



LONDON FIRE BRIGADE

LFC-24-111

iTrent Change Request

Delivering the HR & Payroll Solution

Report to:

Date:

Investment & Finance Board.....	26 September 2024
Commissioner's Board	9 October 2024
Deputy Mayor's Fire Board.....	26 November 2024
London Fire Commissioner	

Report by:

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Report classification:

For decision

For publication

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

This report seeks the approval of the Deputy Mayor for Planning, Regeneration and the Fire Service to agree that the London Fire Commissioner can commit revenue expenditure, which is necessary to complete the implementation of the HR & Payroll solution, iTrent (MHR).

This decision is an update to Deputy Mayor for Fire and Resilience Decision (LFC 0458), which was approved on 11 March 2021. LFC 0458 authorised the London Fire Commissioner to commit revenue expenditure of £950,000 for the procurement of a HR & Payroll solution.

Additional funding of £568,816 is required to support project delivery in addition to the approved budget for consultancy support from the vendor, change management and project resources, interface development and contingency.

The project has been delayed following a number of changes in senior personnel in the People Services Department, as well as the departure of the People Director over the last calendar year. The Brigade has therefore been developing a full transformation programme across the People function. This has led to a review of, and challenges with, project ownership, including the ability of People Services to support the new system (i-Trent) implementation. As part of the review, it has been concluded that some features of i-Trent do not support the functionality required by the Brigade. Consequently, a project team is working to identify where process changes are needed and to optimise IT integrations to ensure the successful running of the system when it is launched. Due to the complexity of some current LFB processes and internal systems, there are several stakeholders involved across the organisation, and work is ongoing to ensure that i-Trent meets requirements when it is implemented.

The current HR & Payroll system will be obsolete in December 2026, posing significant risks to operations, compliance and data security. The new HR & Payroll solution is being implemented and will mitigate this risk and maintain compliance with HMRC regulations.

Recommended decisions

For the London Fire Commissioner

That the London Fire Commissioner agrees to commit the sum £568,816 for the purpose of delivering the implementation of the HR & Payroll solution (iTrent).

1 Introduction and background

- 1.1 The Deputy Mayor for Fire and Resilience Decision 106 (2 March 2021) gave prior approval for the London Fire Commissioner to commit revenue expenditure (LFC decision LFC-0485y agreed on 11 March 2021). The decision authorised the revenue expenditure to initiate a procurement in respect of the London Fire Brigade's (LFB) HR and Payroll solution. The contract was signed on the 29 of September 2021 for a term of 5 years and 9 months, using framework HTE ComIT Lot 2 - HTE-01523.2.
- 1.2 The LFB's current HR & Payroll system, in use since 1992, is nearing obsolescence and will no longer be supported after December 2026. The system manages LFB's employee records and organisation, generating salary payments and provides returns to HMRC and Local Pensions Partnership Administration (LPPA).
- 1.3 Delivery of the new solution is needed to replace a legacy system that is coming to end of life in December 2026 and is needed to automate workflows to reduce manual interventions, errors and process times.
- 1.4 An unsupported solution would be prone to errors, cyber attacks, risks being non-compliant and will lose HMRC updates. Failure to secure funding will result in severe operational risks, including vulnerability to cyberattacks, non-compliance with HMRC regulations, and the potential for critical payroll errors affecting all LFB employees. These risks could lead to reputational damage, legal challenges, and increased long-term costs.
- 1.5 Eighteen critical applications, which rely on integration with the HR & Payroll system, will face disruptions if the current system becomes unsupported, further jeopardising LFB's operational efficiency and service delivery.
- 1.6 It is unknown if there is any third party who will be able to support the obsolete system and is likely to be costly and will not fully mitigate our risks.
- 1.7 To ensure the Brigade does not run the risk of having an unsupported system, the Brigade needs to have implemented a new system by September 2025 to allow for three-month parallel run and twelve month contingency in the event we need to look for an alternative solution.
- 1.8 Following a successful tender process a solution was procured and implementation was resourced from existing business resources. The LFC is committed to annual contract terms for the new solution (iTrent) to June 2027.
- 1.9 The solution was due to be implemented by March 2024 but has been beset by various delays due to the pandemic, procurement delays, lack of steady leadership, and availability of resources, the implementation now needs to be fast tracked to deliver before the current system comes to

end of life.

1.10 The implementation has been reviewed and the following options considered:

Option	Cost	Pros	Cons
<p>Option 1</p> <p>Do nothing – continue with current system (Cyborg) and close implementation of new solution project</p>	<p>£0 additional investment but additional maintenance costs for support likely to be high and continuation of Cyborg costs</p>	<p>n/a</p>	<ul style="list-style-type: none"> • Ongoing costs of manual interventions in HR and Payroll teams. • Cost for running Cyborg and additional third party Cyborg support if beyond 12/26. • Risks to cyber security not mitigated • Cyborg will lose HMRC updates and be non compliant
<p>Option 2 – Recommended option</p> <p>Secure additional funding as per requirements below to deliver the new solution</p>	<p>£568,816</p>	<ul style="list-style-type: none"> • Delivery of new HR & Payroll system that mitigates the risks of having an unsupported HR and Payroll system with sensitive employee data • Less Manual intervention. • Decisions on mobilising other projects can be made 	<ul style="list-style-type: none"> • No certainty that the system can deliver the future requirements that are now needed by the organisation.
<p>Option 3</p> <p>Seek alternative system</p>	<p>Likely to be significantly in excess of option 2 as required tender process, new system procurement and implementation costs</p>	<ul style="list-style-type: none"> • Delivery of new HR & Payroll system that mitigates the risks mentioned above. • Less Manual intervention. • Decisions on mobilising other projects can be made 	<ul style="list-style-type: none"> • Procurement and delivery timelines will not meet our deadlines for a new system • Cost of starting again is likely to exceed the remaining costs of implementing current solution • Benefits realisation will be delayed

1.11 Option 2 is the preferred option to support the successful delivery, roll out and adoption of the new solution, funding is needed for additional resources, increased contract costs and additional

ongoing annual costs as a result of additional contract value.

1.12 These costs include:

Item	Total	2024/25	2025/26
Additional support from the vendor to build reports, assist with parallel run preparation, to configure vehicle management modules, integrations, vendor project management, technical consultancy and data loading.	£212,947	£212,947	
Additional vendor services that increase the contract value and therefore, the annual cost, including a Postcode/ Bank details checker, a P11D solution, pension reports, audit reports and data model with two environments	£42,106	£42,106	
Change, project management and HR specialist support for 9 months to support delivery, roll out and adoption	£200,000	£146,667	£53,333
Contingency at 25%	£113,763	£63,202	£50,561
Total	£568,816	£464,921	£103,895

1.13 Additional funding will enable the delivery of the solution by Q1 2025/26 financial year and allow for adoption, full project handover and closure by November 2025.

2 Objectives and expected outcomes

2.1 The additional investment will enable the system implementation to be fully resourced to enable delivery within a critical timeframe and secure additional system modules required to deliver additional needs the business has identified are required since the system was originally specified over three years ago.

2.2 Risks of not doing so are detailed above.

2.3 This investment aligns with LFB's strategic goals to modernise its infrastructure, enhance operational efficiency, and uphold the Brigade values.

3 Values Comments

3.1 The LFC notes the Fire Standards Board requirements around adopting and embedding the Core Code of Ethics at an individual and corporate level. Following extensive engagement, the LFC has introduced Brigade values which build on and do not detract from the Code of Ethics.

3.2 The delivery of a supported, secure HR & Payroll system upholds the Brigades values of :

- Service: we put the public first – by ensuring that staff data is held securely and all staff receive the best possible service in the most efficient way
- Integrity: we act with honesty – securing the necessary investment and delivering within a critical timeframe demonstrated commitment to honesty and transparency.
- Teamwork: we work together and include everyone - implementing the solution will require collaboration across various teams, fostering an environment where everyone's contribution is valued
- Equity: we treat everyone fairly according to their needs – implementing the new solution will enable all staff to receive a consistent and fair HR and Payroll administrative service
- Courage: we step up to the challenge – Securing this funding and meeting the critical timeframe shows willingness to tackle challenges head on.
- Learning: we listen so that we can improve – By listening and identifying the issues and risks to delivering a solution in time demonstrated our commitment to continuous improvement.

4 Equality Comments

4.1 The LFC and the Deputy Mayor for Planning, Regeneration and the Fire Service are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

4.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.

4.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.

4.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:

- eliminate discrimination, harassment and victimisation and other prohibited conduct.
- advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
- foster good relations between people who share a relevant protected characteristic and persons who do not share it.

4.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

4.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

4.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice
- promote understanding.

4.8 This additional expenditure will not have a negative impact on any groups at LFB.

5 Other considerations

Workforce comments

5.1 This report includes additional funding to backfill for a crucial business resource to devote to the implementation. Agreement for the resource has been confirmed by People Services.

Sustainability comments

5.2 A Sustainable Development Impact Assessment is not required.

Procurement comments

5.3 The additional services required will require a variation to the contract with the current supplier. A change of supplier would require a further procurement which would add significant time, risk (uncertainty with a new supplier) and duplication of costs. The scope and value of the supplier costs, associated with the variation, are deemed to be compliant with the Public Contracts Regulations 2015.

5.4 PCR 2015, reg 72(1)(e) permits variations to public contracts or framework agreements where those variations, irrespective of value, are not substantial. A "substantial" variation is defined by PCR 2015 reg 72(2)(8) as any change, irrespective of value, which meets any one or more of the following conditions:

- it renders the contract materially different in character from the original.
- it would have allowed other potential suppliers to participate or be selected, or another tender to be accepted.
- it changes the economic balance of the contract in favour of the contractor in a way which was not provided for.
- it extends the scope of the contract "considerably".

- it replaces the original contractor, other than where the change arises from a review or option clause in the original contract or from corporate restructuring such as merger, takeover or insolvency.

Whether a change causes "considerably" extended scope, or renders a contract "materially different in character" will depend on the circumstances of each case. In this case the variation is not changing the contract "considerably" in terms of scope and value relative to the original contract and therefore does not render the contract "materially different in character".

Communications comments

- 5.5 There is no change to the communication approach other than the ability to now let staff know when the system is likely to go live and what our approach to adoption will be, which is already planned and in Communications Forward Plan

6 Financial comments

- 6.1 This report seeks the approval to commit revenue expenditure, which is necessary to complete the implementation of the HR & Payroll solution, iTrent (MHR).
- 6.2 This decision is an update to Deputy Mayor for Fire and Resilience Decision (LFC 0458), which was approved on 11 March 2021. LFC 0458 authorised the London Fire Commissioner to commit revenue expenditure of £950,000 for the procurement of an HR & Payroll solution.
- 6.3 Additional revenue funding of £568,816 is required to support project delivery in addition to the approved budget for consultancy support from the vendor, change management and project resources, interface development and contingency.
- 6.4 The additional revenue funding requirement is split across two financial years, £464,921 in 2024/25 and £103,895 in 2025/26.
- 6.5 The additional £103,895 one off revenue funding requirement for 2025/26 is included as an investment bid for the project as part of the 2025/26 budget setting process.
- 6.6 The Budget Flexibility Reserve is forecasted to have an uncommitted balance of £3,766,000 by March 2025 as per the LFC Quarter 2 2024-25 Financial Monitoring Report. However, as a result of the forecast revenue overspend for 2024/25 the Quarter 2 report proposes that this balance is transferred to the General Reserve.
- 6.7 The LFC Quarter 2 2024-25 Financial Monitoring Report, as well as the forecasted reserve balance above, already account for the additional one-off reference funding requirement of £464,921 for the year 2024/25 as detailed in this paper.

7 Legal Comments

- 7.1 This report seeks approval to commit expenditure of £568,816. This will be utilised to implement the iTrent system for HR and Payroll.
- 7.2 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.

- 7.3 Section 327D of the Greater London Authority Act 1999, as amended, 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.
- 7.4 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 Planning, Regeneration and Fire ('the Deputy Mayor'). In particular, 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 is identified in accordance with normal accounting practices...". The proposed expenditure exceeds this financial threshold, accordingly, prior approval from the Deputy Mayor will be sought.
- 7.5 The report the iTrent (HR and Payroll) system was procured following an open procurement exercise, and the variation of contract now needed to implement the system in the timeframe required, is being made in accordance with the Public Contract Regulations 2015.

List of appendices

Appendix	Title	Open or confidential*
1	None	

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form: NO*