

## REQUEST FOR DIRECTOR DECISION – DD2367

### Payment to Greenwood Strategic Advisors in relation to the London Simulator

#### Executive summary

MD2393 provided authority for GLA expenditure of up to £149,000 on specialist services from Greenwood Strategic Advisors (Greenwood) to make improvements to the London Simulator and use it to assess various new investment projects and their funding and financing. Greenwood submitted the results of their analysis to the GLA at the end of May 2019.

Greenwood has highlighted that the costs incurred in undertaking the work significantly exceeded the £149,000 which the GLA had budgeted for. This was caused primarily by difficulties in incorporating new land use constraint variables into the London Simulator model, which required a far larger degree of iteration than had previously been anticipated.

The GLA has negotiated with Greenwood a payment of £40,000 to cover the additional costs of Greenwood's work on the London Simulator.

#### Decision

That the Executive Director of Development, Enterprise and Environment (DEE) approves a payment of £40,000 to Greenwood Strategic Advisors for additional work carried out on the London Simulator.

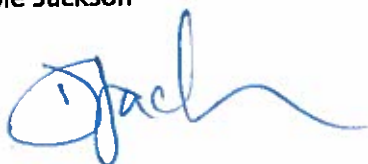
#### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities. It has my approval.

**Name:** Debbie Jackson

**Position:** Executive Director of DEE

**Signature:**



**Date:**

18/06/19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 MD2393 provided authority for GLA expenditure of up to £149,000 on specialist services from Greenwood Strategic Advisors (Greenwood) to make improvements to the London Simulator and use it to assess various new investment projects (including but not limited to investment in the South London metro, Bakerloo Line Extension, Sutton Tram, Crossrail 2 and other major projects set out in the Mayor's Transport Strategy) and their funding and financing.
- 1.2 The London Simulator is a computer model representation of London as a socio-economic system – expressed in over 90 datasets, such as jobs, population, public expenditure, tax, carbon emissions and business space. Greenwood developed the initial London Simulator for the GLA following a Public Contracts Regulations compliant competition in 2017. It uses 'system dynamics', an approach to computer modelling invented in the 1950s at the Massachusetts Institute of Technology and recently applied by Greenwood to urban areas. The simulator provides a neutral test bed for assessing the dynamic effects of investment decisions and other policy choices, both individually and in combination.
- 1.3 The development of the London Simulator has involved significant innovation. The resulting model is, as far as we know, the only one that can simultaneously replicate the past performance of the city on a wide range of core measures (financial, demographic, physical, economic, environmental etc.) and anticipate the individual and combined impact of multiple future investments.
- 1.4 Greenwood submitted the results of their analysis to the GLA at the end of May 2019.
- 1.5 Greenwood has highlighted that the costs incurred in undertaking the work significantly exceeded the £149,000 which the GLA budgeted for. This was caused primarily by difficulties in incorporating new land use constraint variables into the London Simulator model, which required a far larger degree of iteration than had been anticipated.
- 1.6 The GLA's contract with Greenwood was not made on a fixed-price basis, because of the high degree of innovation involved in developing the London Simulator, the GLA considered it fair to adopt a portion of the risk that the work would be more time-intensive than originally anticipated. The GLA also wishes to use and further develop the London Simulator in the future and for this reason considers it important to maintain its relationship with Greenwood.
- 1.7 Greenwood estimates that it has incurred additional costs of £132,000.
- 1.8 The GLA and Greenwood have negotiated a variation involving an additional payment of £40,000 to cover the costs of Greenwood's work on the London Simulator [MD2162 approved 'continuous assessment of strategic infrastructure priorities across the city, including consultancy, stakeholder engagement and research'].

#### **2. Objectives and expected outcomes**

- 2.1 Please see MD2393.

#### **3. Equality comments**

- 3.1 Equality considerations were detailed thoroughly in MD2393. No additional considerations are required for this variation.

#### **4. Other considerations**

- 4.1 Please see MD2393 for risk assessment and links to mayoral strategies and priorities.

#### **5. Financial comments**

- 5.1 The cost of £40,000 will be met from the budgets of the City Intelligence Unit and the Growth and Infrastructure Unit.

#### **6. Legal comments**

- 6.1 Paragraphs 1 to 2 of this report indicate that the decisions requested of the director concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- Pay due regard to the principle that there should be equality of opportunity for all people;
  - 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
  - Consult with appropriate bodies.
- 6.2 In taking the decisions requested, the director must have due regard to the Public Sector equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to Section 3 (above) of this report.
- 6.3 This approval is sought retrospectively the reasons for which are set out in Section 1 of this report. Accordingly, the director should take account of those reasons in considering whether to approve the recommendations of this report.
- 6.4 If the director is minded to make the decisions sought, officers must ensure that appropriate the contract variation is put in place and executed by the GLA and Greenwood prior to the commencement of the additional services.

**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? YES**

If YES, for what reason: The manner in which we decided to pay Greenwood an additional amount for the current phase of work may be commercially confidential and impair our ability to enter future contractual relationships with Greenwood.

Until what date: 30 June 2020.

**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:**

Sam Barnard has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

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

✓

**Financial and Legal advice:**

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 17 June 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Allce*

Date

*16. 7. 19*