GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2182

Title: Housing & Land IT System Replacement Enhancements

Executive Summary:

The GLA Open Project System programme (GLA-OPS) was set up to implement a new IT system to manage the core processes for Housing & Land (H&L) and Regeneration.

The original scope of the project will deliver on time and to budget. GLA-OPS is active and is managing the GLA's £3.15bn affordable housing grant programme. H&L and Regeneration staff are, in addition, using the system to proactively manage both the GLA's land portfolio and regeneration projects. One Legacy system has been decommissioned with the remaining systems on track for decommissioning in March 2019. The Culture team is also using GLA-OPS, and further opportunities for corporate GLA use are in the pipeline.

The project is being delivered using the Agile methodology. As such the team has been able to react to changes in priorities, and additional functions have already been delivered. As the original project scope will shortly be delivered, there are opportunities to bring further business benefits through a number of enhancements. Additional funding is sought to deliver these enhancements.

The funding will extend the project scope and will take approximately three months to deliver. It will also fund ongoing improvements for the first year of GLA-OPS. This will enable the team to be flexible and make enhancements for users as the system moves into business as normal. The enhancements need to be prioritised and estimated in line with the Agile approach, so the final cost may well be less. Any money not used will be repaid to the affordable housing budget by March 2019.
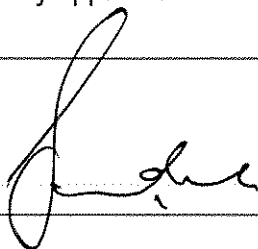
Decision:

The Mayor approves:

- Expenditure of up to £500,000 of capital resources from the affordable housing programme budget to fund phase 2 of the GLA-OPS programme.

- Expenditure of up to £42,250 of revenue resources from the Estates Reserve to continue the backfill for H&L staff seconded to GLA-OPS.

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: 26/10/17

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

Decision required – supporting report

1. Introduction and background

1.1 The GLA's Housing & Land Directorate (H&L) inherited a number of IT systems that provide for business-critical management of the GLA's investment in housing and land developments. These are all owned by the Homes and Community Agency (HCA).

1.2 H&L had a pressing need for new systems to replace the old systems, which were either being switched off, no longer supported, inefficient or poor value for money.

1.3 In July 2016, MD2007 approved £2.5m of capital expenditure to design and implement a bespoke IT solution. Keytree Ltd, was appointed as the supplier.

1.4 A delivery team was set up at City Hall consisting of internal GLA staff and members of Keytree to design and implement one system to replace the HCA owned systems and offline spreadsheets used for monitoring and reporting.

1.5 A monthly Project Board was set up for the project and chaired by the Head of Area – South. This board includes H&L Senior Managers and representatives from Regeneration, Governance, Finance, TG Services and Digital Services.

1.6 Using the Agile delivery approach (an iterative approach to software delivery that builds software incrementally from the start of the project), GLA-OPS successfully delivered its minimal viable product in April 2017, replacing one system entirely and many offline processes. GLA-OPS went live in January 2017 to enable external partners to use it to bid for over £1.7bn of grant funding within the Homes for Londoners 16-21 programme. The system is on track to replace all relevant legacy systems, including data migration, by end of March 2018.

1.7 GLA-OPS is now supporting a number of programmes from different GLA areas, and there is potential to roll GLA-OPS out more widely. The following grant programmes are currently being run through GLA-OPS:

- Homes for Londoners 2016 -21;
- Housing Zones;
- GLA's Land and Property;
- Mayor's Housing Covenant Revolving Fund;
- Regeneration Small Projects and Equipment Fund;
- London Borough of Culture (to go live in October).

1.8 GLA-OPS has enabled new H&L programmes and project types to be configured quickly and easily by GLA staff. Previously all new funding programmes had to be set up and configured by HCA developers so the ability for this to be done 'in-house' by GLA staff using GLA-OPS is a significant saving in time and money.

1.9 GLA-OPS has vastly improved efficiency and usability. Regular user testing with external and internal users, via the System Usability Scale survey (an industry standard tool) for measuring usability of systems applications has generated very high satisfaction results.

1.10   GLA-OPS has received very positive feedback from internal and external stakeholders at monthly 'show and tells', as well as suggestions on how to make the existing system even better, for which some of the additional funding will be used.

1.11   Measurements of success were also agreed with business users and Keytree after a number of workshops to determine the pain points of the current systems. The measurements of success demonstrate the success of GLA-OPS with 70% already achieved and the remaining 30% underway for delivery on time by March 2018.

1.12   GLA-OPS is therefore on track to deliver its original scope (phase one) within time and budget. An opportunity now exists to build on its success and deliver a phase two of the project with enhancements which will add business value and benefit the wider GLA group.

GLA-OPS in the wider GLA

1.13   The affordable housing budget can only be used for enhancements to support Housing and Land, but the core functionality of GLA-OPS can be used as a base for other departments. It is estimated that GLA-OPS has saved the Culture Team around £30,000 through using in-house staff to configure the screens. They would not have been able to deliver an on-line solution from scratch with their budget of £15,000.

1.14   Talks are also progressing with the GLA team within the Development, Enterprise and Environment Directorate to run their £400m funding programme through OPS. The programme aims to secure and implement devolution of the £400m per annum Adult Education Budget by August 2019. City Hall will be responsible for commissioning, delivering, monitoring, audit and compliance of the AEB. The project is called Devolution of the Adult Education Budget (AEB) and we are mostly working with DfE (Dept. for Education).

1.15   As discussions progress with other departments, further approval will be sought for expenditure to support these opportunities. There will be inherent savings through using an existing system, and some projects may be able to be developed completely in house.

1.16   There is, in addition, a long-standing risk arising from the fragmented nature of the GLA's grant giving, specifically in respect of fraud. This risk, which has been raised by Internal Audit, could be mitigated by using GLA-OPS consistently across the GLA for grant award programmes and building in suitable data matching and other checks to flag fraud risks. A number of features have already been built into GLA-OPS to enable wider corporate use, and some of the proposed enhancements will also enable this.

1.17   To mitigate this governance risk, some additional development will be required as well as a clear steer that corporately all grant funding programmes should use GLA-OPS wherever possible. This would need to be set up as a new project and funded corporately (ie. is outside the scope of this MD). It should be noted, in this context, that a need has been identified for an interim solution – lasting about two years – to support the award of small grants to individuals and/or where an external managed service element is required. Such a system is currently being procured under the approval given for the Culture Seeds project.

The funding request

1.18   The requested funding will secure the project team for an additional three months to build a set of prioritised features. This will cost approximately £300,000. It is proposed the remainder of the funding is used for further enhancements expected to be identified as GLA-OPS becomes business as normal. This would pay for an additional three months of development time, which is within the term of Keytree's contract. Enhancements will be prioritised through the Agile approach and only funded if they provide business value and are within the scope of services and pricing mechanism

originally procured. Any unused additional budget obtained from this MD approval will be returned to the affordable Housing Programme budget at the end of March 2019.

1.19 The Housing and Land replacement systems project will be brought to a close at the end of June 2018 and will move to business as usual. There is an ongoing maintenance budget to meet the hosting costs and any minor developments which may be needed as part of business as usual.

1.20 The requested revenue funding will cover the backfill posts of Housing and Land staff who have been trained in Agile, and provide subject matter and technical expertise as required. These officers work with the supplier to project manage, specify, test and sign off on each sprint.

2   Additional scope and costs

2.1 Since the project started in July 2016, certain functionality was prioritised and has been delivered. This means that although the project will deliver all it needs to in terms of requirements, without additional funding the GLA-OPS team cannot build some functions that are anticipated to deliver significant business value, but were deprioritised to deliver other requirements.

2.2 An example of the prioritised functionality delivered is 'Strategic Partnerships'. This is a new funding initiative to promote more ambitious housing delivery targets among key providers. Also 'Role Segregation' was delivered, which will allow more GLA teams outside of Housing & Land and Regeneration to use the system whilst maintaining a clear firewall between different programmes. Together these requirements are costing an estimated £125,000 to deliver.

2.3 In addition, although MD2007 stated that approval would be sought for the maintenance costs for the system and that these costs would be met from the existing Housing and Land Budget, some maintenance has been necessary during the development phase, therefore some of these costs have been met by the project capital budget. This is because the maintenance forms part of the capital development until the system is finalised and then the costs become revenue. These maintenance, infrastructure and hosting costs amount to £116,510.

2.4 Resourcing changes also had to be made due to the new IR35 regulations which meant an increase in Keytree staff element of the project budget, which will equate to £152,490 by March 2018.

2.5 The additional costs amount to £394,000. Under MD2007 a contingency of £300,000 was approved for the project. This contingency budget has been spent on the above additional costs with a deficit of £94,000 funded from the existing project budget.

2.6 Absorbing these additional costs into the existing project budget does mean that some functionality, which would add business value, is at risk of not being delivered as the contingency budget is no longer sufficient. The enhancements fall into three main categories:

   i.   Improved reporting, efficiency, improvements to user experience and minimisation of spreadsheets;

   ii. Upgrading of link with SAP;

   iii. Improvements to enable further corporate use and link to GLA corporate governance.

2.7 The benefits and features which will be provided (subject to prioritisation) through the additional funding are listed below

Feature	Benefits
Risk management of affordable housing forecasts	Streamlines a vital but time-consuming spreadsheet based process. Will enable GLA users to better forecast and manage delivery of affordable housing. Will save one to two days a month of area teams time

Meta data for land actuals/ receipts	Allows users to see detailed receipts on every project, without which there is no easy way to see a breakdown of spend type within a single month. Enables more robust management and forecasting of spend
Record change decisions made by senior managers	Flag and record decisions made by the executive director for new bids and changes on GLA-OPS rather than off line. Improved governance and transparency
Manage partner qualifications on the system	Improved and streamlined process, bringing time saving. Clearer and improved governance. Helps enable future management of small grants
Enhance interface with SAP to bring more projects online	Automate more payments in GLA-OPS and bring more internal GLA projects online
Tailored dashboard	Users can tailor their dashboard view by provider, team, etc. to easily access their own workload. Brings efficiency and speed of response for partners
Email notifications of key tasks	Improve workflow by notifying users about important changes. Brings a faster response for partners, and more efficiency for users
Workflow by role and organisation	List outstanding tasks by user according to their role and organisation, to enable efficiency and speed of response
Search by keyword across projects and programmes	Enables search by key word. Will be useful as the system grows to find projects and programmes easily
Archive project function to improve speed	Archive old projects or programmes for reclaiming money against in the future
Mobile functionality	Enables users to complete, submit, review and approve projects and payments using mobile devices (smart phones, tablets) and to view dashboard information
User interface to configure programmes and projects	Enables admin users to configure and launch new programmes and project types in the system without relying on third party apps which require some technical skills
Online assessments	Allows GLA users to set assessment criteria by programme and to enter assessment scores into the system. Enables use more widely by the GLA for managing grant bidding rounds on line
Mapping of X, Y coordinates	Introduce graphical maps and images showing project delivery by location across London. Enables links to London.gov.uk to show projects in your area

2.8   The additional funding will secure the project team for an extra three months to build enhancements, which will be prioritised as per the Agile approach. These stories have been estimated at around 480 "story points". Currently the team is delivering 80 story points every two weeks. The table below details the required spend. A contingency is also built in to provide flexibility to provide additional enhancements over the first year of GLA-OPS transitioning to business as normal. The contingency could also be required for the SAP interface work as enhancements to SAP can often be difficult to cost. The estimate below may change once requirements are finalised with TfL.

Additional funding required	
Points	480
Velocity	80
Cost per sprint	£52,000
Extra sprints	6
Sub-total	£312,000
TfL SAP costs (estimated)	£60,000
Contingency	£128,000
Additional funding	**£500,000**

2.9   The remaining revenue costs are for internal staff to project manage, specify, test and sign off on each sprint and is estimated at £42,250 as per the table below:

Internal GLA staff backfill- Revenue Spending						
Proposed Positions (subject to change)	Grade	Salary	w/ On-costs		Period	Total costs
Business Manager backfill	7	40,000	49,000	3	Apr - Jun	12,250
Grade 9 backfill	9	48,000	60,000	3	Apr - Jun	15,000
Scrum Master backfill	9	47,958	60,000	3	Apr - Jun	15,000
Total						**£ 42,250**

SAP interface upgrade

2.10   GLA-OPS has replicated the original SAP interface (GLA financial system) for the IMS and PCS systems. This interface is old and has many limitations. The GLA-OPS team have identified a number of changes which can be made to improve security, remove manual processes and reconciliations and prevent errors from occurring.

2.11   These upgrades will require changes at TfL, who control the GLA's access and use of SAP, so there will be a cost implication for TfL to implement the changes on their side. These costs must be covered by the GLA and have been estimated and included in the additional funding requested.

3.   **Objectives and expected outcomes**

3.1   The objectives and expected outcomes of this decision are listed below:

- To add additional functions to GLA-OPS. These will drive further efficiencies and effectiveness for external and internal users. In particularly they will reduce the need for offline spreadsheets and enable a better mobile experience.

- The further development of this system will support the Mayor's target to deliver 90,000 affordable homes by 2021 through easier and more effective management and monitoring of providers and projects.

- The further development of this system will enable in house staff to develop modules for other parts of the GLA. This will bring savings for other directorates who otherwise may have had to procure a solution from scratch.

4.   **Equality comments**

4.1   The public-sector equality duty requires the identification and evaluation of the likely potential impacts, both positive and negative, of the decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation).

4.2   The Authority's equality duty was taken into account when procuring the supplier.

4.3   The new system allows us to monitor compliance with design standards, which take into account the need of accessibility for disabled Londoners and those with protected characteristics.

5.   Other considerations

Key risks and issues

5.1   The Delivery team has been monitoring risks and issues throughout the project, and these are highlighted in daily meetings for quick resolution.

The key risks for the project are detailed below.

Risk Description	Mitigation Actions
Financial: With a project of this complexity, there is a continuing need to monitor and manage budgets as tightly as possible to avoid cost over-runs.	The core project team meet on a daily basis with the express purpose of identifying, managing and mitigating operational risks. Any risks identified that are of a more strategic nature are escalated to the Project Board to resolve. Progress on the project is reported to the Project Board which include Assistant Directors from H&L, Head of Area-South, Senior Managers from the Finance team, Digital team, TG Services, Governance and Regeneration.
Time: The milestone date of 31 March to replace IMS must not be extended in order to prioritise new functionality required by the business.	The team have notified the HCA and the business that it will no longer have access to IMS after 30 March 2018. Change in scope decisions will be flagged and addressed early on in the process to avoid any delivery surprises further down the line, using the dedicated GLA delivery team. The team will monitor progress, scope and complexity to keep the project on track.
People: It is imperative that the project team consists of the right people so it is essential to continue working with the current team of Keytree and GLA staff.	Approval of this MD will enable continuity in the current Keytree team and will also allow internal staff seconded to the project to remain in place until July 2018.
External: SAP Interface Upgrade require external changes, support and additional costs from TfL	The GLA-OPS team is progressing this by early engagement with TfL and Keytree are designing a solution to propose to TfL to reduce the cost for changes to the interface.

6.   Financial comments

6.1   The Decision is seeking approval for additional capital budget of £500k to cover the cost of adding new functionalities on the GLA-OPS system, which will enable to system to perform new processes, as outlined in 2.8 above. MD2007 originally approved a budget of £2.5m, which is forecast to be fully utilised. The additional budget will be funded from the Affordable Housing Programme.

6.2   The additional revenue resource of £42,250 to backfill internal GLA staff working on the project will be funded from a draw-down on the Estates reserve in 18/19 financial year.

6.3   As per MD2007, a separate approval will be sought for the ongoing revenue maintenance costs for the system once these have been clarified with the supplier. These costs will be met from the existing Housing and Land Budget.

7.   Legal comments

7.1   The foregoing sections of this report indicate that:

7.1.1   The activity in respect of which approval is sought may be considered to be facilitative of and conducive to the exercise of the GLA's:

    (a)   powers and discharge of its obligations under part 7A (Housing and Regeneration) of the Greater London Authority Act 1999; and

    (b)   powers under section 30 of the Greater London Authority Act 1999 to undertake such activity as may be considered to promote economic development and wealth creation, social development and the improvement of the environment in Greater London and have complied with the Authority's related statutory duties to:

        i.   pay due regard to the principle that there should be equality of opportunity for all people;

        ii.   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

        iii.   consult with appropriate bodies

7.1.2   The services were originally procured in accordance with the Public Contracts Regulations 2015 and in accordance with the GLA's Contracts and Funding Code and a contract was entered into between the GLA and Keytree Limited.

7.1.3   Officers have indicated that the additional services sought are within the original scope and payment mechanism in the contract with Keytree Limited.

7.1.4   If the Mayor is minded to make the decisions sought, officers must ensure that the appropriate contract documentation in respect of the additional services is put in place in accordance with the change control mechanism set out in the contract between GLA and Keytree Limited before the commencement of the additional services.

8.   Planned delivery approach and next steps

The next steps are summarised below:

Activity	Timeline
MD Approval	Mid Nov 17
Agree and sign contract documentation in respect of additional services in accordance with change control mechanism in contract	30 Nov 17
Internal staff secondments extended	30 Nov 17
Phase one closure	31 March 18
Phase 2 start	1 April 18
Phase 2 closure	I July 18

Appendices and supporting papers: None

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: Marvin Mileham has drafted this report in accordance with GLA procedures and confirms the following:	✓
Sponsoring Director: David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: James Murray 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 23 October 2017.	

EXECUTIVE DIRECTOR, RESOURCES:
I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature *M. D. Bell*   Date 23. 10. 17

CHIEF OF STAFF:
I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature *D. Bellamy*   Date 23/10/2017