

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2918

Title: Shared Human Resources Function Between TfL, GLA and OPDC

Executive summary:

This decision form asks the Mayor to approve a shared services arrangement between the Greater London Authority (GLA) and Transport for London (TfL), through which TfL will provide transactional human resources (HR) support to the GLA. The Mayor's Old Oak and Park Royal Corporation (OPDC) will also be part of the shared service. This proposal is driven by the aim of securing financial and other benefits through greater collaboration across organisations within the GLA Group.

Shared services arrangements involving the GLA must be approved by the Mayor following consultation with the London Assembly. This consultation took place via the GLA Oversight Committee meetings held on 16 June 2021 and 15 September 2021.

Decision:

That the Mayor approves:

- i. the establishment of a shared-service arrangement between TfL and both the GLA and the OPDC, under section 401A of the Greater London Authority Act 1999, where TfL will provide the GLA and the OPDC with a transactional HR service
- ii. a delegation to the GLA's Chief Officer to: finalise the terms of, and enter into, the shared-service agreement between the GLA and TfL; to agree final costs to the GLA associated with the agreement, including the transfer of funding to TfL from the GLA for the provision of the support; and to update the agreement as and when necessary.

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:

16/12/21

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

Decision required – supporting report

1. Introduction and background

- 1.1. The GLA Group Collaboration Board, chaired by the Mayor's Chief of Staff, has overseen an exploration of what further services could be shared across GLA Group organisations. This work underpins a push towards greater collaboration across the GLA Group for financial and other benefits and will build upon the shared services that are already in place. TfL already provides legal, financial transaction and procurement services to the GLA. The GLA, in turn, provides services to other parts of the Group – for example, the GLA's HR and Organisational Development (HR&OD) team provides services to the Mayor's Office for Policing and Crime.
- 1.2. This exploration has included consideration of the extent to which the GLA and the OPDC could benefit from collaboration with TfL on HR and Organisational Development (HR &OD) services. The functions and structures of GLA and OPDC HR&OD services have not been reviewed in many years. Transactional HR processes remain very reliant on paper-based exchanges, and the processes themselves reflect an outdated approach to supporting managers and employees. Whilst the "root and branch review" of HR policies undertaken over the last two years has driven the move to more progressive policies that empower the line manager, the underpinning systems are not integrated, leading to unnecessary duplication. What is more, the licences for several are due to end soon. Neither organisation maximises the current industry technologies available to provide staff with self-service HR options, and to provide managers with high-quality people data. What is more, the GLA currently relies on London Fire Brigade (LFB) for payroll services; LFB is changing its own arrangements with effect from Autumn 2022, which means that the GLA must reconsider theirs.
- 1.3. TfL has an HR&OD function of scale, commensurate with the size of the organisation it serves. It has also invested in organising this function in line with best HR practice and continues to invest in the systems to support this. The feasibility and potential benefits of the GLA and the OPDC sharing HR services with TfL were explored first through an initial study conducted by Deloitte in 2019; and then through further, detailed diagnostic work undertaken by a small team reporting into the GLA Group Collaboration Board. It was concluded that there would be merits to progressing with a shared HR service where the GLA and the OPDC receive transactional HR services from a shared service located within TfL.
- 1.4. The proposal therefore is to move to a shared service where TfL's business services function (BSF) delivers all transactional HR activity, including payroll, on behalf of the GLA and the OPDC. This would include all operational recruitment; learning and development; data and reporting; and first line advice to managers. All strategic HR and HR casework will remain in retained GLA and OPDC functions. This covers strategic employee relations; complex employee relations cases; diversity, inclusion and talent; compensation and benefits; and strategic HR business partnering. The GLA is considering the shape of this retained function – including what support, with strategic HR, is offered to the now-to-be-smaller retained OPDC function – and will complete all necessary consultation on this in due course.
- 1.5. Any activity transferring to TfL would need to be resourced. As such, a number of operational HR roles from the resourcing, HR business partner and systems teams would therefore be transferred to TfL under the principles of a Transfer of Undertakings (Protection of Employment) Regulations (TUPE) transfer. One role from the OPDC would also transfer.
- 1.6. The support will be provided to the GLA by TfL under section 401A of the Greater London Authority Act 1999 (GLA Act). Before shared-services arrangements can be entered into by the GLA, the Mayor must consult the Assembly (and in practice the GLA Oversight Committee). The Chief Officer has already done this on the Mayor's behalf.

- 1.7. The GLA will need to allocate funding to TfL to cover the cost of providing the agreed support and this allocation of funding will form part of the terms of the shared services agreement.

2. Objectives and expected outcomes

- 2.1. There are clear benefits to introducing a transactional HR shared service. Considerable efficiencies would be made by upgrading and moving to TfL's integrated HR systems. This would increase the ability for employees and line managers to carry out some transactional HR activities via an online self-service portal. It would also mean that some manual processes currently undertaken by HR teams could be automated. Integrating HR and finance systems would allow for robust and aligned information for establishment control activity, and employees and managers would have access to more consistent and standardised processes which have been built from an industry-best practice benchmark. Routes to accessing HR support would be clearer, as proven user-friendly and integrated HR systems would enable self-service to empower managers and employees to quickly resolve queries themselves via online guidance and signposting to policies.
- 2.2. By streamlining transactional services, there would also be greater opportunities to enhance HR capability and free up capacity to work with senior leaders to focus on strategic, value-adding priorities. A people strategy will be developed to allow the retained HR function to focus on key people issues, ultimately enabling us to have the right people with the right skills in the right time, to deliver for Londoners.
- 2.3. Those working in HR would also benefit from greater collaboration across the GLA family, and the opportunity to expand their networks and opportunities for personal growth.
- 2.4. The GLA and the OPDC would retain oversight and contract management responsibility for the delivery of the HR shared service and automation of processes with agreed Key Performance Indicators (KPIs) and Service Level Agreements (SLAs), meaning that managers and employees are clear on what they can expect and when.

Costs

- 2.5. In addition to improved service delivery, a shared service for transactional HR will save the GLA and the OPDC money. It is expected that the cost to the GLA for implementing a shared service would be £1.8m, which covers all people and culture and process review activity, excluding the costs of implementing the systems. The GLA would, however, see savings following the first year of implementation from September 2022.
- 2.6. The current cost for GLA systems, including payroll, is c. £132,000 per year. Migrating to TfL's system would cost c. £35,000 per year (plus implementation costs). The GLA's existing systems contracts are due to expire in 2022. Market research suggests that procuring a new standalone provider would likely cost in the region of £155,000 (plus implementation costs). By sharing systems with TfL the GLA would benefit not only from lower licence fees by virtue of economies of scale, but also from having integrated, rather than standalone systems for reporting, payroll and recruitment, as is currently the case. This reduces the need for 'double-keying' which is time-consuming and costly and poses challenges with data integrity. By procuring another provider we would need to consider changing the GLA's finance system, currently provided by TfL's SAP, to achieve full integration. This would incur significant costs.
- 2.7. It is also anticipated that sharing systems and adopting TfL's established processes will lead to efficiencies and service delivery savings. It is expected that the ratio of HR resource required per employee would reduce to the levels needed in TfL and so the cost per head for delivering these services would reduce too (from the current £821 per head for delivering transactional services in the GLA to the £359 per head at TfL). If this results in surplus headcount then natural turnover would be allowed to run across all of the BSF until the headcount is at the new level required.

- 2.8. It is expected that the cost to the OPDC for implementing HR shared services with TfL would be £95,000. This cost covers people and culture, and all process review activity, and excludes the costs of implementing the systems as outlined for the GLA in section 2.5. The current cost of OPDC systems and payroll is £14,000; and the annual licence costs for the TfL SAP system will be £2,000. Similar to the GLA, OPDC expects to benefit from a reduction of its per capita costs, which are currently £921 per head, and expects to pay £359 per head in the future.

Decision-making

- 2.9. Shared-service arrangements under section 401A of the GLA Act must be approved by the Mayor following consultation with the London Assembly. This consultation took place via the GLA Oversight Committee meetings held on 16 June 2021 and 15 September 2021. The points that the Committee raised are covered at paragraph 4.6 of this form.
- 2.10. The Mayor is being asked to delegate authority to the Chief Officer to enter into an agreement with TfL, covering the terms and working arrangements under which the new shared service will operate.
- 2.11. This shared service arrangement will also be approved through TfL's and the OPDC's decision-making procedures. The OPDC's Board has delegated authority to the Corporation's Chief Executive Officer to enter into the shared service on the OPDC's behalf.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the GLA is subject to the public-sector equality duty (the Duty) and must have 'due regard' to the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
 - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. Protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.3. This proposal is to move transactional HR service delivery out of the GLA and the OPDC, and into a shared-service hub in TfL. This will free up capacity within the retained functions to focus on value-adding HR work. This in turn will enable the respective organisations to better deliver their strategic objectives, of which equality for Londoners is key. This is in addition to the HR teams providing continued focus on supporting diversity and inclusion for the GLA and OPDC workforces.

4. Other considerations

- 4.1. Key risks and issues

Risk	Mitigation
The cumulative impact of all current change across the GLA could negatively impact the wellbeing of employees during delivery phase and beyond, particularly HR employees who are supporting the workforce whilst going through their own change journey. Change saturation	Create a comprehensive view of the Change Landscape to identify 'pinch points' and adjust change delivery accordingly if viable.

<p>could have an impact on people's ability and willingness to work; and could result in staff absences or people choosing to leave the GLA/OPDC.</p>	<p>Create a network of Change Leads to ensure a joined-up approach, particularly around comms and engagement.</p> <p>Proactive engagement with trade union representatives.</p>
<p>Manager perception that an HR shared-services arrangement is creating extra work, or an inferior service, as we are moving away from a personalised, 'hand-holding' service towards increased standardisation. There may be a view that managers are now being asked to do more.</p> <p>Employees may resist self-service. This would impact on the ability to embed the shared service model and ways of working, as this depends on the GLA/OPDC workforce being self-sufficient in some areas.</p>	<p>Ensure the business understands the changes being made and that there may be a difference in service level provided while we undergo change.</p> <p>Promote opportunities for greater self-service.</p> <p>Create and deliver a clear change management plan to support the business in understanding the importance of process compliance and their role in the new end-to-end processes</p> <p>Manage expectations of what good looks like for a shared service, e.g. via communications and engagement such as creating 'Customer Journeys' to bring to life what the service will mean in practice.</p> <p>Ensure that the reasons for the changes are clearly articulated to people; and that people understand what is expected of them in the future and understand the consequence of not following processes.</p> <p>Implement a transition plan that supports the business to be more self-sufficient.</p>
<p>Risk that the systems will not be ready in time for the move. 'A hard stop' has been identified for LFB providing payroll services to the GLA, due to its systems contract expiring in October 2022.</p>	<p>Identify key decision-makers and ask them to diarise sufficient time for review and sign-off of systems pre-analysis work.</p> <p>Obtain an early quote from the third-party supplier to enable TfL's financial governance process to be expedited.</p> <p>Ensure that the TfL Technology and Data project manager takes steps to initiate a Delivery Project, as the lead time for this can be five to eight weeks with the required governance.</p> <p>Apply for exemptions to non-permanent labour mandated leave over Christmas for critical TfL staff, to enable them to review and summarise the outputs of the systems, pre-analysis, into a digestible format for key decision-makers so that sign-off is expedited.</p>

[Links to Mayoral strategies and priorities](#)

- 4.2. This proposal aligns with the Mayor's priority of ensuring a more efficient and effective GLA Group through greater collaboration; and particularly the principles of avoiding doing the same thing across multiple organisations and driving efficiency through scale.

Conflicts of interest

- 4.3. A small collaboration team was established to conduct this review and develop a set of recommendations for how a shared HR service could work between TfL, the GLA and the OPDC. Whilst the current HR Business Partner for the GLA, and the HR&OD Manager for the OPDC, have been involved in shaping these proposals, all decisions have been taken by the HR Shared Service Steering Group and the GLA Group Collaboration Board.

Data protection

- 4.4. The GLA and OPDC's Information Governance Manager will be engaged to ensure that all GDPR and data protection issues are fully considered before entering into the shared service.

Consultation and impact assessments

- 4.5. Any activity transferring to TfL would need to be resourced; therefore, we expect a number of GLA roles would be transferred to TfL under the regulations of a TUPE transfer. Affected staff will be engaged and consulted as appropriate where TUPE applies. TUPE protects employees' contractual terms and conditions of employment; and no staff would be made to take on less favourable terms. Any subsequent new appointments or promotions made to the BSF once this activity had transferred would be made on TfL terms.
- 4.6. Consultation has taken place with the London Assembly via a paper that went to the 16 June 2021 GLA Oversight Committee meeting, and a subsequent paper that went to the 15 September 2021 Oversight Committee meeting. At the first Committee meeting on 16 June, Members asked for information on the costs of the programme which were subsequently provided and are reflected in this Mayoral Decision form. The Committee were also keen to ensure that moving to a shared service would enhance delivery of HR services and that there would be appropriate governance arrangements for overseeing such arrangements. It was advised that the GLA would retain oversight and contract management for the shared service and a similar agreement used for the sharing of legal services between TfL and GLA will be adopted. Existing KPIs and SLAs used at TfL would also be introduced which are tried and tested.

5. Financial comments

GLA financial comments

- 5.1 This decision seeks Mayoral approval for the establishment of a shared-service arrangement between TfL and both the OPDC and the GLA, under section 401A of the GLA Act, where TfL will provide the OPDC and the GLA with a transactional HR service. The decision also asks the Mayor to approve a delegation to the Chief Officer to formalise a shared-service agreement between the GLA and TfL and to agree any outstanding details in the agreement, including final costs, and to update this agreement as and when necessary in respect of the above.
- 5.2 The total cost of the shared-service implementation for the GLA is estimated to be £3.3m. This is made up of capital expenditure on systems of approximately £1.5m; revenue expenditure on project resource (£1.1m); and culture change and learning (£0.7m). The costs also include contingency. For years one and two, the costs will include the salary costs of staff TUPE'd over to TfL which are included in the draft GLA Mayor budget considered by the Budget and Performance Committee on 23 November.

- 5.3 Capital costs for systems of approximately £1.5m are to be funded from capital reserves. The remaining revenue costs of £1.8m are proposed to be funded from GLA Group Collaboration Board resources, subject to being agreed formally by the GLA Group Collaboration Board. This revenue contribution is able to be repaid via savings. The GLA expects the savings generated by the change to cover the revenue costs by September 2027.

OPDC financial comments

- 5.4 The OPDC's Board has delegated authority to the Corporation's Chief Executive Officer to enter into the shared service on the OPDC's behalf. All financial implications associated with the recommendations in this decision will be accommodated within the OPDC Budget.
- 5.5 Entering the shared-service arrangement will result in efficiencies and service delivery savings. It will operate on a cost-recovery basis and will be set out in the agreements that will be entered into by the OPDC and TfL.

6. Legal comments

- 6.1 Under section 401A of the GLA Act, the GLA can enter into arrangements with specified organisations (including TfL as a functional body) for the provision of administrative, professional or technical services between each other, whether for consideration or otherwise. The services proposed to be provided by TfL to the GLA fall within that description. The Mayor must consult with the Assembly before entering into any such arrangement involving the GLA; this role has been delegated to the Assembly's GLA Oversight Committee and the consultation took place in June and September 2021. The Mayor has power to delegate decision making to the Chief Officer to enter into the proposed shared services arrangement with TfL subject to having considered and taken into account the views of the Assembly.
- 6.2 The proposed funding provided to TfL for professional support can be provided in accordance with section 401A, which provides that "consideration" can be given for professional services.

7. Planned delivery approach and next steps

Activity	Timeline
Delivery start date	September 2022

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: Publication of this approval should be deferred to allow those employees affected by the proposals to be informed of the changes and the impact on their roles first.

Until what date: 31 January 2022

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:

Beth Cushion has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Mary Harpley 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 13 December 2021

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

15/12/21

CHIEF OF STAFF:

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

Signature

Date

15/12/21