

GREATER LONDON AUTHORITY

REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD19

Title: Replacement Finance and Purchasing System: Consultancy Support

Executive Summary:

Report LFC-0088 to the London Fire Commissioner seeks approval to approve expenditure of up to £247,000 to procure consultancy support services for a three-phase project to help replace the Brigade's finance and purchasing system.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the London Fire 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...".

Decision:

The Deputy Mayor for Fire and Resilience approves the expenditure of up to £247,000 to procure consultancy support services for a three-phase project to replace the Brigade's finance and purchasing system.

Deputy Mayor for Fire and Resilience

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

The above request has my approval.

Signature:



Date:

7/2/19

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

Decision required – supporting report

1. Introduction and background

- 1.1. The London Fire Brigade's ("LFB" or the "Brigade") finance and purchasing system was procured over 20 years ago and no longer meets current business needs. The Brigade has been using the 'Infor FMS Masterpiece' software which provides for modules covering such functions as general ledger, accounts payable/receivable, fund accounting, and purchasing. As well as these core modules, the system integrates with around 25 different peripheral processes/systems.
- 1.2. Over the years, the core system has been upgraded to most recent versions (currently FM4) and has been customised to meet the Brigade's specific requirements with a number of specialist utilities to improve workflow processes. This includes tools created for finance and purchasing professionals as well as end-user tools for authorising and closing orders. The primary interface for the system is not considered to be particularly user friendly and requires a significant period of familiarisation and training.
- 1.3. Report LFC-0088 to the London Fire Commissioner seeks agreement to expenditure of up to £247,000 to procure consultancy support for a project to replace this finance and purchasing system. The consultancy support will be in two phases with an optional third phase:
 1. prepare a specification,
 2. support procurement activity, and
 3. implementation and go-live (depending on the procured system).
- 1.4. Options for a shared service or collaborative approach, once a specification of the Brigade's requirements is in place, will be explored as part of phase two of the project. Any collaboration or shared service initiative may include other members of the Greater London Authority (GLA), local authority partners in London, other fire and rescue services, police services or ambulance trusts. The Brigade has a 'Duty to Collaborate' under the Policing and Crime Act 2017 (see https://www.nationalfirechiefs.org.uk/write/MediaUploads/NFCC%20Guidance%20publications/Operations/ESCWG_Guide_to_the_DtC.pdf for further details).

2. Objectives and expected outcomes

- 2.1. The reasons for replacing the current finance system include:
 - Indications from Infor, the product supplier, that the current Masterpiece product may be replaced by a cloud-based solution in the medium term, and no upgrade route to the FM4 product is expected to be available.
 - A key system consultant engaged through Infor is no longer available to work with LFB on the Masterpiece 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 (last renewed in January 2018) so it is prudent to test the market.
- 2.2. The Brigade wishes to engage consultancy support to help deliver a replacement finance and purchasing system(s) with a target implementation date by April 2021. The system(s) should provide a full range of functionality to at least the level provided by the current systems.
- 2.3. The replacement system(s) should support existing and increase paperless operation, with greater self-service options for staff, allow a user-friendly experience for all types of system users, and be

accessible from a range of types of electronic devices. In particular, the Brigade is looking to deliver a web-based 'shopping' experience for Brigade staff when ordering goods and services.

- 2.4. This consultancy support expertise will supplement resources which are available in-house, which mainly relates to the existing systems, although staff do have some exposure to alternative systems. The consultant(s) will therefore be required to possess a detailed knowledge of solutions available on the market that would be suitable for LFB and have significant experience of implementing new systems in organisations of a similar nature to LFB. This expertise will then be potentially required to advise on systems(s) configuration and implementation, including process change and engagement with all stakeholders (subject to the solution procured).
- 2.5. As a separate project, the Brigade will also be looking to replace its human resources (HR) system that also provides the payroll system. The Brigade wishes to keep open its options about whether its payroll system should be part of the finance and purchasing replacement or whether it should remain as part of the HR system replacement. This consultancy project will therefore include the development of a specification for a payroll system, and the Brigade will make a decision later in the process whether to include payroll.
- 2.6. Subject to the views of tenderers, it is envisaged that the Brigade might need to procure:
 - A professional project manager (PM) to provide project management services throughout all three phases of the project (subject to the solution selected for phase three). The PM's support shall be greatest in the final phase as it will require robust transformation change management.
 - A professional technical expert/business analyst to provide support through the first two phases of the project, with the option of providing support for phase three (depending on the nature of the solution procured). Responsibilities include leading the documentation of what the systems need to do, preparation of the system specification, to support the Project Manager with the procurement process (if required) at all stages, and following decisions on system(s) support configuration and implementation in LFB (phase three).
- 2.7. The successful delivery of a replacement finance and purchasing system is crucial to the Brigade's core functions and as such the appointed consultant(s) are to take a collaborative approach working with Brigade staff, to ensure its success.
- 2.8. The expectation is that the consultant will supply suitably qualified and experienced specified individuals as part of the services to undertake the roles outlined above, and that these individuals are dedicated to the project across phases one and two, and potentially for phase three. These individuals would report to the Head of ICT Projects and would be embedded with the ICT projects team based at the Brigade headquarters at Union Street.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, the London Fire Commissioner must have 'due regard' of the need to:
 - eliminate unlawful discrimination, harassment and victimisation; and
 - advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2. The Public Sector Equality Duty – and the potential impacts of this decision on those with protected characteristics under the Equality Act (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, marriage or civil partnership and sexual orientation) – has been considered by the London Fire Commissioner and the Deputy Mayor for Fire and Resilience in the consideration of report LFC-0088 and the associated reports to the Commissioner and LFEPA

- 3.3. The development of a specification for a replacement finance and purchasing system will need to consider the needs of users with protected characteristics, and where necessary, to reflect any particular or special requirements. This will be a key parameter of the project specification.

4. Other considerations

Procurement action

- 4.1. Following finalisation of the specification and tender documentation, a competitive process will be conducted to identify the most suitable supplier. The current preferred route to market is to utilise the Management Consultancy Crown Commercial Framework RM3745 which will allow for a hastened procurement process and take advantage of the economies of scale provided by the framework. If this framework is used, a mini-competition under ICT and Digital lot will be conducted with the 45 suppliers with fixed pricing sought for phases one and two which should be equal to or more likely discounted from the framework maximum rates. The rates used for phases one and two will then act as the maximum rates that can be charged for the third phase. This will allow for the total contract costs to be estimated with some accuracy to facilitate a like-for-like comparison of tenders and offer some assurance for budget management.
- 4.2. Should utilising the Framework prove not to result in suitable options, a competitive tendering process will be instigated in accordance with the Public Contracts Regulations 2015 and the Commissioner's scheme of governance.

5. Financial comments

- 5.1. Report LFC-0088 seeks agreement to expenditure to engage consultancy support for a project to replace the Brigade's existing finance and purchasing system. The report includes estimated consultancy costs for phases one and two of the project of up to £247,000, over two years. If approved this one-off consultancy cost is planned to be funded from the Commissioner's ICT development reserve, either within its current balance or with additional funding from the general reserve. No further funds are required from the Greater London Authority.

6. Legal comments

- 6.1. 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. 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 their functions.
- 6.2. 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").
- 6.3. 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...".
- 6.4. The Deputy Mayor's approval is accordingly required for the Commissioner to engage consultancy support for the project to replace the Commissioner's existing finance and purchasing system, at a total cost not exceeding £247k.
- 6.5. Section 5A of the Fire and Rescue Services Act 2004 gives the Commissioner the power to do anything which they consider appropriate incidental to their functional purposes. It also gives the

Commissioner a statutory power to do anything which they consider appropriate for purposes indirectly incidental to their functional purposes through any number of removes. The Commissioner therefore has the necessary statutory powers to undertake the activities proposed in LFC-0088.

- 6.6. The procurement process to engage consultancy support for the project to replace the Commissioner's existing finance and purchasing system must either be (i) "called-off" fully in accordance with the requirements of an existing framework which can be used by the Brigade by virtue of its procurement by Crown Commercial Services in accordance with relevant procurement law or (ii) be competitively tendered in accordance with the Public Contracts Regulations 2015 and the Commissioner's Scheme of Governance.
- 6.7. Officers must ensure that appropriate contract for services documentation is put in place and executed by the Brigade and the successful bidder(s) before the commencement of any required services.

Appendices and supporting papers:

1. LFC-0088: *"Replacement Finance and Purchasing System: Consultancy Support"*

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? YES

If YES, for what reason:

This report and the LFC report appended contains information about budgets for the procurement of services which, if published prior to the procurement, would limit the Commissioner's ability to achieve best value for money.

Until what date: 1 April 2019

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

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

✓

Assistant Director/Head of Service

Tom Middleton has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 21 January.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Allen

Date

7.2.19