

TRANSPORT FOR LONDON

CORPORATE PANEL

SUBJECT: SHARED SERVICES PROGRAMME

DATE: 17 NOVEMBER 2009

1 PURPOSE AND DECISION REQUIRED

- 1.1 This report is presented to the Panel to provide an update on the progress of the GLA Shared Services Programme.
- 1.2 The Panel is asked to note the report.

2 BACKGROUND

- 2.1 In March, the GLA Chief Executives (GLACE) agreed to support a group strategy addressing potential shared services across the GLA Group and hence replacing the Delivering More Together programme. Sponsored by GLACE and chaired by Leo Boland (Chief Executive, GLA), the inaugural meeting of the 'Shared Services Board' took place on 12 May 2009.

The Board identified five themes, each having an appointed lead director:

- (a) Information Communication Technology – Lead Director, Steve Allen (TfL)
 - (b) Procurement – Lead Director, Andrew Quincey (TfL)
 - (c) Finance – Lead Director, Martin Clarke (GLA)
 - (d) Human Resources – Lead Director, Barbara Riddell, London Fire Brigade (LFB)
 - (e) Estates – Lead Director, Richard Clarke (MPS) (added September 2009)
- 2.2 Lead directors in each work stream are supported by a senior representative from of each of the functional bodies (GLA, LDA, LFB, MPA, MPS and TfL). Steve Allen is the TfL senior representative.
 - 2.3 Leo Boland as the chair stated that the objectives are to identify priority projects that would provide cash savings, contributing to the bottom line in the budget 2010/11 and in future years. Quick wins should be identified as early as possible.
 - 2.4 In addition to the work streams set out in paragraph 2.1 above, discussions have also taken place with the GLA about shared service arrangements for Legal Services and Internal Audit Services to take advantage of changes in existing arrangements which make shared service arrangements more feasible.

2.5 For completeness the 'Shared Services' definition adopted is:

Sharing services involves the coming together of two or more members of the GLA Group, to combine their buying power, procure or commission goods, works or services, and where back office administrative/support functions are undertaken:

- (i) for several members of the GLA Group by a separate agency for which these services are the primary function; or*
- (ii) for one or more of the GLA Group by another.*

3 CURRENT STATUS OF PROGRAMME

- 3.1 The Shared Services Programme is now well underway with individual work streams focusing on the completion of data analysis and the identification of potential projects for both short term and long term benefits across the business. The work streams are generating high level proposals for presentation to the steering Board. The GLA has sought the identification of 'quick wins' in time for inclusion in the Mayor's budget submission. The newly formed fifth work stream, Estates, has made good progress to date and the MPS has now introduced a Programme Governing Board to oversee and assist projects relating to shared services. Initial bilateral talks have now taken place between the MPS and TfL to provide the platform from which other functional bodies may elect to participate.
- 3.2 TfL is providing 'light touch' programme management support for all the GLA functional bodies, with David Freeman (Shared Services Manager) reporting and assisting the offices of the Chief Executive-GLA shared services sponsor.

4 SHARED SERVICES PROGRAMME UPDATE – TfL PERSPECTIVE

4.1 Information CommunicationTechnology

TfL has identified a number of potential projects where significant efficiency gains could be made over the next five years:

- (a) The 'One London' Programme is seeking to collaborate on the delivery of core IT infrastructure (data centre, network, hosting, end-user computing and Enterprise Resource Planning (ERP)) across the Group. Examples of specific initiatives include; Data centre, MPS is utilising the TfL contract with 'Centrum' to secure their own space in the same facility and LDA network management with TfL which went live in October;
- (b) The LDA submitted a paper to its Board in September, which has been approved, outlining the Agency's future plans on shared services across the Group, including the particular arrangements being made for a shared service with TfL on a voice and data network. This is due to be followed by the remainder of LDA's ICT functions entering into a shared service

- (c) The MPS through Project Columbus has identified a number of ICT commodity asset purchases. This includes joint purchase of End User Computing equipment (desk tops, lap tops etc) which has released a saving of £2.23m for TfL through a better purchasing position post procurement activity (£226k of savings were released for the MPS), and network hardware, which could potentially yield up to £100k saving for every £1m spent by the MPS. TfL has ensured Cisco is offering the same rate of discount to the MPS as it currently enjoys; and
- (d) The MPS has been working with TfL on the MPS 'Eagle Project' (Data Centre), which has been viewed as a 'pathfinder' project for collaboration. From this activity, the MPS has realised a cost avoidance benefit and TfL a revenue saving benefit of £800k over five years. Under a contract let by TfL, the MPS has been able to use the framework to its own secure data centre space thus avoiding new contract costs.

4.2 Procurement

- (a) The procurement work stream comprises 'Legacy' projects from 'Delivering More Together' (DMT) and the shared services agenda which supersedes it. The GLA functional bodies have worked together on collaborative procurement opportunities to bring about increased value for money for its stakeholders. Ongoing collaborative initiatives are being delivered and savings to TfL have been generated in the following categories (amongst others):
 - (i) Joint Contracts - IT Consumables;
 - (ii) Joint Contracts - Mobile Telephony;
 - (iii) Joint Contracts - Courier Services; and
 - (iv) EUC Hardware and Software.
- (b) TfL has been playing a leading role in developing sustainable and collaborative working across the GLA. Weekly conference calling and monthly face-face meetings provide a platform to discuss current activities and to promote collaborative opportunities and quick wins within the GLA Group.
- (c) The work stream has experienced the following key recent developments:
 - (i) Delegation of the GLA Procurement team into TfL. This includes the adoption of TfL procedures and other tools. The GLA Finance team are to follow in December when SAP goes live; and
 - (ii) Development of the new Engineering and Project Management framework to go live in November 2009. This framework is open to all functional bodies for the first time, and received input over its development from the functional bodies.

- (d) Appointment of consultancy services from PricewaterhouseCoopers LLP (PwC) to undertake a review and provide advice on the approach and vision for procurement work stream of shared services. The review is specifically being undertaken on 'back-office' categories only, where the potential for collaboration is greater and barriers and negative impacts on service are less. The key intention of this work is to obtain an independent review of current activities within the work stream, and draft business cases to enhance activities going forward. The GLA Group will look to deliver recommendations provided by PwC in-house through bringing in business case recommendations into the relevant categories within the work stream. This is likely to be incorporated in phases due to existing contracts and frameworks in place.

4.3 Financial

- (a) Approval for the delegation of authority to TfL for its exchequer services is now complete. TfL is well placed in the provision of these services due to its size and technology base. Stephen Critchley (Chief Finance Officer) leads for TfL in this work stream;
- (b) GLA preparations are proceeding for TfL to provide Financial services from its shared services centre – this is due to go live in December 2009; and
- (c) The GLA leads on the Finance work stream.

4.4 Human Resources

- (a) David Warlow (Interim Head of Human Resources Services) leads for TfL in this work stream; and
- (b) LFB leads on the HR work stream and has analysed each HR function within the Group according to back office transactional activities and transformational activities with the working assumption that transformational elements will not normally be appropriate for shared services.

4.5 Estates

The newly formed fifth work stream, Estates has now introduced a Programme Governing Board to oversee and assist projects relating to shared services. Initial bilateral talks have now taken place between the MPS and TfL to provide the platform from which other functional bodies may elect to participate.

4.6 Legal Services

The GLA has proposed that TfL takes on the majority of the GLA's legal service provision on a shared service basis. Interim arrangements have been put in place whereby TfL is providing management oversight of the current GLA legal function while discussions continue. The London Assembly will shortly be

considering the proposal. The GLA will then decide how they wish to proceed but there is a possibility that these arrangements may be concluded in the next few weeks.

4.7 Internal Audit

Discussions are taking place with the GLA with a view to TfL undertaking Internal Audit Services for the GLA when the GLA's current outsourcing arrangement comes to an end in March 2010.

5 LEGAL MECHANISMS FOR DELIVERY OF SHARED SERVICES

- 5.1 A legal framework for the delivery of shared services across the GLA Group through the delegation of functions between GLA Group bodies has been developed by TfL in conjunction with Legal and Finance colleagues across the GLA Group. The arrangements are based on the powers in section 401A of the Greater London Authority Act 1999 which came into force in February 2008. The new legal power allows members of the GLA Group to delegate to one another functions of a professional, technical or administrative nature (a "functional delegation"), or to form a joint committee for the purposes of doing so. The advantage of the new power is that the delegation of the function does not involve the award of a contract for services, and so falls outside EU procurement regulations.

6 RECOMMENDATION

- 6.1 The Panel is asked to NOTE the report.

7 CONTACT

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