

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1525

Title: LFEPA – Facilities Management Shared Service

Executive summary

The Mayor is directing the London Fire and Emergency Planning Authority (LFEPA) to enter into a facilities management shared service.

Decision

That the Mayor directs LFEPA to enter into a facilities management shared service as at Appendix B to this decision form.

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:

17th July 2015

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

Decision required – supporting report

1. Facilities management shared service

Background

- 1.1 At LFEPA's 25 June 2015 meeting, LFEPA's Assistant Commissioner – Technical and Service Support presented a paper updating LFEPA Members on the Property Services Review which LFEPA officers had conducted over the previous three years and recommending that the "External Integrator - Shared Service" option as set out in appended papers be pursued on the basis that it offered the best value to LFEPA among the options considered.
- 1.2 LFEPA Members rejected the recommendation made by LFEPA officers and wrote to the Mayor on 8 July 2015 setting out their misgivings about the proposal (see below).

Proposal: External Integrator – Shared Service

- 1.3 A widely accepted definition of a Facilities Management Services Integrator is:
A single service provider responsible for offering the client a cohesive solution by integrating process, technology, reporting and performance measurement/management across all service providers.
- 1.4 The Metropolitan Police Service (MPS) has developed such a single service provider through Kellogg, Brown & Root (KBR) on the basis of KBR sharing technology, resources and management processes with the MPS. It is open to LFEPA and other public bodies to access the arrangements developed by the MPS and KBR, provided that a business case can be made for doing so.
- 1.5 As part of LFEPA's Property Services Review, LFEPA officers looked at four options:
- The status quo which is viewed as cost neutral;
 - An in-house integrator model which is estimated to increase costs by £4.7m over a ten year period;
 - An external integrator model based on a bespoke system which is estimated to increase costs by £2.1m over a ten year period; and
 - An external integrator model based on a shared system (referred to as "External Integrator – Shared Service") which is estimated to reduce costs by £6.3m over a ten year period and therefore was put forward by LFEPA officers as the preferred option.

Issues arising

- 1.6 The Mayor is a strong supporter of shared service arrangements within the GLA Group and beyond. The Mayor is keen that LFEPA maximises its opportunities for making financial savings, given the further reductions in grant which the Government is expected to make in coming years. The Mayor has also noted that performance improvements are expected to arise from the introduction of a computer aided facilities management system.
- 1.7 In their letter of 8 July 2015 to the Mayor, LFEPA Members set out five areas of concern in relation to this proposal. They are set out below with the Mayor's response in each case:
- The forecast level of savings is very low
 - *A saving equivalent to £0.6m per annum is worthwhile; indeed it is precisely through a series of such arrangements that LFEPA will improve its budget position;*

- KBR will not guarantee savings for LFEPA
 - *The Mayor has full confidence in LFEPA officers and KBR to deliver savings; all such proposals involve a degree of risk and uncertainty which public bodies need to weigh against the need to make financial savings; despite the lack of guarantee, KBR has already achieved significant savings for the MPS in the first year of delivery of that contract;*
- LFEPA is relying on figures and advice from a consultant who would benefit from the contract
 - *The Mayor is satisfied that LFEPA officers have applied their professional judgement in an independent manner when assessing this proposal; officers have also had regard to savings actually achieved for the MPS in the first year of delivery of that contract;*
- No in-depth analysis has been carried out of the property team's ability to provide an in-house bid
 - *The Mayor is satisfied that LFEPA officers have examined all viable options and have recommended the option which will provide best value to the Authority; and*
- The lack of a proper, transparent and independent procurement process
 - *This would appear to be based on a misunderstanding of the nature of shared service arrangements and the framework agreements in place for contracts; it is perfectly legitimate – indeed it represents good practice – for LFEPA officers to seek to proceed with this proposal on the basis set out; the existing framework agreement has already been the subject of a lawful procurement process which provides expressly for its use by LFEPA and other public bodies.*

1.8 The Mayor is further reassured by the redeployment opportunities within LFEPA structures which would be offered to staff affected by the proposal.

1.9 The Mayor has concluded that he should direct LFEPA to proceed with the “External Integrator - Shared Service” option for the following reasons:

- The financial savings expected to arise;
- The service improvements set out; and
- The safeguards in place, particularly those for affected staff.

2. Equality comments

2.1 Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities must have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic 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.

2.2 The obligation in section 149(1) is placed upon the Mayor, as decision maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.

- 2.3 LFEPA has conducted and published a full equalities impact assessment to which the Mayor has had regard. The Mayor notes that there is no inherent feature of the direction which will have an adverse impact on members of any protected group per se and does not consider that section 149 requires any modification of the direction. The Mayor further notes that following the issue of the direction, there will be a need for a further internal restructure of the Property Group. Staff should be consulted both individually and collectively if there is to be any impact on their current roles following an analysis by line managers to determine the resource requirements of a revised Property Group. The section 149 duty will continue to apply to all decision-making during this process.

3. Financial comments

- 3.1 There are forecast savings of £6.3m for LFEPA over a ten year period.

4. Legal comments

- 4.1 Under section 328A(1) of the Greater London Authority Act 1999 (the GLA Act) the Mayor may issue general and specific directions to LFEPA as to the exercise of its functions.
- 4.2 Section 328A (5) provides that in exercising the power of direction, the Mayor must have regard to each of the following:
- a. The Fire and Rescue National Framework prepared under section 21 of the Fire and Rescue Services Act 2004; and
 - b. The fire safety enforcement guidance under article 26 of the Regulatory Reform (Fire Safety) Order 2005.
- 4.3 Section 328 (4) provides that the Mayor must send a copy of the direction to the Fire Commissioner.

5. Investment & Performance Board

- 5.1 This approval falls outside the terms of reference of the Investment & Performance Board.

Appendices and supporting papers:

Appendix A: Covering letter from the Mayor

Appendix B: Direction to LFEPA.

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

Until what date:

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:

Tom Middleton has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

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

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Ollie

Date

16.7.15

CHIEF OF STAFF:

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

Signature

Edward Lister

Date

16.07.2015

