

Executive

London Office of Technology and Innovation

Item 4

Report by: Guy Ware **Job title:** Director, Local Government Performance and Finance

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Summary

This report outlines proposals for a London Office of Technology and Innovation (LOTI). The LOTI would build London's capacity to collaborate on digital and smart technology innovation and to scale up the application of successful innovation across London's public services.

The development of the proposal has been led by the GLA, with support from London Councils and a number of active London Local Authorities. It envisages a three-year commitment from London Councils and the GLA to a work programme led and facilitated by a team of three, which will be both based at and part of London Councils, at an estimated cost of around £440,000 p.a. funded by the GLA, London Councils and participating London Local Authorities.

Recommendations

Executive is asked to:

- Consider and comment on the proposals; and
- Note that, subject to Executive's views, formal support for London Councils managing and part-funding the LOTI for three years from 2019/20, subject to it achieving the active commitment and financial support of at least six London Local Authorities, will be sought via Urgency arrangements.

London Office of Technology and Innovation

Background

1. Last year the GLA and London Councils jointly commissioned a research and engagement exercise undertaken by FutureGov, Arup and Stance into the appetite for and progress of, London Local Authorities in developing strategic approaches to using digital technology to transform service delivery and citizen engagement, along with the technical, policy and commercial barriers to progress.
2. That work underpinned initial proposals for a “London Office of Technology and Innovation” (LOTI), which were discussed with Chief Executives London Committee in January and the London Councils Leaders’ Committee Executive in [February 2018](#). Since February, further work has been undertaken with London Local Authorities’ Chief Information/Technology Officers to refine the proposed purpose, work programme and operating model.
3. In the meantime, the GLA’s Chief Digital Officer (CDO) has led the development of the [Smarter London Together](#) roadmap, which sets out the Mayor of London’s ambition “to collaborate with the capital's boroughs and services, from TfL to the NHS... [and] to work more effectively with the tech community, our universities and other cities”. A LOTI could play an important role in creating the conditions for success.
4. Government has recently signalled renewed interest promoting the use of digital technology to drive improvements in council services and public engagement. At the LGA Conference in July, the Parliamentary Under-Secretary of State for Housing, Communities and Local Government, Rishi Sunak MP, formally announced the “Digital Declaration”, a delivery unit and a (limited) pot of funding to help support local government take up. More broadly, the Secretary of State for Health has also signalled a desire that the NHS Plan, which will underpin allocation of the additional £20 billion p.a. funding announced in July, be predicated on appropriate investment in digital technology.

The Proposition

5. It is proposed that London Councils, acting on behalf of all London Local Authorities acting jointly, operates the LOTI which would provide services to all of the London

Local Authorities and the GLA to build digital capability, some additional services to a core group of London Local Authorities and related services to the GLA.

6. The presentation attached at Appendix One summarises the purpose, work programme and potential benefits of a LOTI, along with the anticipated value to and ask of, the London Local Authorities, GLA and London Councils.
7. The core proposition is that our collective capacity to exploit the opportunities presented by data and digital technologies – including increased quality and efficiency of public services and greater citizen engagement - is constrained by a set of barriers to effective collaboration. The LOTI would therefore seek to enhance collaborative capacity by building:
 - Digital leadership skills
 - Collective knowledge
 - Sharing and re-using
 - Shared endeavour
 - Embedding standards
 - Data analytics coordination

(See Slide 5 in Appendix One for details.)

8. It is also envisaged that the LOTI would facilitate at least two exemplar projects each year tackling significant implementation issues of potential benefit to the whole of London, such as the development of a consistent wifi capacity across the entire public sector estate, thereby facilitating more flexible and collaborative working across public services.
9. The LOTI is conceived as a collaboration of willing and active participants: while some benefits would arise for all London Local Authorities, an initial core group of around eight to ten would actively contribute to the work programme, developing and sharing service standards and innovation.
10. LOTI would not seek to replicate or replace other existing initiatives and functions, although it could provide the opportunity for greater coordination and mutual support – for example, building on the GLA's "London Office of Data Analytics" (LODA) pilot work on identifying unlicensed Houses in Multiple Occupation to support multi-borough to develop future data science projects.
11. A number of other public and philanthropic organisations with a strong track record in promoting digital innovation have expressed interest in - and potential financial

support for - the LOTI. These include TfL, Future Cities Catapult and Bloomberg Associates. Such support could help resource the set-up phase, help broaden the LOTI's eventual access to specialist expertise and expand its potential capacity to deliver. Any relationships with private/external parties will need to be considered carefully.

12. There is clearly some risk of overlap with the London Ventures innovation programme, particularly if the LOTI is successful in developing its “exemplar” projects. However, discussions have identified distinct but complementary roles: London Ventures seeks to identify solutions to key service challenges and to promote the take-up of effective innovation, but the success of the programme has been limited, at least in part, by the underlying barriers that the LOTI would seek to address.
13. The Director, Local Government Performance and Finance is responsible and accountable for the work of Capital Ambition and London Ventures, of which there is regular reporting to the Capital Ambition Board, (which is a sub-committee of London Councils' Leaders' Committee) and is alert to the potential risk of overlap between LOTI and London Ventures' activities, which the Director will actively manage.

The proposed operating model

14. The proposals are based on a number of international examples of city-wide or broader collaborative arrangements, including the Scottish Digital Office. The draft business plan envisages an initial three-year programme, with a review point after two years to determine the future strategy.
15. It is proposed that the LOTI will be both based at and be part of London Councils, at least during an incubation phase. If the initiative is successful and grows in response to demand it may become appropriate to establish a separate entity in the future. In the short term, operating within London Councils would enable relatively straightforward employment, management and governance arrangements as London Councils would directly recruit and employ the staff and deliver LOTI in accordance with its usual governance arrangements.
16. The office would comprise three fte employees – a Director, Programme Manager and Community Manager – at proposed salaries of approximately £75k, £50k and £45k respectively. Based on equivalent London Councils salary scales, employee oncosts and recharges, the estimated employee costs would be £277k p.a. Additional

resources for specialist expertise, marketing, administration and programme evaluation would increase the overall budget requirement to £440,000 p.a.

17. LOTI could help the London Local Authorities lead, promote, learn from and replicate digital innovation across the capital. Hosting and managing the office could help build London Councils' role in brokering collaborative arrangements with the London Local Authorities and the GLA, promoting wider governance ambitions for London whilst mitigating the risk that the LOTI becomes an exclusive club of willing members - by, for example, ensuring that participating London Local Authorities commit to working with other authorities in their sub-regions. London Councils would work with the GLA and others to develop appropriate branding and identity for the LOTI. Legal advice will need to be sought around the ownership of the intellectual property rights which will need to be discussed and agreed with the GLA.

Governance

18. If the LOTI were part of London Councils, formal employment, decision-making and service delivery would operate within London Councils normal governance arrangements. However, given the collaborative nature of the initiative, it would be appropriate for work priorities to be informed by an advisory panel reflecting the interests of the GLA/CDO, London Councils, participating London Local Authorities and partner agencies. The advisory panels' comments would be taken forward by London Councils' officers acting under their delegated authority or otherwise referred to London Councils' Leaders' Committee (or one of its sub-committees) as appropriate.
19. LOTI is not initially proposed to be a separate legal entity. London Councils would therefore be responsible for entering into contracts and other legal documents in relation to LOTI and for bearing the associated commitments and risks.
20. Further work, including delegations and legal documents, will be required to confirm and implement the proposed arrangements and any future options for a more independent body.

Funding

21. The proposals assume joint funding, with the GLA and London Councils each contributing £100,000 p.a. and a cohort of eight London Local Authorities each contributing £30,000 p.a. Discussions currently underway indicate that additional funding may be available from interested partner organisations; however it is

recommended that viability is assessed on the basis of core London Local Authority membership, with any additional funding from other organisations (or additional London Local Authorities) used to enhance the delivery capacity. In the short term, however, philanthropic funding has been identified which could cover the preparatory costs of setting up the LOTI and securing a funding agreement.

22. Following a review of the procurement support function, London Councils recently withdrew support for the London-wide contract register and spend analysis tool, which was not providing value for money. As a result, the London Councils contribution to the LOTI could potentially be met from within existing PAPA budgets. Doing so, of course, reduces the opportunity for savings, or for the resources to be allocated to alternative priorities.
23. Although the CDO is confident of the willingness of a core group of London Local Authorities to support the LOTI financially, there is clearly a risk that fewer than eight London Local Authorities are prepared to do so. However, a significant proportion of the proposed funding requirement is for marketing and hiring specialists, and is therefore flexible. Whilst these costs could not be entirely eliminated without undermining the effectiveness of the LOTI, there would clearly be some scope to limit spend to match the resources available. There is also scope to minimise costs by seeking secondments from London Local Authorities, industry and academic institutions. However, it is suggested that if fewer than six London Local Authorities were actively to commit to support, the LOTI would be neither credible nor financially viable, and should not proceed.

Next steps

24. Work is currently underway to finalise and build support for the proposals among London Local Authorities and other potential partners. The GLA has confirmed its commitment to funding the LOTI, with the caveat that were there to be a change in Mayoral administration, the GLA may elect to give notice to cease GLA LOTI funding. This could occur during the proposed lifetime of the initiative, and Members should be aware of this possibility. Subject to Executive's and Leaders' Committee's endorsement, a period of recruitment and mobilisation would be required, with a view to a potential launch of the LOTI by the end of March 2019.
25. This is a challenging timetable. Given the need to seek financial commitment from potential LOTI member boroughs – which is itself dependent on in-principle commitment by London Councils and the GLA – and the time required to formalise

agreements and recruit staff, it is proposed, subject to Executive's views, to seek formal approval to proceed via Urgency arrangements.

Recommendations

25. Executive is asked to:

- a. Consider and comment on the proposals; and
- b. Note that, subject to Executive's views, formal support for London Councils managing and part-funding the LOTI for three years from 2019/20, subject to it achieving the active commitment and financial support of at least six London Local Authorities, will be sought via Urgency arrangements.

Financial Implications for London Councils

As discussed in paragraph 21 the financial commitment by London Councils is £100,000 per annum over a three year period. The funding has been identified from within existing budgets.

Legal Implications for London Councils

These have been incorporated into the body of the report.

Equalities Implications for London Councils

There are no equalities implications arising from this report.

Appendix: Appendix One – Presentation: LOTI Concept Summary

Background papers: Report to the Executive 27 February 2018; LOTI Business Plan

A LONDON OFFICE OF TECHNOLOGY & INNOVATION – CONCEPT SUMMARY

DRAFT FOR DISCUSSION ONLY

October 2018

MAYOR OF LONDON

**LONDON
COUNCILS**

THE PROBLEM: MAJOR BARRIERS TO DIGITAL COLLABORATION

- A Inconsistent digital leadership and capability:** Digital understanding and leadership varies greatly across boroughs. Many public services struggle to recruit and retain staff with the skills needed (e.g. in service design).
- B Limited collaboration infrastructure:** The culture around digital collaboration is limited, and existing models can be problematic. Joint initiatives are ad-hoc and highly dependent on drive of individual officers. Significant legwork is needed to identify and engage the right stakeholders each time. Effort is often duplicated.
- C Limited shared evidence base:** Knowledge about digital best practice in London local government is limited; learnings about successful or failed projects conveyed largely through personal/prof. networks. Benchmarking (e.g. on procurement spend, cybersecurity) is ad-hoc.
- D Inconsistent foundations:** Public services use, manage and share data in different ways. This can hamper innovation and limits sharing & reusing of digital products.
- E Fragmentation:** London's fragmented public services present a confusing picture for potential partners. The NHS, Universities, GovTech, Tech for Good and general tech sector struggle to engage effectively with boroughs and public services. Partnerships are ad-hoc and benefits are unevenly distributed.

THE OPPORTUNITY: BETTER SERVICES FOR LONDONERS THROUGH DIGITAL

Our ambition is for London to be a city where:

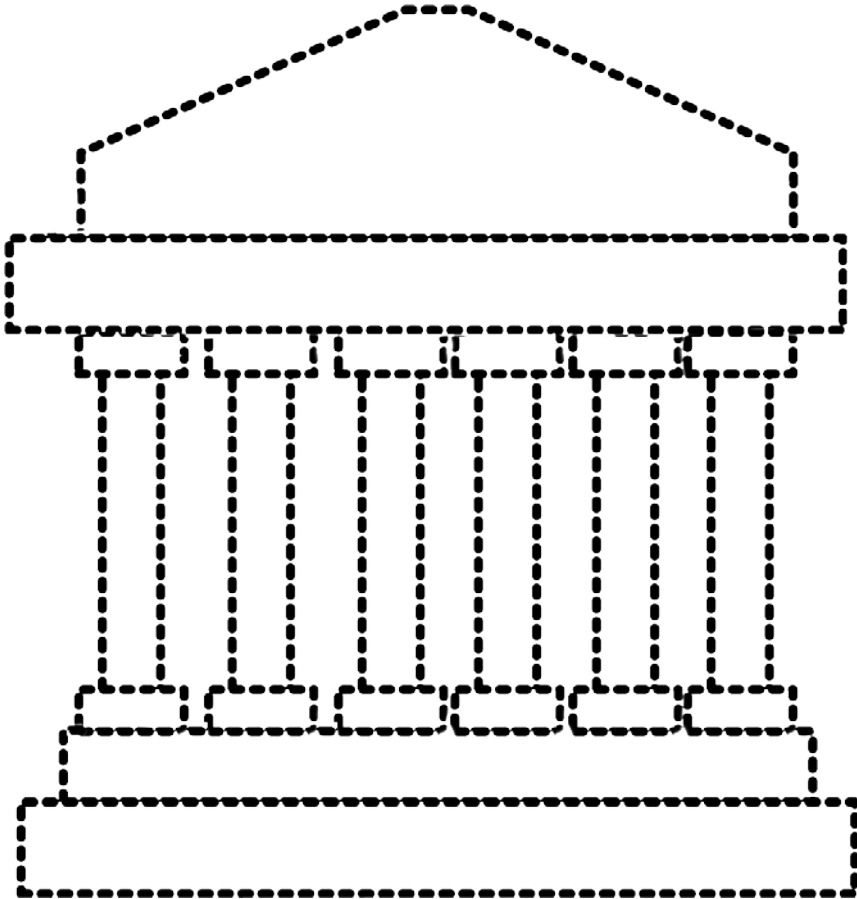
- The **cultural** and **technological conditions** are in place for the **next generation of local public services**
- **Digital technology is an enabler** rather than a barrier to **service improvements**
- **Services are easy** for citizens and officials to use – especially in priority areas **such as housing, public safety and social care**

We want to do this by establishing support for:

- **Developing common building blocks** to enable local authorities to build services more quickly, flexibly and effectively (recognising one size does not fit all)
- **Building a more open and flexible market** to unlock London's full potential for public service innovation
- **Living the 5 'Local Digital Declaration' principles** (see appendix)

1. Adapted from the Local Digital Declaration (July 2018)

THE PROPOSAL: ESTABLISH A NEW LONDON OFFICE OF TECHNOLOGY & INNOVATION ('LOTI')

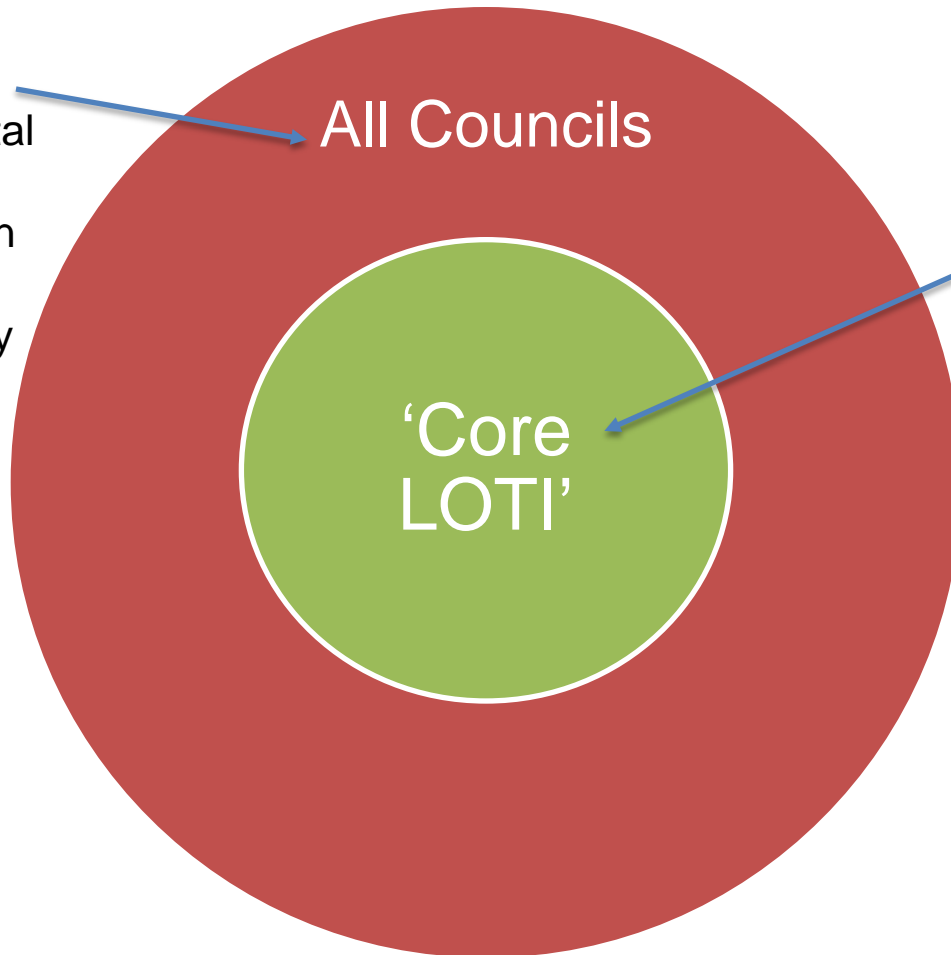


LOTI is a new city-wide function which will build common capability & opportunity to collaborate and scale digital & smart technology across London's public services

HOW IT WORKS

OFFER TO ALL COUNCILS & CORE LOTI GROUP

All London councils supported to build digital capability through (voluntary) participation in/access to 6 workstreams funded by London Councils and GLA.



All Councils

'Core
LOTI'

Core group of councils to work together on agreed exemplar projects, and take the lead on core workstreams (must sign MHCLG Local Digital Declaration, LOTI MOU, & extra £ contribution).

ALL COUNCILS

LOTI WILL BUILD CAPACITY THROUGH WORKSTREAMS

Workstreams (ongoing)	Problems addressed
1 Digital leadership skills: upskilling senior and middle managers equipping political leaders	<ul style="list-style-type: none"> • Capability needs to seize digital opportunities • Digital skills provision uncoordinated and uneven • Boroughs struggle to recruit skilled digital, data and tech specialists
2 Collective knowledge: Documenting impact and sharing best practice, and supporting market-shaping	<ul style="list-style-type: none"> • Baseline for digital transformation is limited • Making the case for investment in digital can be challenging • Information asymmetry between tech vendors and boroughs
3 Sharing & reusing: better peer-to-peer digital networking and platform for sharing via GitHub, Slack	<ul style="list-style-type: none"> • Scaling digital innovations, approaches often too inflexible or ad-hoc • No pan-London repository for digital, data & tech stakeholders and projects; challenging to build coalitions for joint bids quickly
4 Shared endeavour: better collaboration w/ GovTech, Tech For Good, universities	<ul style="list-style-type: none"> • Boroughs have little capacity for experimentation on common challenges • Not fully taking advantage of unis, civic tech, GovTech • GovTech struggles to engage effectively w/ boroughs
5 Embedding standards: Local Gov. Digital Service Standard, Digital Marketplace, G-Cloud	<ul style="list-style-type: none"> • Cultural change required for digital transformation • Standards to support this exists, but limited support is available to help boroughs to embed them fully (e.g. in procurement teams)
6 Data analytics coordination: Project management for collaborative data analytics initiatives	<ul style="list-style-type: none"> • LODA¹ lacks proper project management support and coordination • Councils' data science capabilities are limited

COMPELLING VALUE PROP FOR 'CORE LOTI' MEMBERS


LOTI core member boroughs

Direct Benefits

- ✓ Be a core part of London's new digital leadership and expert peer-network
- ✓ Propose and help prioritise LOTI's projects (see below)
- ✓ Collective bids to government and agencies (LOTI able to identify funding opportunities, draft bids and manage relationships with funders)
- ✓ Develop strategic partnerships with London's top universities, Catapults
- ✓ Share the risk and cost of digital experimentation and technology pilots
- ✓ Access to cutting-edge technology partnerships with London's top university departments (e.g. on machine learning, connectivity, smart sensors)
- ✓ GovTech, Tech for Good and accelerators (e.g. Digital Health.London, London Office for Rapid Cyber Advancement)
- ✓ Shape London's approach to new technology and service standards
- ✓ In-kind support from the GLA, London Councils (e.g. on data analytics, ventures)
- ✓ Advice on recruitment to digital posts and building in-house teams

CORE LOTI PROJECTS

AT LEAST TWO EXEMPLAR PROJECTS PER YEAR

Project examples <i>Projects are discrete pieces of work focused on implementation (vs. capacity-building)</i>	Business case	Cashable
Pan London Planning Data Initiative: improve the quantity, quality and transparency of planning data; building on boroughs' work to develop open data standards for planning applications	Est. >£50k saving from elimination of manual inputting	
Explore public service wi-fi: improve the consistency of wi-fi access across the public estate (e.g. adoption of GovRoam)	Productivity gains from flexible working	
Digital apprenticeship programme: collective spend on apprenticeship levy to boost entry-level skills (e.g. Hackney digital apprenticeships)	Maximise benefit of existing levy spend/meet council employment objectives	
Open standards platform: create an open standards platform to be shared across boroughs, e.g. on specifications, module descriptions, APIs	Reduce reliance on external IT	
Connected transport/ smart streets initiatives: multi-borough/university collaborations with e.g. experimental street sensors, connectivity or mobility projects	Collective bids to government or external agencies	Developmental

LOTI CAN ENABLE SIGNIFICANT BENEFITS

For the public

- Improved public services
- Increased citizen participation in service design

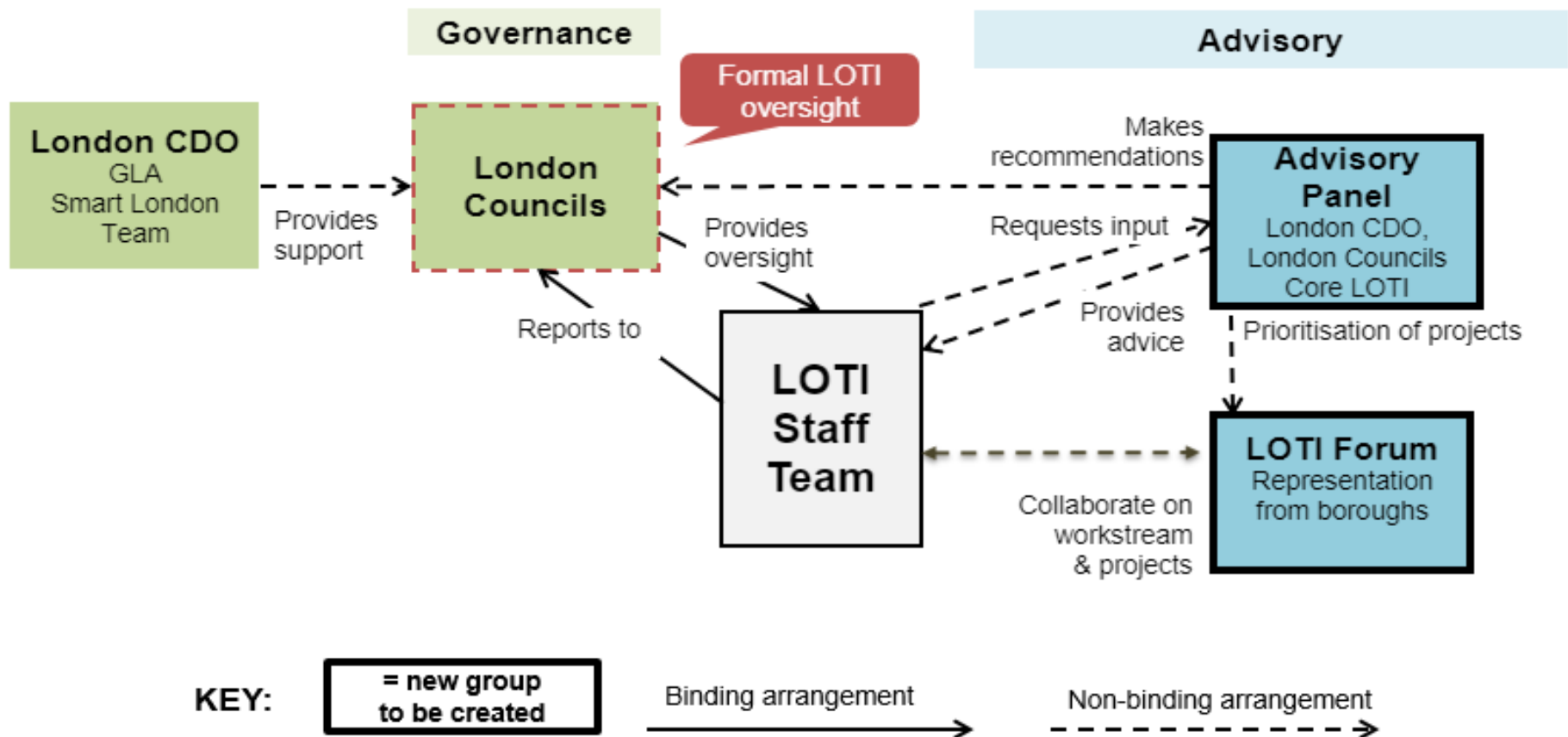
For boroughs and other delivery organisations

- Workforce with enhanced digital skills
- Increased productivity of staff
- Reduced costs (incl. economies of scale)

For the wider ecosystem

- Wide dissemination of best practice
- Research more focused on user needs
- Shift smart city market place to become more city needs-led than supplier-led

DRAFT LOTI GOVERNANCE & ADVISORY STRUCTURE



NEXT STEPS: INVITATION TO ALL BOROUGHES TO BE FOUNDING MEMBERS OF CORE LOTI

Expect an invitation to become a founding member of Core LOTI later this year.

Core boroughs will be required to:

- Sign up to the [MHCLG Local Digital Declaration](#)
- Contribute £30k/year for 3 years (likely from April 2019)
- Commit to collaboration and information sharing
- Contribute officer time for LOTI projects
- Have the Chief Exec Office's support to unblock any issues