

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1665

### Title: Internal Staffing for IT Systems Replacement Project and Housing Zones contracting

#### Executive Summary:

The GLA's Housing & Land Directorate has inherited a number project, programme and land management IT systems as the result of outside bodies being brought into the GLA. However, these have developed independently of each other and are no longer meeting business needs resulting in time consuming workarounds and off-line working. In addition, one system is no longer supported and will be switched off in spring 2017. The GLA is therefore procuring a development supplier to deliver a single web-based system to replace the existing systems. This decision seeks approval of expenditure in the amount of £552k for internal staff who will be required to project manage, specify, test and sign off on each sprint of the project once the developer is in place in late spring 2016.

In addition, to reflect the risks involved in managing and delivering the Housing Zones programme, the additional workload arising out of the further 10 Housing Zones and the need to ensure the overall workload is delivered within specified timescales, there is also a need to revise the Housing Zones contracting team structure. This decision also seeks approval of expenditure of £274k to expand the team and extend current contracts.

#### Decision:

That the Mayor approves:

- Expenditure of up to £826k to cover internal staffing costs associated following the creation of additional posts to support the Housing, Land & Regeneration IT systems replacement project and the Housing Zones contracting work.

#### 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:

30.4.2016

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

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

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

##### IT systems replacement project

- 1.1 In order to carry out its duties, and to bring investment partners and local authorities together in working with the Mayor, the GLA's Housing & Land Directorate (H&L) has acquired or inherited a number of project, programme and land management IT systems aimed at addressing a primary need to provide efficient business management, monitoring and reporting. There are currently six main systems in place, four of which are owned and maintained by the Homes & Communities Agency (HCA) with secure and segregated access granted to the GLA via remote access.
- 1.2 Whilst all these systems provide vital functionality in a very specialised area, they have developed independently of each other as the result of outside bodies being brought into the GLA and carrying with them their IT systems. In addition, notice has been given by the HCA that the provision of one of the systems, the Project Control System (PCS), will cease in spring 2017. No such deadline has been set for the system used to manage the Mayor's housing investment programmes but the GLA envisages a replacement for this system will be required by spring 2018.
- 1.3 Given the number of systems used and the need to replace PCS in 2017, Assistant Director Decision 246 'Business requirements specification and options for Housing and Land IT systems replacement' approved expenditure to enter into a consultancy contract for a specialist to advise on system replacement options for H&L. The consultancy work was carried out in spring 2015 and produced a recommendation paper that was presented to the H&L Senior Management Team opining that a bespoke web-based system should be developed to replacement the existing systems.
- 1.4 A project board was established in summer 2015 and tasked with carrying out a number of internal reviews and business process mapping exercises to investigate (1) the extent to which current business processes were being met by the systems and (2) the likelihood of significant policy shifts resulting from new government policy or the 2016 Mayoral election and potential impact on IT systems. These exercises were completed in 2015-16 with the findings supporting the recommendation to procure a bespoke web-based system for the reason outlined below:
- Legacy systems are no longer adequately meeting business needs
  - Systems are no longer supported, inefficient and expensive for the GLA and partners
  - Project Control System will be turned off in spring 2017
  - Changing environment presents an opportunity to streamline processes and make more efficient
  - Housing Zones and London Land Commission requirements cannot be accommodated adequately by current systems
  - Process mapping shows processes are similar enough to create one system that can also be used by the Regeneration Unit
- 1.5 The project board also investigated several project methodologies and agreed the Agile approach was best suited as development under this approach is conducted in close partnership with system users, ensuring the final product is fit for purpose. The approach also gives flexibility for functions to be re-specified or changed throughout the development period.
- 1.6 To date, project work has been carried out by select members of staff in addition to their regularly assigned duties; however, this will not be possible once the development supplier has been appointed and their team is in place. This is especially the case as GLA users will be required to specify requirements, conduct user acceptance testing and sign off on development work

throughout the development period. There is also a considerable amount of system work involved in data migration and the interfaces that will need to be created with the Authority's finance system.

- 1.7 To ensure experienced staff are in place from the start of the project, this decision seeks approval to backfill specific posts to allow knowledge area experts to join the project team. All backfill appointments will be for 12 months from the date appointed, with an option to extend but not to exceed 23 months.
- 1.8 A separate MD will be progressed in June 2016 seeking Mayoral approval to enter into contract with the preferred development supplier. The systems posts will not be formally offered until the Mayor has approved the supplier in early June, but approval is sought now to enable recruitment to start so backfill can be in place as soon as the supplier is on board.

Housing zones contracting team

- 1.9 Housing Zones were originally approved under MD1366 (June 2014), at which point the Mayor and the Chancellor of the Exchequer launched the associated policy prospectus. £200m was provided from Housing and Land capital budgets to fund 20 Housing Zones and deliver or accelerate the delivery of approximately 50,000 homes by 2025. The funding was to be match funded by DCLG in the form of a £200m repayable loan (to be on-lent by the GLA to borrowers as 'Financial Transactions'). Approval was subsequently given under MD1481 (March 2015) to enter into a Facility Agreement with DCLG and to put in place the necessary resources to facilitate the implementation and operation of Housing Zones. MD1597 (February 2016) extended the Housing Zones programme by agreeing to commission a further 10 Housing Zones and re-allocate an additional £200m from the Mayor's Housing Covenant to the Housing Zones budget to deliver or accelerate the delivery of 25,000 homes by 2026.
- 1.10 MD1438 (February 2015) and MD1592 (January 2016) obtained budget approval for the appointment of external consultants (legal and property), for publicity, training and events, and finally, for internal staffing costs of up to £212k to cover the staffing costs of a newly formed Housing Zones contracting or Transactions Team.
- 1.11 The Facility Agreement entered into in March 2015 between GLA and the DCLG requires, among other things, that the recommendations arising out of a joint GLA and DCLG skills and capacity review completed in December 2014 are implemented. A key recommendation of the review was the setting up of a specialist Transactions Team to augment existing resources and take Housing Zones investment decisions through the contracting process with the objective of successfully completing this process. A Senior Housing Zones Manager (Contracting) (Grade 12) and two Housing Zones Managers (Contracting) (Grade 10) commenced employment in June 2015 (part time) / July (full time) on a 12 month fixed term contract.
- 1.12 To reflect the risks involved in managing and delivering the Housing Zones programme, the additional workload arising out of the further 10 Housing Zones and the need to ensure the overall workload is delivered within specified timescales, it is proposed that the transactions team structure is revised to create two additional posts and extend the current contracts into 2016-17.
- 1.13 The roles below are directly related to the delivery and monitoring of social housing in London as outlined below:

<b>Post type</b>	<b>Social housing purposes</b>
Systems Replacement Back-fill Posts	The Systems replacement back-fill post will allow for the release of subject area experts to ensure the IT replacement system is specified, tested and delivered in the required timescales and meets the business needs required to deliver the affordable housing programmes. Without these backfills, the project is likely to fail. The replacement system will ensure the Authority continues to have a robust process for:

	<ul style="list-style-type: none"> <li>• Managing affordable housing bidding rounds</li> <li>• Allocating affordable housing grant</li> <li>• Monitoring affordable housing delivery by providers</li> <li>• Managing and approving/rejecting change requests from providers</li> <li>• Monitoring provider RCGF &amp; DPF accounts</li> <li>• Making payments to providers delivering affordable housing and monitoring budgets.</li> <li>• Auditing of schemes and programmes</li> <li>• Internal and public reporting on delivery</li> </ul>
Housing Zones Contracting Work	The Housing Zones Programme is set to deliver up to 26,076 affordable housing units, the contracts of which must be entered into forthwith to ensure delivery targets are met.

## 2. Objectives and expected outcomes

- 2.1 The IT systems replacement project has been organised in a manner to ensure a viable product is in place by April 2017, prior to the PCS system being switched off. The planned project output will allow for the continuity of business processes relating to the land and affordable homes programmes, equipping the directorate with the tool necessary to launch robust bidding rounds, manage the change request process with partners and accurately and efficiently monitor affordable housing delivery across programmes and projects.
- 2.2 To better ensure the product is fit for purpose, an Agile methodology has been adopted which will allow for continuous monitoring, testing and feedback from business users in addition to allowing scope for change requests throughout the development process. For this approach to work it is essential for experienced subject area experts to be available from within the directorate to advise on, specify and test functionality as it is developed so the product delivered is fit for purpose as a tool for managing the delivery of social housing. Approval of this MD will ensure sufficient staff resources are in place from start of development and will mitigate against the risks of project failure or delay.
- 2.3 Extending the contracts of existing staff in the Housing Zones contracting team and recruiting additional officers will ensure adequate resources are in place to progress and monitor contracting work involved in the additional 11 zones. This work is essential and must be carried out now if the programme is to deliver up to 26,076 affordable homes within the scheduled time frame.

## 3. Equality comments

- 3.1 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) and set out how you are addressing the duties. This duty will be considered throughout the recruitment process in line with standing GLA's recruitment policies.

## 4. Other considerations

### a) Key risks and issues

- 4.1 A key risk associated with the systems replacement project is inadequate internal staff resources with the subject area expertise needed to manage, advise on, specify and test the product as it is being delivered. Approval of this decision will mitigate against that risk.

- 4.2 A risk remains of staff promotions or resignations that could affect the project; however, a team approach to project management will ensure work can be temporarily reassigned if required assuming this MD is approved.
- 4.3 Revising the Housing Zones contracting team will ensure staff resources are in place to ensure risks arising out of the further 10 Housing Zones are managed and overall workload is delivered within the specified timescales.

b) Links to Mayoral strategies

- 4.4 The systems replacement projects directly supports the Mayor's land and affordable housing programmes and will allow for improved and more efficient reporting and project management. Without adoption of a new IT system, some areas of work would have to be done off-line which would be prone to error and be less transparent when auditing. Likewise, the housing zones contracting team is directly supporting a key Mayoral initiative to build more homes in London. Significant risks would arise in the absence of these resources.

c) Assessments and consultations

- 4.5 A number of informal consultations were conducted with both internal and external staff over the course of the past year which has led to the decision to adopt a new IT system. In addition, the project board has conducted a number of internal reviews as described in paragraph 1.4.
- 4.6 Teams involved with the Housing Zones programme have been consulted and fed into the housing zone contracting team structure.

**5. Financial comments**

- 5.1 The costs of these posts will be funded from the Recycled Capital Grant Fund (RCGF) Interest Reserve. These are additional repayments made by Registered Providers incurred as a result of delays in payment of the principal Capital Grant.
- 5.2 In relation to the IT systems project, the recruitment round is to backfill for managers and officers to allow knowledge area experts to join the project team. With regards to Housing Zones, the proposal is to extend the contracts of the existing three members of staff and recruit two additional Managers in order to progress and monitor contracting work involved in the 10 additional housing zones. Please refer to the table below for breakdowns:

<b>Proposed Positions (subject to change)</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Totals</b>
Area Manager - South (backfill) @ Grade 9	60,000	55,000	115,000
Area Manager - North East (backfill) @ Grade 9	60,000	55,000	115,000
Business Support Officer (backfill) @ Grade 7	48,000	44,000	92,000
Programme Manager (backfill) @ Grade 9	60,000	55,000	115,000
Programme Manager (backfill) @ Grade 9	60,000	55,000	115,000
<b>IT project posts subtotal</b>	<b>288,000</b>	<b>264,000</b>	<b>552,000</b>
Senior Housing Zones Manager (Contracting) - extending @ Grade 13	51,500	-	51,500
Housing Zones Manager (Contracting) - extending @ Grade 10	48,750	-	48,750
Housing Zones Manager (Contracting) - extending @ Grade 10	48,750	-	48,750
Housing Zones Manager (Contracting) - recruiting @ Grade 10	65,000	-	65,000
Housing Zones Manager (Reporting) - recruiting @ Grade 9	60,000	-	60,000
<b>Housing Zones posts subtotal</b>	<b>274,000</b>	<b>-</b>	<b>274,000</b>
<b>Total Costs</b>	<b>562,000</b>	<b>264,000</b>	<b>826,000</b>

### 5.3 Please Note:

#### IT Project posts length of contract

- 2016/17 - 12 months;
- 2017/18 - 11 months

#### Housing Zones posts length of contract

- Two new posts are being recruited for 12 months
- Three existing posts:
  - Senior Housing Zones manager's contract is being extended for 6 months
  - Two Housing Zones manager's contract is being extended for 9 months each

5.4 The IT Project Business Support Officer budget requested is for Grade 7, however, the role will be recruited to at Grade 5. The surplus funding is to be used as an acting up allowance for two existing members of the Housing & Land team.

5.5 A separate decision is scheduled to be presented to the new Mayor in June 2016 seeking approval to enter into contract with the preferred IT development supplier. As a result, two Data Analyst/Programme Manager post appointments is conditional on the outcome of this decision. Based on the outcome of this decision, there may be redundancy costs associated with backfill posts for the IT project which will need to be funded by an additional drawdown from this reserve.

## 6. Legal comments

6.1 Section 333ZE of the Greater London Authority Act 1999 (as amended) applies sections 31-36 of the Housing and Regeneration Act 2008 (HRA) to the GLA (with modifications).

6.2 Section 32(4) of the HRA entitles the GLA to "direct the recipient of any social housing assistance given by way of grant to (a)...(b) pay to the GLA such amount as the GLA may specify."

- 6.3 Section 33(1) of the HRA provides that a direction given by the GLA under section 32(4) of the HRA (referred to directly above) may include interest on the amount to be paid to the GLA as specified in the direction (it also provides for the payment of interest on other amounts too).
- 6.4 Paragraph 23 of the RD is produced, which provides that: *"The GLA may direct a Registered Provider to add interest to an amount of Capital Grant repayable on a Relevant Event if there is a failure or delay by the Registered Provider in notification of the Relevant Event to the GLA or in grant repayment, or in other circumstances leading to a potential loss to the GLA. The GLA will publish, and may amend from time to time, details of these circumstances, the rates of interest to be charged, and the mechanism of application"*
- 6.5 Section 333ZE(3) of the GLA Act provides that: *"Sums received by the Authority in respect of repayments of grants made by it for the purposes of social housing are to be used by it for those purposes."*
- 6.6 If or to the extent that RCGF Interest constitutes a repayment of grant for the purposes of section 333ZE(3) of the GLA Act, section 333ZE(3) is satisfied where expenditure of that money is for posts that directly support the GLA's work and role in delivering and helping to deliver social or affordable housing.
- 6.7 Under section 30 of the Greater London Authority Act 1999 (the 'Act') the mayor, acting on behalf of the GLA, is entitled to do anything that he considers will further the promotion, within Greater London, of economic development and wealth creation, social development and the improvement of the environment.
- 6.2 Furthermore, section 34 of the Act allows the GLA, acting by the mayor, to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA exercisable by the mayor.
- 6.3 The expenditure in this MD relates to the creation of posts within the Housing & Land Directorate. The officers are reminded that these posts must be created in accordance with the Head of Paid Services' staffing protocol.

## **7. Investment & Performance Board**

- 7.1 This decision was endorsed by the Investment & Performance Board on 19 April 2016.

### **Appendices and supporting papers:**

There are no appendices or supporting papers.

**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:**

Heath Pritchard 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:**

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

✓

**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:**

Ed Lister 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

*M. D. Bille*

Date

*29.4.16*

**CHIEF OF STAFF:**

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

Signature

*Edward Hill*

Date

*29:04:2016*