

REQUEST FOR MAYORAL DECISION – MD1347

Title Future involvement in the iCity project

Executive Summary:

The Mayor (MD1081) approved the GLA's involvement in the iCity project and the commissioning of expert technical support services to ensure its successful delivery. Citi Logik Limited was commissioned in accordance with standard GLA procurement processes.

Following a recent GLA internal project review, progress on the project has been considered to be unsatisfactory. Subsequently the European Commission's second annual review came to the same conclusion, but agreed to extend the project to June 2015 to allow sufficient time for the project to deliver against the original objectives.

Since our assessment of value to London of a continued contribution to the project is low, and there is no identified GLA resource for this project beyond December 2014, the GLA intends to withdraw from the iCity consortium, retaining an option to continue as a non-funding, cooperation project partner, subject to agreement with the lead city on terms of reference.

This MD confirms the GLA's decision to withdraw and as a consequence also seeks approval for the continued engagement of Citi Logik Limited until the end of the project notice period on 31st May 2014.

Decision:

That the Mayor:

1. Confirms that he is content for the GLA to withdraw from the main iCity consortium and to assume a non-funding, cooperation project partner role in the EU iCity project; and
2. Approves expenditure of up to £76,200 on continued service provision required from Citi Logik Limited to enable the GLA to meet its remaining technical and contractual obligations during the notice period applicable to its withdrawal from the iCity project consortium.

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: 06 June 2014

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

Decision required – supporting report

1. Introduction and background

- 1.1 In December 2011, the GLA was part of a successful bid for funding from the EU iCity Programme. MD913 describes the project and sets out the consortia arrangements led by Barcelona City Council.
- 1.2 iCity is a research-led project designed to further the smart city agenda through the development of live web based applications, drawn from London's infrastructure (e.g. environment sensors) and hosted on a new iCity open data platform. London's involvement has primarily been to assist with sourcing application program interface (api) providers and open infrastructure data. London also intended to use iCity to help shape the future requirements and design of the next generation London Datastore. As such, the iCity project has since been identified in the London Plan.
- 1.3 The Mayor, through MD1081, approved:
 - An initial year 1 net GLA contribution of £104,000 in 2012-13. The document set out a total anticipated contribution of £335k in the three years to December 2014, the majority of which was in-kind in the form of staff time; and
 - The procurement of expert technical support, understanding of technical data architecture and smart technology provision within London and capacity to manipulate big data - all of which were needed to meet the anticipated overall project aims.
- 1.4 The GLA sought three or more written quotations from technical consultancies through a standard GLA procurement process. Citi Logik Limited was commissioned to deliver the technical support services required.
- 1.5 Their services have been vital in understanding the viability of the iCity project, to the point where with the GLA they have identified the following areas of significant concern in the last 12 months:
 - Poor project structure and management;
 - A lack of technical expertise in the core team and a poor appreciation of the critical dependencies across the different work packages of the project;
 - Inconsistencies in the requirements set out by the project team (all of which are poorly documented) and the functionality of the iCity open data platform at the outset; and
 - Insurmountable and ultimately expensive delays to the iCity platform development cycle and deliverables.
- 1.6 The delivery of the platform is a year behind schedule and the platform itself is of insufficient quality (as a production service) for promotion by the GLA to the London developer community. In the light of this and the concerns noted above, the GLA's participation in the iCity project has been under ongoing review since summer 2013. The GLA has in the interim extended contractual arrangements with Citi Logik Limited in order that the GLA could continue to meet its iCity consortium obligations and to assist the Assistant Director, Intelligence in an internal evaluation of the project.
- 1.7 Following the internal review, the Assistant Director, Intelligence communicated the GLA's concerns about the progress of the iCity platform and our objection to the planned unfunded six month extension of the project to the project director from the lead city, Barcelona. Following a meeting held on 14/2/14, the Assistant Director wrote to the lead city to formally notify the project leads that the GLA's continued participation in the project was contingent on demonstrable progress

against the areas of concern (specified within 1.5 and 1.6) and a positive outcome from the forthcoming European Commission's 2nd Annual review of the project.

- 1.8 The European Commission review confirmed in March 2014 the GLA concerns. The project reviewers endorsed prolonging the project by 6 months, but simultaneously highlighted, "unsatisfactory progress – the project has failed to achieve critical objectives".
- 1.9 In the light of these findings, the lack of additional resource to finance the extension period and the under achievement against London's objectives, the Assistant Director wrote to the iCity Project Coordinator formally requesting withdrawal from the core project consortium with effect from 30 May 2014 (the end of the notice period).
- 1.10 The intention is that, after this time, the GLA will assume a role of a 'cooperation partner', a non-funding position outside of the formal iCity consortium. This arrangement would enable the iCity project to be promoted to London's developer community based on the understanding that the GLA would be granted the option to access the platform when it is judged to be of a suitable standard to do so.
- 1.11 During the notice period, the terms and conditions of the consortium agreement require the GLA to fulfil its obligations to the project as usual (including contributing to work package delivery and reporting). The agreement also requires the GLA to cooperate in the transfer of knowledge to the remaining project partners or a replacement partner if applicable.
- 1.12 In order to fulfil its obligations under the consortium agreement, the GLA requires the continued services of Citi Logik Limited until to 30 May 2014. The cost of these services is £76,200 (£39,550 in 2013/14 and £36,650 in 2014/15).
- 1.13 This Mayoral Decision seeks therefore:
 - (a) confirmation that the Mayor is content for the GLA to withdraw from the iCity consortium and assume a non-funding cooperation project partner role; and
 - (b) expenditure of up to £76,200 on continued service provision required from Citi Logik Limited to enable the GLA to meet its technical and contractual obligations during the notice period applicable to its withdrawal from the iCity project consortium (until end May 2014).

2. Objectives and expected outcomes

Not applicable

3. Other considerations

3.1 Risks

- a) The GLA's withdrawal from the iCity Consortium may present a reputational risk as the collaborative nature of the project means that the GLA's withdrawal may impact on the delivery of the project, resulting in criticism of the GLA.

Continued unsatisfactory project progress coupled with the assessment that the value to London of a continued contribution to the project is low supports the GLA's decision to withdraw and will serve to mitigate this. The Assistant Director Intelligence is, with the assistance of the GLA Brussels Office, liaising with representatives of the European Commission, so that the GLA's position in relation to the iCity project is made clear and any impact on other bids for European funding is minimised.

- b) The requirement to extend the Citi Logik Ltd contract in order to complete the review and meet the notice period requirements constitutes an additional risk. However, it is considered that the loss of expertise and project knowledge acquired by Citi Logik Ltd over the last 16 months would otherwise have presented a greater risk in that the GLA would not be able to honour its contractual obligations during the notice period leading to financial claw back.
- c) Under the terms and conditions of the grant funding agreement, the GLA are required to maintain all financial records pertaining to the project for a period of five years after receipt of the final payment to the iCity project and the EU Commission retains the right to audit the records during this period. A financial risk may arise in the event an audit is conducted if the findings are deemed unsatisfactory.

In order to mitigate the above risk, all GLA project files have been organised to ensure transparency. The documents will be securely stored for the required five year retention period.

3.2 links to Mayoral strategies and priorities

- a) This project was intended to support the London Plan and work of the Mayor's Smart London Board – primarily the development of a Smart London Strategy and Action Plan.

3.3 Impact assessments and Consultation

None

4 Financial comments

4.1 Approval is being sought for the following:

- The GLA's withdrawal from the iCity consortium and the assumption of a non-funding cooperation project partner role; and
- Expenditure of up to £76,200 (£39,550 in 2013-14 and £36,650 in 2014-15) for Citi Logik Ltd to continue to provide services to meet the technical and contractual requirements during proposed notice period of the EU iCity project up until the end of May 2014 as an extension to the existing contract.

4.2 With regards to the GLA's withdrawal from the iCity consortium, other than officer time associated with the proposed non-funding cooperation partner role, there are no further costs anticipated with the project other than the proposed extension of the Citi Logik contract up until May 2014 (the end of notice period) for which approval is also being sought via this Mayoral decision.

4.3 With regards to the proposed extension of the Citi Logik contract totalling up to £76,200 from the 14th January 2014 and up to the end of May 2014; the £39,550 relating to the services provided in 2013-14 has been accrued and will therefore be accounted for within the 2013-14 accounts and funded from the ICITY Programme budget for 2013-14. The balance of £36,650 payable in 2014-15 will be funded from the budget allocated for the ICITY Programme in 2014-15.

4.4 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.

- 4.5 The Intelligence Unit within the Communities & Intelligence Directorate will be responsible for managing this proposal and ensuring all activities and expenditure comply with the Authority's Financial Regulations and Contracts & Funding Code.

5 Legal comments

- 5.1 The foregoing sections of this report indicate that:

- 5.1.1 the decisions requested of the Mayor fall within the statutory powers of the Authority to promote economic development and wealth creation and/or to do anything which is facilitative of or conducive or incidental to the promotion of the same in Greater London; and
- 5.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) consult with appropriate bodies.

- 5.2 Officers must ensure that the Citi Logik Limited contract is varied in respect of the proposed variation and this is documented in accordance with the provision of that contract before any payments are made to Citi Logik Limited.

6 Investment & Performance Board

This decision does not fall within IPB's terms of reference.

7. Planned delivery approach and next steps

- 7.1 The immediate next step is to procure the extension of Citi Logik Ltd's services up until 30 May 2014.
- 7.2 GLA Officers to agree a terms for the handover and knowledge transfer to remaining project partners.
- 7.3 The GLA is required to fulfil its obligations during the notice period and has therefore committed to making the following contributions to the project:
- Continuing to test the iCity platform (dependant on development and implementation);
 - Conducting a review of project documentation as required e.g. Business Models etc;
 - Contributing to developers briefings/networking and contributing to the Infrastructure Owners briefing ahead of a pan-Europe iCity Summer Camp;
 - Input to the planning and content for the iCity Summer Camp;
 - Process input and design e.g. development updates/change processes.
 - Positioning/marketing iCity platform with key stakeholders – pushing key messages, target users, benefits identification, developer engagement;
 - Open Data platform requirements sharing and informing iCity integration;
 - API/Data providers identification of Infrastructure Owners and engagement - e.g. transport, health, energy/buildings; and
 - Preparing stakeholder and cities presentations.

- 7.4 The Assistant Director, Intelligence will also need to agree terms of reference for the GLA's role as a cooperation partner and possible participation in the Pilot Cities sub-group.
- 7.5 Finally, GLA Officers are required to submit progress reports on a quarterly basis. A final progress report will therefore need to be submitted to the EU Commission in July. Furthermore, a final income claim that reflects the GLA's delivery from the period 2nd January to 30th May will need to be submitted around this time.

Appendices and supporting papers:

Reference	Approval	Date
MD913	EU iCity Programme	05/12/2011
MD1081	Contractual arrangements for iCity project Delivery	31/10/2012
DD1061	Contractual arrangements for iCity Delivery	08/05/2013
ADD70	Contractual arrangements for iCity Delivery	05/09/2013
ADD171	Contractual arrangements for iCity	20/03/2014

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? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

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:

Julie Sexton has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Andrew Collinge has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Jeff Jacobs has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Kit Malthouse has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date 02 June 2014

CHIEF OF STAFF:

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

Signature

Date 03 June 2014