
- A considerable amount of staff time will be saved in deciding how to procure the required service, as TfL has already carried out research into the most appropriate provider which, as TfL's requirements are largely the same as the GLA's, will also apply to the GLA.

## Charges

### Fixed costs:

Capita charges an account management fee and a monthly invoicing fee. For the first year, to include implementation, the account management fee is £8,100 and for each of the following four years £4,860. The monthly invoicing fee is £80, regardless of how many bookings are made. Therefore, there are fixed costs of £9,060 for the first year and of £5,820 per annum for following years.

### Variable costs

Capita receives the benefits of an aggregated volume of spend and the benefits associated with an increased leverage on the market. As a result, Capita receives discounted prices for travel and accommodation. Therefore, with few overheads, Capita is able to pass on these discounts to its clients and charges very little for its service.

Capita's charges for online bookings are minimal, as these do not incur overheads, whereas there are higher charges for offline bookings. The breakdown of Capita's variable charges are as follows:

Online bookings	Cost per transaction	Off line bookings	Cost per transaction
Air travel	£7.50	Air travel	£11.50
Rail travel UK	no charge	Rail travel UK	£6.75
Rail travel Europe	no charge	Rail travel Europe	£6.75
Hotel accommodation	no charge	Hotel accommodation	£1
Booking amendment	no charge	Booking amendment	£2
Booking cancellation	no charge	Booking cancellation	£2
Booking refund	no charge	Booking refund	£3

Therefore, in order to make the maximum savings staff should use the online facility to make bookings and this will be highlighted in all launch communications and subsequent user information.

## Savings

By using Capita, there will be significant savings compared with the GLA's previous travel management company from both a reduction in management fees and from more advantageous prices.

Exact figures relating to management fees are difficult to obtain, as the GLA's expenses system only uses 'business fares' as an expense code heading and does not break this down into more detail. However, an estimate can be made using data from the GLA's bookings in 2015-16 and using £500 as the average transaction figure, when the expenditure on travel and accommodation was:

Expenditure type	GL code	£
Business fares	520410	249,984
Accommodation	537000	238,937

This would equate to 500 travel bookings and 478 hotel bookings.

Even if a highest cost scenario is used, with a hypothetical assumption that all the travel in the business fares figure was air travel, which incurs the highest cost, the approximate charge using Capita would be:

Online	£	Offline	£
Fixed cost (year 1)	9,060	Fixed cost (year 1)	9,060
Travel	3,750	Travel	5,750
Accommodation	0	Accommodation	478
<b>Total</b>	<b>12,810</b>	<b>Total</b>	<b>15,288</b>

The charge from the previous provider, which was all offline, as they had no online booking system, was £59,313. Therefore, by using Capita, based on these figures, savings in excess of £40K would be achievable.

Additionally, because of the aggregated volume of spend and the benefits associated with an increased leverage on the market, Capita is able to obtain discounted prices for travel and accommodation, which it will pass on to the GLA. It is difficult to predict how much this will be with any accuracy, but this is something that will be monitored and will be reported on.

## 2. Objectives and expected outcomes

The objectives are that:

- Capita Travel and Events Ltd is procured, by way of a call off from the Crown Commercial Services Wider Public Sector Travel Management Services Framework, to provide the GLA with a fully managed service, facilitating the procurement of all the GLA's work-related travel requirements, including an online booking tool and offline booking system for UK and international rail and air travel and accommodation.
- Capita's online booking system is implemented on the GLA's intranet and related systems are set up for Capita to invoice the GLA.
- Procedures are developed for GLA staff to purchase work related rail travel, flights and accommodation via Capita's booking system.

The expected outcomes of this decision are that:

- Significant savings are made in staff time spent on sourcing prices and booking work related UK and international rail and air travel and accommodation.
- Financial savings of approximately £40K per annum are achieved compared to the previous provider.
- Savings through discounted travel and accommodation prices due to Capita's scale of business being passed on to the GLA.

- d) Automated payment removing the need for officers to pay by corporate credit card at additional cost (typically 2.5%).

### **3. Equality comments**

The Public Sector Equality Duty set out in the Equality Act 2010 requires the identification and evaluation of the likely potential impacts, both positive and negative, of the decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation). The obligations under the Public Sector Equality Duty are placed upon the Mayor. Due regard must be had at the time a particular decision is considered.

No effects of this proposed decision, either positive or negative, are foreseen on persons with a protected characteristic under the Equality Act 2010.

### **4. Other considerations**

#### **Key risks and issues**

The key risks of not entering into a contract with a corporate travel management company is that the GLA would miss out on advantageous rates available to the travel management company. Additionally, the GLA would continue to incur additional costs from credit card surcharges.

A risk of using the travel management company could be that the company stops obtaining bookings at the best available rates. However, in order to mitigate this, it is proposed that regular checks are made on prices obtained to ensure that they remain at below market levels.

The GLA will be required to commit to ensuring that all their rail, accommodation venue and air spend is booked through Capita and also commits to ensuring a minimum annual spend of £100,000 to be eligible to access this service. There is a risk that GLA staff use alternative means of booking travel and accommodation. This can be mitigated by developing a detailed communications plan for when the system is implemented. Additionally, the corporate credit card will no longer be made available to staff for purchasing travel and accommodation and anyone requesting it will be advised by the Finance Team to use the online booking system.

To mitigate the risk of unauthorised use of the system, a process to incorporate the GLA's approvals procedures as set out in the Expenses & Benefits Framework will be developed during the planning phase and implemented when the system is installed.

#### **Links to Mayoral strategies and priorities**

The International Relations Team in the Mayor's Office is responsible for delivering the Mayor's programme of international visits, which requires the sourcing and booking of hotels, flights and rail tickets. Engaging a travel management company to do this for them will save a considerable amount of staff time and make significant financial savings.

#### **Impact assessments and consultations.**

Further options available in the market were investigated by TfL as part of its process to procure a corporate travel management service and its conclusions are relevant to the GLA as detailed in Section 1 above.

### **5. Financial comments**

Approval is being sought for expenditure of up to £10,000 in 2017-18, and £6,000 in future years to engage Capita Travel and Events Ltd as the GLA's travel Management Company.

The 2017-18 cost will be funded from the Financial Services Team's budget for 2017-18. Future years costs are still subject to the GLA's annual budget setting process.

## **6. Legal comments**

Sections 1 to 3 of this report indicates that the decisions requested of the Executive Director fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties:

- 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; and
- consult with appropriate bodies.

In taking the decisions requested, the Executive Director 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 to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010).

Officers must ensure that appropriate documentation (including the call-off contract to be entered into between the GLA and Capita) is put in place before the commencement of the services.

In accordance with CCS guidance in respect of the Framework, in awarding directly to Capita, the GLA must determine that (i) the required service requirements can be met by the specification for Lot 3, (ii) the GLA can demonstrate evidence that the selected supplier demonstrates best value for money and (iii) all of the terms of the proposed contract are laid down in the Framework and call-off contract terms do not require amendment or any supplementary terms and conditions. Section 1 of this report indicates that the GLA has made such determinations.

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

If approved, the GLA is in a position to call off Capita from the Crown Commercial Services (CCS) Wider Public Sector Travel Management Services Framework and start the planning process for implementing Capita's system immediately.

Capita has an implementation plan for the system that takes place over twelve weeks.

Once implementation begins a communications plan will be developed to launch the system to the organisation.

Therefore, as an indication and assuming a date of 1 September 2017 to sign the contract with Capita, the next steps would be as follows:

1 September 2017	Sign contract with Capita
18 September 2017	Commence implementation

19 September to 30 September 2017	Develop communications plan
3 October 2017	Commence communications with GLA staff
24 November 2017	Implementation completed
4 December 2017	Launch

**Appendices and supporting papers: None**



**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 either be published 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:**

Philip Farr has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

Martin Clarke has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Financial and Legal advice:**

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 07 August 2017

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*M. D. Clarke*

**Date**

*7.8.17*