

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2496

Title: GLA Group Collaboration

Executive Summary:

In order to secure further tangible savings through greater collaboration across the GLA Group (comprising the Greater London Authority (GLA), London Fire Commissioner (LFC), Transport for London (TfL), Mayor's Office for Policing and Crime (MOPAC), London Legacy Development Corporation (LLDC) and Old Oak Common and Park Royal Development Corporation (OPDC)), the GLA Group Collaboration Board has been examining a number of opportunities for potential savings in the areas of Information Technology, Estate and Facilities Management, Procurement, Human Resources and Finance and other Professional Services. This decision seeks the Mayor's approval to spending of up to £2m to develop and implement the savings opportunities identified by the Board.

Decision:

That the Mayor approves:

1. Revenue expenditure of up to £980,000 to develop and implement savings opportunities to be realised by greater collaboration across the GLA Group with the following initial allocations of up to:
 - a) £75,000 for consultancy support to assist in developing a business case for centralising indirect (non-operational) procurement categories into one team;
 - b) £150,000 for a Vendor Management System in relation to the procurement of a new recruitment provider which will be used across the GLA Group;
 - c) £135,000 to fund additional resource for the collaborative Temporary Labour contract re-tender;
 - d) £100,000 to develop a GLA group-wide accommodation strategy;
 - e) £120,000 for a high-level feasibility study of the potential benefits of moving GLA HR and related finance services to a shared service with Transport for London (TfL); and
 - f) £400,000 to fund a small dedicated central team within TfL to provide support and drive the collaboration programme forward.
2. A delegation to the Chief of Staff, in consultation with the GLA's Executive Director of Resources, to agree further allocations, beyond those set out in (1.) above, within the total budget of up to £2m.

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:

15/7/19

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

Decision required – supporting report

1. Introduction and background

- 1.1. This decision seeks approval of expenditure of up to £2m to develop and implement the savings opportunities identified by the GLA Group Collaboration Board (the Board). The Board is chaired by the Mayor's Chief of Staff and has senior executive representatives from across the GLA Group (comprising the Greater London Authority (GLA), London Fire Commissioner (LFC), Transport for London (TfL), Mayor's Office for Policing and Crime (MOPAC), London Legacy Development Corporation (LLDC) and Old Oak Common and Park Royal Development Corporation (OPDC)) and also from the Metropolitan Police Service (MPS), London Ambulance Service (LAS) and London Councils.
- 1.2. As part of the 2018-19 GLA Group budget setting process, £2m was set aside for this purpose – please paragraph 2.7 of the budget document from March 2018:
<https://www.london.gov.uk/sites/default/files/final-budget2018-19.pdf>
- 1.3. The Board first met in October 2018 and was set up in recognition of the challenging financial circumstances that the GLA Group are operating in and the need throughout the GLA Group to ensure that all bodies are operating efficiently and minimising the impact any financial constraints have on the services delivered to Londoners. The Board's focus is to drive the changes that should be made across back office functions and ensure that everything possible is being done to identify and deliver efficiencies across the GLA Group.
- 1.4. The Board oversees, and gives strategic direction, to the following Working Groups:
 - Information Technology;
 - Estate and Facilities Management;
 - Procurement;
 - Human Resources; and
 - Finance and other Professional Services.
- 1.5. It should be noted that that the Procurement Working Group will also encompass the extant Collaborative Procurement Board. Formal changes to the current functional bodies' delegations are being sought to bring this into effect.

2. Objectives and expected outcomes

- 2.1. The overall objective of greater collaboration is a more efficient and effective GLA Group. To achieve this, the following principles have been defined to guide the Working Groups to focus their analysis and identify opportunities that meet this overall objective:
 - a) Avoid doing the same things in multiple organisations – e.g. remove unnecessary duplication by centralising and consolidating similar activities and the teams that carry them out;
 - b) Enable a more mobile and flexible workforce – e.g. remove the barriers that prevent the workforce working flexibly across the GLA Group, whether culturally, technically or physically; and
 - c) Drive efficiency through scale – e.g. ensure maximum value by identifying common goods and services and bringing together the way they are delivered and bought.

- 2.2. The Board reviewed the initial set of emerging ideas from each Working Group at its meeting on 14 June 2019 and there are six areas where investment is needed in order to realise the potential opportunities for savings which had been identified by the Working Groups. These are explained below.

One Indirect Procurement Team

- 2.3. The Collaborative Procurement Programme has been running for four years and has maximised the opportunities available within its existing scope based on the level of engagement across the GLA Group. The Programme will not make significant further savings under the current model.
- 2.4. To increase savings, a new approach is proposed which would have a phased implementation. London Underground has successfully reduced third party operational expenditure over a 12-month period, and the reasons for this success, including standardisation, whole life costing, amalgamation of procurements and challenge of specifications, look to be extensible across the Group. This could be achieved in phases by new moving all staff working on indirect procurement into a central team.
- 2.5. A central team would make it easier to standardise processes and to realise the benefits of savings in staff costs, savings from aggregation, reduction in duplication, clearer accountability and governance, improved procurement quality, reduced engagement time, improved benchmarking and increased contract management.
- 2.6. The Board approved this collaborative procurement proposal in principle, subject to the approval of a business case. A draft high-level business case is scheduled to be produced in September 2019 and the final business case in December 2019. To assist with preparing the business case, there is a need for consultancy support at an estimated cost of up to £75,000.
- 2.7. As the MPS and the LAS have national collaboration arrangements, they would not form part of any central team. However, they would be involved in collaborative working across the GLA Group where this is mutually beneficial (as is currently the case with MPS).
- 2.8. In order to extend the opportunities for savings and encourage greater collaboration with London borough councils, it is proposed that the contractual arrangements (e.g. framework contracts) for the indirect procurement categories would also allow these councils to use them.

Vendor Management System

- 2.9. There is currently a range of different arrangements across the GLA Group for recruiting non-permanent staff (temporary labour/agency staff), and a desire to make further improvements to the quality of the service provided in this area. The GLA Collaborative Procurement Team has made substantial progress in developing the procurement of a new recruitment provider to be used across the GLA Group and an invitation to tender is scheduled to be issued in November 2019. However, to secure the anticipated benefits, a Vendor Management System is required. This will support the recruitment cycle from the raising of requisitions and time sheeting, to changes to the supplier's payroll and to management information reporting. This would reduce the administrative burden and consequent recurring costs within the GLA Group. The estimated cost of such a system is up to £150,000. This would not be incurred until the proposed procurement strategy is approved by the GLA Group, which is due to happen in July 2019.
- 2.10. The implementation of a Vendor Management System will have the following benefits:
- a) It will make allow the direct appointment of non-permanent staff, which will reduce the mark-up charged on top of the actual staff costs from c9% to c3%. This will result in a GLA Group-wide saving in order of £1.5m a year;
 - b) There will be a reduction in the level of administrative resources required to manage all the related recruitment processes and procedures, generating savings across the GLA Group. For TfL this is estimated to be saving in the order of £1m over the life of the temporary labour contract;

- c) There will be substantial reduction in the number of purchase orders and invoices generating savings and efficiencies across the GLA Group. For the Metropolitan Police Service this estimated to save in the order of £300,000 a year;
- d) By aligning the recruitment processes and procedures across the GLA Group, there will be cost efficiencies for the service provider as they will be able use a single approach to providing its services. At present a service provider faces additional costs (recovered in higher charges to GLA Group organisations) as the members of GLA Group have different models;
- e) It will embed a collaborative approach across the GLA Group; and
- f) There will be improved management information and reporting available, which will allow consistent data to be produced across the GLA Group and better contract management.

Temporary Labour Contract Re-Tender

- 2.11. The existing collaborative arrangements for recruitment of non-permanent labour drive the majority of the savings achieved through the original collaborative procurement initiative. As set out above, the desire is to secure further efficiencies whilst ensuring that the GLA Group receives a high quality service, reflecting the consequences of recruitment delays for service delivery. Therefore, the re-tender of the GLA Group temporary labour contract will be complex and highly significant.
- 2.12. An additional resource is required to support and drive this collaborative re-tender. It is anticipated the role will include: helping maintain engagement across the GLA Group to finalise the procurement strategy, development and issue of tender documentation, maintaining communications, supporting various tender activities, draft award papers and Board papers as required and support the contract implementation across the GLA Group. Following the award of the contract, a part time resource will be required to provide contract management.
- 2.13. The estimated cost of a Commercial Manager resource (including 'on costs' such as National Insurance and pensions) is £135,000, working full time for 9 months during the tender process (an estimated cost of £75,000) and part time (3 days a week) for a further year (an estimated cost of £60,000).

Accommodation Strategy

- 2.14. The Estate and Facilities Management Working Group is currently reviewing each GLA Group organisation's existing office accommodation with a view to setting strategic principles for a GLA Group strategy. An outline of a new Group accommodation strategy is due to be produced by September 2019 and, in order to evaluate the potential for any medium to long-term incremental benefits and opportunities that can be realised, there is a need for specialist property advice to complete this. The estimated cost is up to £100,000.

GLA transactional HR and related finance services

- 2.15. As part of GLA Chief Officer's transformation programme, the GLA is looking at how it delivers its transactional HR and related finance services. This is also in part driven by the need to decide on its future HR management and recruitment systems as the current contracts expire in March 2020.
- 2.16. The GLA already uses TfL's SAP system for its main accountancy and purchase order/payment services and TfL use the wider functionality of its system for its own transactional HR services. The GLA also currently provides HR and finance services to OPDC and some HR services to MOPAC.
- 2.17. The design and standard nature of its processes will enable TfL to scale its operations and this should provide an opportunity to secure greater efficiencies for the GLA by having its main HR and Finance transactions on one integrated IT platform. To progress this further, the proposal is to commission a high-level feasibility study which would set out the options and potential benefits of this approach.

2.18. This study will include:

- An 'As Is' analysis setting out how GLA HR and Financial Services are currently delivered, by whom (there are various arrangements used by the GLA), and what various technology/systems support the delivery of the services;
- An opportunity assessment exercise to identify options with respective forecast of benefits and the risks of migrating these services to TfL;
- A recommended option to progress into more detailed design; and
- A high-level plan, including the activities, resources and timescale required to implement the recommendation.

2.19. The study will be supported by both TfL and GLA officers and, on the basis of soft market testing, the estimated cost of this study is up to £120,000. The study would be tendered and would be completed by September 2019.

2.20. The London Fire Commissioner is currently looking at options to replace its HR and finance systems. Although this is not within the scope of this study, the outcome of the GLA/TfL study will be available to inform consideration of the LFC options.

Central team within TfL

2.21. The initial work of the GLA Group Collaboration programme has been led by existing resources within TfL's Transformation team. This team is heavily engaged in TfL's own extensive transformation programmes and therefore additional capacity is required to also support and drive forward this wider GLA Group programme. It is therefore necessary to fund a small dedicated central team at an estimated cost of £400,000 (including staff overheads), which would be located with TfL's Transformation team, reporting to its Head of Transformation Change Delivery. At its peak the team will consist of 5 people over a period of 16 months. The GLA's Executive Director of Resources remains the sponsoring director, with the programme overseen by the Board.

3. Equality comments

3.1. Equality considerations are central to the delivery of all GLA Group services, which include the back office functions covered by this decision. As the plans develop further, equality considerations will be addressed in the draft and final business plans and will be monitored.

4. Other considerations

4.1. There are no other considerations to highlight.

5. Financial comments

5.1. This decision form seeks approval to spend up to £2m to develop and implement savings opportunities to be realised by greater collaboration across the GLA Group. Expenditure of upto £980,000 of that amount will be approved by this decision, with the balance subject to a delegation to the Mayor's Chief of Staff, in consultation with the GLA's Executive Director of Resources.

5.2. Funding of £2m was ringfenced within the GLA's Development Reserve for this purpose as part of the 2018-19 GLA Group budget setting process.

6. Legal comments

- 6.1. Section 1-4 of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling 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 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; and
 - Consult with appropriate bodies.
- 6.2. In taking the decisions requested, as noted in section 3 above, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, 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 to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Mayor should have particular regard to section 3 of this report.
- 6.3. Section 1 of this report indicates that the GLA intends to procure services. Section 9 of the GLA Contracts & Funding Code requires the GLA to engage with TfL Procurement, develop a procurement strategy with TfL Commercial (if valued over £100,000) and seek a call-off from a suitable framework where possible or, if not, undertake a formal tender process to procure such services in relation to all contracts for services with a value above £150,000 before the commencement of the services.
- 6.4. Section 1 of this report indicates that funding will be provided by the GLA to TfL to support and drive the collaboration programme forward. Section 121(1) of the Greater London Authority Act 1999 provides that the GLA may pay grants toward meeting expenditure other than capital expenditure, incurred or to be incurred by a functional body for the purposes of, or in connection with, the discharge of the functions of that body. The GLA must therefore ensure that funding is not provided for the purpose of capital expenditure.

7. Planned delivery approach and next steps

- 7.1. Timelines are set out in section 2 above.

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 either be published 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? YES

If YES, for what reason: Confidentiality of procurement process

Until what date: **31 October 2019**

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under 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:

Martin Clarke has drafted this report in accordance with GLA procedures and confirms the following:

✓

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:

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

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 15 July 2019

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

15.07.19

Tom Middleton on behalf of Martin Clarke

CHIEF OF STAFF:

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

Signature

Date

15 / 7 / 2019.

D. Bellamy

