



LONDON FIRE BRIGADE

Report title

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## Procurement of Travel and Accommodation Services

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Report to  
London Fire Commissioner

Date  
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Report by  
Head of Procurement

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### Summary

This report seeks approval to award a contract for travel and accommodation services to Corporate Travel Management Limited (CTM) under the collaborative National Health Service framework for Travel Management Services (SBS/16/SB/ZXS/892) and includes streamlining supporting business processes to reduce transaction costs.

### Recommended Decision

The London Fire Commissioner (LFC) authorises the Assistant Director of Technical and Commercial to award a contract up to the value of £960k for travel and accommodation services to Corporate Travel Management Limited under the collaborative National Health Service framework.

### Background

1. The LFC's requirement for travel and accommodation services includes train, air travel and hotel accommodation. Currently, our annual spend is approximately £240k.
2. The National Health Service (NHS) has let a collaborative framework for travel and accommodation services. The framework is led by NHS Shared Business Services and is a collaboration of parties across the public sector. It is available to all public sector bodies including the LFC.
3. Under the terms of the NHS framework, the LFC can directly award a contract to Capital Travel Management, our current supplier, thereby making savings on current prices and reducing procurement costs. The new contract will also support the streamlining of our back office transaction processes, thereby reducing the costs of administration.

## Details of the proposed new contract

4. The contract term will be 2 years to commence 15 May 2019, with options to extend up to 2 years.
5. The new contract for travel management services will provide the following scope of services:
  - Rail
  - Domestic, European and International Air Travel
  - Ferry Services
  - Accommodation, including Hotels
  - Conference and Event Planning
  - Venue hire
6. The new contract provides an online booking system and a helpline for phone based support. Services will be invoiced on a monthly basis with a single consolidated invoice. The contract is based on the payment of the actual price of the travel ticket, hotel room etc plus defined transaction fees. There are no associated framework fees charged under the new contract.
7. The transaction fees charged by CTM under the new framework demonstrate a significant reduction over the current charges, as set out in the table below:

<b>Booking Type</b>	<b>Transaction fees under the current contract per booking</b>	<b>Transaction fees under the new contract per booking</b>	<b>Savings on transaction fees per booking</b>
Rail	£2.86	£1.86	35%
Air	£7.90	£5.00	37%
Hotel	£2.50	£1.50	40%

8. The new contract under the NHS collaborative framework provides best value for the LFC. This is achieved by the reduced transaction fees and the improved back office efficiency on booking and invoice processing will also provide best value – see paragraphs 10-21 for further details.
9. Contracting with our current supplier (CTM) under the new framework will avoid the need for additional training of LFB staff as the supplier's online system would remain the same.

## Streamlining business processes to reduce transactions costs

10. The current back office processes for the purchase and payment of travel and accommodation are cumbersome and involve a degree of administrative resources which are not commensurate with the value and non strategic nature of the spend. In other words, the amount of administration currently involved is disproportionate to the service being delivered. As part of the implementation of the new contract, these processes will be streamlined as detailed in paragraphs 16-21 below.

## The current order and invoice processes

11. Under the current process, there are three stages for a travel booker to make a booking :
  - Using the supplier's online system, search and select the requirement (e.g. rail ticket, hotel room). Save the selection within the online application (this is effectively a quotation for the service).

- Using the LFB Purchase Order Management System (POMS), enter the details and values from the quotation as a requisition; this is subsequently authorised by the approver and the requisition becomes a purchase order.
  - Using the supplier's online system, the quotation is converted to a booking by entering the POMS order number as reference.
12. The current travel booking process causes a number of issues for the travel bookers, procurement and finance teams.
- Requisitioning and then approving the POMS requisition into an official POMS order number can take several days during which time the quotation may become invalid e.g. seats unavailable, all the cheaper tickets sold out, hotel rooms becoming unavailable, and various price changes according to fluctuating supply and demand. In addition, because the POMS application and the supplier's online system are separate, it is currently possible for a travel booker to use a POMS order to book travel on the online system at different prices, which causes mismatches between the official POMS order and the invoice.
  - A travel booker may confirm a booking based on new information on the supplier's online system, but should then inform the POMS team of the change in values on the order. Invariably, this does not happen and is a weak link in the workflow, which requires further administrative resource to correct. If the POMS order value remains unchanged, this results in mismatching of invoices to purchase orders. This further results in delays to payments and manual interventions to retrospectively correct the information on the purchase order to enable payment to the supplier.
13. The consequence of the above is that the monthly consolidated invoice often cannot be processed as the individual order lines do not match the POMS values. Before the invoice can be processed each order line of the invoice has to be re-checked against the original order. If there is a difference this has to be validated with the ordering department and if required the POMS value is changed. This process however could take several days and any single invoice will contain multiple lines which need correction.
14. To assist with this, a weekly transaction report (derived from the supplier MIS [management information system] system) is produced to forewarn the POMS team about the values being used. This does not eliminate the additional administrative work but enables much of the extra administration to be done before the arrival of the invoice. Nevertheless, the current processing is cumbersome, inefficient and ineffective requiring an inordinate amount of manual fixes to what should be a smooth electronic workflow.
15. Both the booking and invoice processing involve additional administrative time and effort which add no value but incur extra costs, time and resources.

### ***The new order processes***

#### *Departmental annual POMS order*

16. At the beginning of each financial year, individual departments will generate a POMS order based on their travel budget. The POMS order number will then be used throughout the year by designated travel bookers on the supplier's online system to book travel and accommodation. Multiple bookings throughout the year on the supplier online system will be receipted in POMS against the annual purchase order.
17. Each department will be required to proactively manage their own travel budget, particularly the used amounts against their annual POMS order. Orders will need to be receipted in a timely manner by each department. If at anytime the total order value is exceeded then the department will be required

to request an amendment to the original order or raise a new order before further online bookings can be made.

#### *Information and reporting for budget monitoring*

18. The information available in LFB's BEAT (budget monitoring information) system will be total spend on travel and accommodation by department. Hence, this will not include granular detail of the various elements of spend (train, hotel room etc). However, such information will be available within the supplier's MIS reports. For such granular detail to be available within BEAT against the relevant subjective, each department would have to raise separate annual orders for each purchase type (e.g. Rail, Overseas, Hotel etc.). This would otherwise increase the amount of transaction processing and administrative input which are prohibitive. Given that such information is not of a strategic value, using the granular information from the supplier's MIS reports is deemed appropriate from a best value use of resources.

#### *Booking Travel*

19. Each department will have at least 2 members of staff responsible for booking travel which provides cover for absence. The process for booking travel and accommodation will be simplified as a fast single stage process. Using the supplier's online system, the travel booker searches and selects the requirement (e.g. rail ticket, hotel room), enters the POMS order number and strikes the deal immediately, thereby securing the price and availability. As currently, the booker will manage the ticket distribution, notification of train schedules etc. Authorisation limits and restrictions on what can be booked will be controlled by restrictions configured in the online booking system as well as the overall Travel and Accommodation policy (see paragraph 26).

#### *Invoicing*

20. The supplier will provide LFB with a consolidated monthly e-invoice. Given that the new process involves only one version of the pricing data, the incidence of order to invoice mismatches will be significantly reduced, if not completely eliminated.
21. LFB's POMS and Masterpiece systems are unable to process credits and therefore these will be provided separately for manual processing, as per current practice.

#### *Benefits of the new processes*

22. The new process will deliver the following benefits:
- It will reduce the transaction workloads for all LFB departments because individual POMS orders will be replaced by one annual POMS order. The time spent by departments in booking travel will be significantly reduced.
  - It provides accurate data and information workflows i.e. the travel booker strikes the deal in a live environment thereby securing the travel and accommodation at a confirmed price without vulnerability to dynamic price changes in the market.
  - Given the increased accuracy of order information, invoice to order matching is vastly improved thereby reducing the non value adding administrative remedial work previously undertaken by the POMS team in processing monthly invoices.
  - The ease and accuracy of invoice processing has the potential to allow LFB to fully automate the invoice processing in the future. The current process relies on a .pdf version of the invoice and is not truly automated.
  - Handling credits separately will reduce adverse impacts on the invoice processing.
  - The change in the processes will remove the majority of the issues regarding invoice processing that exist with the current process. The new process facilitates more financial accountability and control within departments for their travel budgets.

## **Collaboration with GLA**

23. Travel and accommodation services forms part of the common and simple group of items which is managed by the GLA Collaborative Procurement Team (CPT). Previously, Capita had been awarded the contract to supply the Metropolitan Police Service (MPS), but it became apparent that Capita was unable to fulfil LFB's requirements for a number of reasons:
- Capita could provide an e-invoice with supporting information, however, the format was incompatible with LFB's system requirements and also Capita were unable to provide all of the required data (such as individual order numbers making up the consolidated invoice).
  - Capita offered to develop a reporting solution to the above issues at a charge of £5k. However, Capita subsequently withdrew this offer because of their own impending system changes.
  - Subsequently, Capita refused to engage in further discussions to resolve the data workflow issues for invoicing and reporting purposes. At this point, LFB explored other collaborative frameworks. The NHS framework provides a solution that meets the needs of the LFB.
24. The GLA's Collaborative Procurement programme has scheduled a re-procurement of Travel with the intention to award a GLA contract later in 2019. Given the pressing need for LFB to have a compliant contract in place, the proposed contract award to CTM will have a restricted duration of two years with an option to extend for up to a further two years, if required. This facilitates both LFB engaging with the GLA collaborative procurement to include LFB's requirements, joining the GLA contract in 2021 if LFB's requirements can be fulfilled, and enabling the alignment of contract expiry dates thereafter.

## **Industry standard processes for travel and accommodation**

25. The LFB's current process for travel bookings differs from the process used by other organisations. Some organisations such as HMRC manage their bookings under a single central budget and departments order against that budget. Other organisations such as Sony UK have set up a central travel administration team to manage all bookings. However, for LFB, consultation with internal stakeholders (from the various departments) resulted in a request to maintain separate order processing and discrete allocations to individual budgets for budget monitoring purposes. The new order and invoice processing system facilitates these to an appropriate level.

## **Travel & Accommodation Policy**

26. A detailed travel policy with procedural guidance will be developed by Procurement and People Services departments so that staff understand the new processes. This will also include their particular roles and responsibilities as well as authorisation levels and the limitations on what travel and accommodation elements can be booked under the contract.

## **Conclusion**

27. The immediate need is to award the new contract to CTM and to effect the back office processing changes and thereby reduce the current level of transaction costs. The feasibility of using a corporate credit card system will be explored in the future.

### **Finance comments**

28. This report seeks approval to award a contract for travel and accommodation services to Corporate Travel Management Limited (CTM) under the collaborative NHS framework for Travel Management Services.
29. The new contract is expected to streamline processes and also provide a savings on transaction fees. The current annual spend of £240k includes transaction fees of approximately 3-4%, i.e, £7.2k - £9.6k.
30. Based on an average savings of 37% on transaction fees, set out in paragraphs 6 and 7 above, it is expected that there would be a savings of £2.7k – £3.6k per annum that can be incorporated into the budget process.

### **Workforce comments**

31. No direct implications associated with the contract or the contents of this report have been identified which require staff side consultation.

### **Legal comments**

32. 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 his or her functions.
33. 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").
34. 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...".
35. The Deputy Mayor's approval is accordingly required for the Commissioner to procure travel and accommodation services under a new contract in value above £150,000 as proposed in this report.
36. The arrangement proposed is consistent with the Commissioner's power under section 5A of the Fire and Rescue Services Act 2004 to procure services they consider appropriate for purposes incidental to their functional purposes.
37. The proposed service has been procured in compliance with the Public Contracts Regulations 2015. The NHS Shared Business Services has conducted a compliant OJEU procurement to set up the National Health Service framework for Travel Management Services (SBS/16/SB/ZXS/892), from which the General Counsel notes in the report that the Commissioner is able to make a compliant call off.

### **Sustainability implications**

38. CTM will continue to provide reporting information regarding carbon emissions for air travel bookings, which forms part of the data requirement for corporate performance reporting on CO2 emissions. All domestic flight searches are automatically presented with the alternative rail travel information alongside the flight option to encourage lower emission travel options.

### **Equalities implications**

39. The commitment to equalities is reinforced with the following inclusions in the NHS framework.

40. The Supplier shall:

- ensure that (a) it does not, whether as employer or as provider of the Services, engage in any act or omission that would contravene the Equality Legislation, and (b) it complies with all its obligations as an employer or provider of the Services as set out in the Equality Legislation and take reasonable endeavours to ensure its Staff do not unlawfully discriminate within the meaning of the Equality Legislation;
- in the management of its affairs and the development of its equality and diversity policies, cooperate with the Authority in light of the Authority's obligations to comply with its statutory equality duties whether under the Equality Act 2010 or otherwise. The Supplier shall take such reasonable and proportionate steps as the Authority considers appropriate to promote equality and diversity, including race equality, equality of opportunity for disabled people, gender equality, and equality relating to religion and belief, sexual orientation and age; and
- the Supplier shall impose on all its subcontractors and suppliers, obligations substantially similar to those imposed on the Supplier by Clause 26 of this Schedule 2b of these Call-off Terms and Conditions.
- The Supplier shall meet reasonable requests by the Authority for information evidencing the Supplier's compliance with the provisions of Clause 26 of this Schedule 2b of these Call-off Terms and Conditions.

41. This is further supported by the specification for the framework which states:

- The Supplier shall arrange any supporting services required by Travellers with specific needs, the details of which will be provided at the time of booking, for example, assistance upon arrival, wheelchair ramps at a station and assistance to board a train.

42. The Brigade's revised travel policy (refer to paragraph 26) will also ensure that it is clearly indicated how we approach the arrangement of travel and accommodation for people requiring personal access and movement assistance and how these will be supported by the supplier.

#### Consultation

Name/role	Method consulted
Head of Procurement	Revised the report
Assistant Director of Finance	Comments included in the report
Solicitor - Corporate and Commercial Law Manager General Counsel	Comments included in the report
Assistant Director of People Services	Emailed the report

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