# GREATER**LONDON**AUTHORITY

| REQUEST FOR DIRECTOR DECISION – DD2645 |
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| Title: Grants, Loans and Project Management Discovery |
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**Executive summary:**

The GLA is one of the largest grant providers in London and grant making is one of our main tools for delivering the desired policy outcomes set out in Mayoral strategies. Housing and Land and Skills and Employment administer large scale funding programmes (both capital and revenue grants) using the GLA's Open Project System. There are currently over 50 grant programmes administered via OPS, with over £11.3 billion grants approved. Communities and Social Policy, Culture, Education and Youth, Environment, Regeneration, Sport and Team London also use grant-making as a core delivery tool. From 2017-2023 these teams awarded grants totalling £133,371,360 across 46 grant programmes.

Research conducted by both external consultants and internally within GLA has revealed that while the delivery of grants within the GLA is innovative our delivery approach has evolved rather than been designed and this has resulted in inefficiencies and missed opportunities in the way we administer and deliver our grants programmes.

The GLA Grants, Loans and Project Management Transformation Programme will define, develop and deliver upon a vision and strategy for all grant giving, loans management and project management across the GLA. This will include the opportunity to bring all these services into a single operating model that will allow the collation of management information (MI) and generate efficiencies in administration whilst ensuring all types of grants, loans and projects are able to run concurrently.

Approval is sought from the Executive Director of Strategy and Communication for £150,000 expenditure on consultancy services to deliver a discovery exercise to fully map the GLA's grants, loans and project management programmes. The discovery will begin in November 2023 (subject to a successful procurement exercise) with the outputs expected by March 2024. The outputs of this discovery will be used to inform the re-design and improvement of grants, loans and project management services at the GLA.

**Decision:**

That the Executive Director of Strategy and Communications approves expenditure of up to £150,000 on consultancy services to deliver the discovery exercise.

**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**: Niran Mothada | **Position:** Executive Director of Strategy and Communications |
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| **Signature:** | **Date:** |
| | 30/08/2023 |

# PART I – NON-CONFIDENTIAL FACTS AND ADVICE

**Decision required – supporting report**

## 1. Introduction and background

1.1. The GLA delivers a range of services, including providing grants to delivery partners who can deliver various activities that align with the Mayor's priorities and statutory duties. This includes, among many other activities, grants to support adult education provision; the delivery of affordable housing; high street improvements; and community initiatives.

1.2. The Digital Experience Unit (DEU) is responsible for the delivery and management of the in-house bespoke grants and project management system, GLA Open Project System (OPS). A review of the OPS service was required following the ongoing challenges faced by the support team, and by departments using the solutions, owing to the inability to scale up and respond efficiently to changing requirements.

1.3. This work, conducted between July and November 2022, identified some key recommendations on next steps. The aim of this discovery was to consider how can we make OPS more sustainable and efficient for the current two main customers: Housing and Land (H&L) and Skills and Employment. H&L uses OPS not only to manage several multibillion-pound grant programmes, but also to manage land projects across London. The discovery identified the key pain points and areas of concern with the current products, and the technical concerns and constraints. The overall findings have resulted in clear recommendations that "the issues with the OPS system are so critical and deeply ingrained, the GLA should seek to replace it" and the GLA should "define and agree their strategy and scope for the grant management service so that they can choose a technology option that meets their needs".[1] The recommendations also include the appointment of a dedicated service owner, and recruitment for this role is under way.

*Grants transformation project*

1.4. The DEU is embarking on a transformation project to review the existing grant-giving services across the GLA. The overall aim of the grant's transformation project is to define, develop and deliver upon a vision and strategy for all grant giving across the GLA. This will include the opportunity to bring all GLA grant-giving services into a single operating model (yet to be determined) that will allow the collation of management information (MI) and efficiencies in management, whilst ensuring all types of grants can run concurrently.

1.5. The scope of the grant's transformation work extends to loans and project management across the entire GLA.

*Loans management*

1.6. The GLA, and its commercial subsidiary GLA Land and Property (GLAP), adopted recoverable investment models (debt, equity) as part of its commitment to providing financial support to the housing sector. This was done in order to increase the supply of housing in London.

1.7. Debt financing was introduced in 2015, and the first H&L projects funded were in the London Housing Bank and London Housing Zones programmes. The Transactions team currently administers recoverable investments with a total commitment value of over £460m across 16 loans and 30 recoverable investments, with £279m (net) invested in the market. This is a utilisation of 60 per cent overall. Approximately 33 per cent has been committed to housing associations and local authorities to date. The remaining amount has been committed to private developers and investment funds.

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[1] GLA OPS Discovery report issued by Marvell Consulting Ltd in November 2022.

1.8. It is important that these investments are managed effectively to optimise loan and portfolio performance; and to reduce the risk of defaults, non-repayments and non-compliance of terms and conditions. As the loan portfolio is expected to grow, there is a need to implement an effective system, commensurate with the scale of investment, to help successfully manage the funds and risks.

1.9. This area of work has been incorporated into the grants transformation work, as there are some overlaps with grants management and loans management. This mapping and discovery work will give us more data and understanding about current ways of working, and what is and is not working well.

*Project management*

1.10. As H&L currently manages its projects through OPS, we will use this opportunity to see if a new service could also support the management of projects for the GLA to ensure greater alignment and capability.

*Vision and target operating model*

1.11. Our vision will be the formal way of communicating our business goals and commitments to others. If our vision is to deliver grants efficiently and effectively, with robust MI and data to shape future policies and initiative, it will need to have a robust strategy that: defines how we can achieve this; shows how our vision is realistic and achievable; and demonstrates return on investment every step of the way.

1.12. In order to deliver upon the aims of the vision and strategy, we require a target operating model (TOM). This will be the blueprint for how we adopt our new and optimised way of working and ensures we can align our strategic goals with operating capacities. The TOM focuses on how we will function; what capabilities are required (the processes, data, people, culture and systems), when we need these and where we need them.

## 2. Objectives and expected outcomes

2.1. To begin this work, the first task is to map the existing landscape for grants, loans and project management. We want to undertake this discovery to understand the scale of work already happening across the GLA; the planned work in the pipeline; and how these areas of work are currently being managed and delivered in terms of people, processes and systems.

2.2. This will be the first phase of our design process. We are focusing on three main areas:

- Grants management – we aim to understand the state of GLA grant services (across services, platforms, contracts, and technology and skills) to better set priorities, identify where we can join up teams and services, and assign investment for improving them. This means finding out what services are being delivered across the GLA and identifying opportunities to work together on improving them. This detailed review is looking at GLA-only grants, and not GLA Group grants. Although we are collating high-level details about grants administered across the GLA Group, this decision does not currently intend to expand to the GLA Group.

- Loans management – this mapping extends to loans management in the same way, i.e., understanding the current state of this service within the GLA.

- Project management – lastly, we also need to consider project management given that H&L currently uses OPS for this purpose as well. Project management is a large area of work across the GLA and is currently likely to be managed disparately across the organisation.

2.3. We propose to split the mapping exercise into three main outcomes for grants, loans and projects:

- stakeholder map – identifying key stakeholders and understanding their relationships with each other

- user-journey map – should include high-level steps, guidance and support, and transactional services

- service blueprint – a comprehensive understanding of the service and the underlying resources and processes, seen and unseen to the user.

2.4. In addition, we wish to gather information relating to other public-sector organisations regarding the service provisions they have in place for grants, loans and project management. We would map the costs and resources involved in this, which will help us benchmark our approach. We'd like to reach out to organisations such as local authorities, Homes England and other combined mayoral area across England.

2.5. We also want the supplier to provide consultancy advice on how we can use the mapping outcomes to help us design a new user-centric service, using the data we capture to shape our approach. This will form the second phase of our design process and may be an extension to any work awarded to a supplier.

2.6. When we are designing the new service, our ambitions are to have a digital-first approach and to deliver user-centric solutions. The mapping exercise will include understanding various digital solutions already in place. We will need to consider how data collated through this exercise can be used to enable the transformation of these services.

2.7. The key outputs expected from this work are:

- robust user-journey maps for all three areas (grants, loans and project management), with details on the people, processes and systems currently in place

- a well-presented service blueprint for the current services, including the seen and unseen, noting the dependencies, external elements and any areas of risk flagged

- a clear understanding of the current budgets and resources allocated to supporting and enabling the delivery of grants, loans and project management

- a clear understanding of current commitments in terms of licences, contractual commitments with grant management companies, and existing working arrangements with joint funders.

2.8. The next phase of work will be to review the outcomes and start designing a new, user-centric service. This will aim to align and simplify processes wherever possible, looking for efficiencies. This will lead to the establishment of a vision and strategy, followed by a TOM (as mentioned above).

2.9. At this phase of the project, we will create a proposal of how to shape the next phase to achieve the goals described at 2.8, above. There may be more than one option of how we approach this, so we would like to see each one detailed with clear pros and cons.

2.10. A functional audit of the current service was undertaken earlier this year, which includes mapping user journeys through the current systems. We would like this mapping work to consider the outputs of the functional Audit to recommend how to get from where we are to where we want to get to based on the outcomes of the service design.

2.11. We have estimated this work at £150,000 based on similar work undertaken in previous years. For example, we have considered the work undertaken for the OPS service review and Functional Audit which required user research and engagement with third party suppliers.

2.12. There are various routes for procurement, but it is likely that we will choose to undertake a call off from the Digital Outcomes 6 framework which has been set up by Crown Commercial Services ("CCS") and which is recommended for public sector digital transformation work. Lot 1: Digital Outcomes currently has over 3,300 suppliers. We plan to refine this list to allow us to seek expressions of interest followed by an invitation to tender through a closed competition.

## 3.    Equality comments

3.1.    Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities – of which the mayor is one – must have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 201advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

These protected characteristics, as listed in the Equality Act 2010, are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

3.2.    The GLA will take appropriate steps to ensure there are no potential negative impacts on those with protected characteristics in relation to the work undertaken in this exercise and the recommendations taken forward. This will be done by ensuring compliance with the Mayor's Equality, Diversity and Inclusion Strategy; and developing and testing in line with GLA guidance on equalities and diversity.

3.3.    This decision will give us an opportunity to consider how current grant programmes and projects are managed with regards to the public sector equality duty. Through the design and delivery of this new service, we aim to have a more uniform approach to these considerations and wish to validate and refine as needed.

 We have a goal of transforming our services and providing an intuitive, user-centric solution that ensures we are making grant funding more accessible and are ensuring equity in our grant awards.

3.4.    The procurement process will be transparent and will ensure that all potential suppliers are treated openly, fairly, and equally throughout the process.


## 4.    Other considerations

*Key risks*

4.1.    Key risks associated with this decision are as follows:

| Area | Risk description | Mitigation |
|---|---|---|
| Duplication of effort and ways of working across the organisation. | Grants, loans and project management sits across the GLA, with teams managing and administering similar functions using different processes and tools. | The mapping exercise will help identify areas of alignment in terms of data capture and process; and will help join up work across teams. |
| Inability to report succinctly on current grant and loan activities and missed opportunities to use data to enable responsive policymaking. | As there is no single approach, we do not have clear data on grant giving, loans and project management. We do not have a way of identifying cold spots in terms of intervention in terms of sector and location. We are unable to maximise the ability to use MI to inform better decision-making and policymaking. | The aim for the grants, loans and project management transformation project is to gather data and develop a repository of deliverables and geography of various activities across the GLA, to gain an understanding of areas of need. |
| Missed opportunities for more collaboration across the GLA. | Useful learnings and data exist across the GLA, but there are limited means | The mapping exercise will help identify areas of alignment in terms of data capture and |

| | of easy access to this across the organisation. | process; and will help join up work across teams. |
|---|---|---|
| Not learning from lessons learned with the delivery of OPS and the inability to cater for all teams. | OPS lacked a holistic approach and therefore very quickly became too tailored to specific teams. The biggest learning from this was that a corporate approach, with a clear vision and strategy, is required to maximise a service approach to areas such as grants, loans and project management. | The mapping exercise will allow us to understand where we can align; where change is necessary; and how we can work more cohesively as an organisation. |
| Splintering of work and solutions. | Within the Digital Projects Review Group (DPRG) we have seen an increase in the number of requests which come through relating to grant management, project management, performance reporting and portfolio management. | There is a clear need across the organisation, which needs a holistic cross-departmental review to ensure we can design services that work across the board. This first phase of discovery helps initiate this work and ensure a GLA wide approach. |

*Links to Mayoral strategies and priorities*

4.2. An effective grant service, including an effective grants-management system, supports the achievement of GLA priorities in the areas where teams use it. This helps ensure Londoners benefit from the outcomes and outputs delivered via grants awarded to partner organisations.

4.3. Any grants, loans or project management activity that supports a Mayoral strategy, priority or policy will benefit from the work being undertaken as part of this project.

4.4. For example:

- The Publication London Plan (Policy H1) promotes the increase of housing supply, including provision of affordable housing. To deliver this, an effective grant-management system is required to ensure we continue to have clear decision-making audit records; track delivery and risks; and award funds simply and effectively. The current systems allow this to happen, but the complexity of maintaining the current systems is no longer viable.

- In the London Housing Strategy (May 2018), the mayor states his intention to reverse the decline of small and medium-sized developers. The provision of GLAP loan finance helps small organisations grow and become more financially stable. The grants, loans and project management discovery will help ensure we are doing this more efficiently, with more streamlined and consistent approaches.

- GLA OPS fully supports the GLA's Anti-Fraud and Corruption Policy and Response Plan, specifically section 5.8: "developing systems in a way that limits and addresses the risk of fraud". GLA OPS has been built with multiple safeguards in place to reduce the risk of fraud. For example, two officers must authorise payments; and officers are assigned payment thresholds (controlled by the GLA Finance team) in accordance with an access and permissions model. As part of this mapping exercise, we will consider how the current service sits within the mapping of the wider GLA services and what areas can be reused or replicated within the new service.

*Impact assessments and consultations*

4.5. There are no conflicts to declare from any of those involved in the drafting or clearance of this decision form.

**5. Financial comments**

5.1. This decision requests approval for up to £150,000 in 2023-24 to procure a service provider to lead on the discovery and mapping of current grants, loans and project management across the GLA. This is a separate piece of work not covered or funded by the Collaboration Grant Management workstream.

5.2. This will be funded from the OPS budget within the DEU. There is sufficient funding in this financial year to accommodate this expenditure.

**6. Legal comments**

*Power to undertake the requested decision*

6.1. The foregoing sections of this report indicate that the decisions requested of the director concern the exercise of the GLA general powers, and fall within the GLA's statutory power to do such things considered to further, or that are facilitative of, or conducive or incidental to, the promotion of social development, economic development and wealth creation and the improvement of the environment within Greater London. 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

- 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; advance equality of opportunity between persons who share a relevant protected characteristic (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) and persons who do not share it; 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 regard to section 3 (above) of this report.

*Procurement*

6.3. This decision from seeks approval to procure a service provider to support a project to map grant funding at the GLA and assist with the development of a system to manage such funding. As set out at paragraph 2.12, above, the officers propose to undertake a procurement of the services, and such procurement is likely to comprise a call-off from a CCS framework. The officers are reminded to comply with the requirements of the GLA's Contracts and Funding Code when they undertake the procurement. Furthermore, if officer decide to use a CCS framework, they are reminded to comply with the rules of the relevant framework when calling off services from it. Finally, officers are reminded to put in place an appropriate written agreement between the GLA and the service provider, before the services commence.

**7. Planned delivery approach and next steps**

| Activity | Timeline |
|---|---|
| Procurement of contract | August/September 2023 |
| Delivery start date | October/November 2023 |
| Delivery end date | March 2024 |

**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 be published either within one working day after it has been approved <u>or</u> 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: to allow for best value in the procurement of a supplier to support with the work

Until what date: 01 December 2023

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under the 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:**<br>Nahida Miah has drafted this report in accordance with GLA procedures and confirms the following: | ✓ |
| **Assistant Director/Head of Service:**<br>Vicky Ridley-Pearson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval. | ✓ |
| **Financial and Legal advice:**<br>The Finance and Legal teams have commented on this proposal, and this decision reflects their comments. | ✓ |
| **Corporate Investment Board**<br>A summary of this decision was reviewed by the Corporate Investment Board on 29 August 2023. | ✓ |

**INTERIM CHIEF FINANCE OFFICER:**

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

**Signature:**

**Date:**
30/08/2023