

Capital Ambition Board

London Ventures Programme Summary

25th June 2015



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Foreword

The Capital Ambition Board (CAB) in May reflected on the success of the London Ventures programme, recognising its collective benefits and the ambition to continue the current programme. Four additional commercial deals were approved – Fiscal Technologies, Cerno, Visbuzz and Xantura's 'tap-it' app. This brings the current London Ventures portfolio to 15 ventures, all of which are providing positive and varied contributions to London's boroughs. We have conservatively estimated that the programme to date has identified £6m+ of financial benefits for local authorities.

London Ventures provides us with a fantastic opportunity to innovate and respond to a wealth of problems, bringing together issues as strategically varied as software for reducing fraud in invoicing systems (Fiscal Technologies) to bringing socially isolated individuals into easier contact with their families through a simple digital solution (Visbuzz). Based on the opportunity to reap pan-London benefits, we have recommended in the commercial appendices that the board considers investing in two ventures, Visbuzz and Xantura's 'tap-it' app.

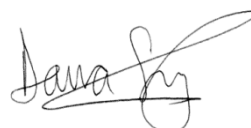
Acknowledging CAB's agreement to continue with the programme, this report sets out how we will continue to manage and maintain momentum in the current portfolio. However, as noted in the May board, financial and contractual principles mean that this activity will be delivered through the agreed overdraft principles of the programme, and this will be reflected in the activity to deliver a self sustaining programme.

Our mission statement is:

"To deliver significant benefits for the residents of London. We will do this through securing investment and facilitating multiple organisations to make innovation a reality. We will achieve this by working in partnership with public and private sector organisations who see benefits from co-ordinated access to the London public services market"

We have additionally met with a number of Chief Executives and Treasurers through the Chief Executive London Committee (CELC) and the Society of London Treasurers (SLT), who provided us with reflections on their future ambition for the programme and strategic direction. Through our discussion, they have developed a process for engaging with the sector to re-focus the priorities of the programme to tackle London's most strategic challenges. We propose that we take this forward over the next few months, and for CELC/ SLT to provide you with a set of recommendations at the Capital Ambition Board meeting in October.

This is an exciting and innovative approach to public service delivery. This report demonstrates the benefits this programme has delivered to local authorities; what we have achieved together to date; and what the following nine months of our partnership could look like.



Darra Singh
Partner, EY





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Introduction



Introduction

Following feedback and agreement at the Capital Ambition Board (CAB) in May, this report focusses on:

- The journey of the London Ventures programme - Articulating the success of the programme in terms of financial benefits to local authorities, the size of the current portfolio and the engagement with local authorities across London
- How we will deliver the current portfolio for FY15/16 - Acknowledging the agreement from CAB in May that the programme should be continued, this report sets out the focus of activity for the financial year within the overdraft facility
- Understanding key priorities going forward - Acknowledging that the programme could be more ambitious in tackling London's biggest and most strategic challenges, this report sets out how the programme will work with CELC/SLT to refocus the priorities for London Ventures

Section 1: The Journey	To date, the programme has identified £6m+ financial benefits for local authorities. 15 ventures have been approved for delivery, with implementation in 13 local authorities, a third of London local authorities. All local authorities across London have engaged in the programme and over 100 stakeholders have been consulted in total.
Section 2: Financial statement	This year the programme will receive a cash inflow of £85k, with additional income projected through ventures not yet in delivery. As the programme moves to being self sustainable, it will operate within the overdraft facility and therefore, the proposed programme budget for July - March is £122k. Guaranteed cash into the programme in future financial years is expected to be £196k, moving the overdraft towards zero.
Section 3: Delivering the current portfolio for FY15/16	The London Ventures programme will focus on maintaining momentum in the current portfolio with activity targeted on monitoring and promoting the most strategically aligned venture partners.
Section 4: Re-focussing priorities	In addition to managing the current portfolio, the programme will work with CELC/SLT over July to September to support re-focussing the programme's priorities through working sessions with a sub-group of CELC/SLT. The outputs from these sessions and a draft specification will be presented back to CAB in October.
Appendices	Included as appendices to this report are the programme's KPIs. In addition, the commercial appendices have been included which sets out the investment case for CAB to invest in Visbuzz and the 'tap-it' app. The commercial appendices also revisits the Care Brokerage venture with the recommendation to maintain it within the portfolio for consideration for investment at September's CAB.

Introduction

Decisions for the board:

Financial statement (Section 2)

- Approve the FY15/16 budget to deliver the programme, acknowledging the ambition to move to a self sustaining model and reducing the overdraft

Delivering the current portfolio for FY15/16 (Section 3)

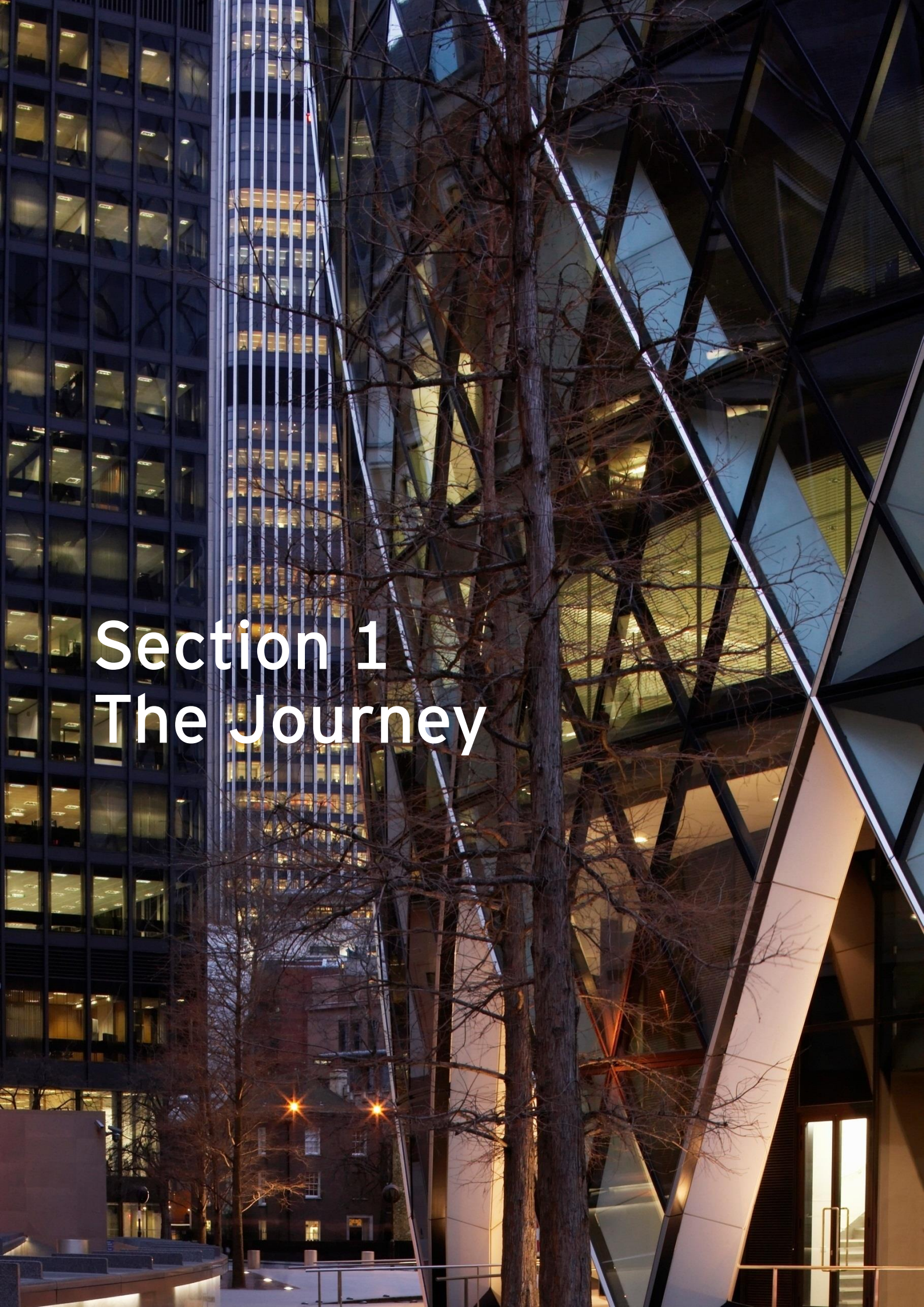
- Agree the focus of work for FY15/16 within the overdraft facility
- Agree to divest in ventures which are not strategically or commercially aligned to the programme priorities (Pitchwise, Business Angels and i-Technosoft) so that that activity is focussed on those ventures which generate the greatest commercial and strategic benefits
- Review additional activity such as a 4th generation of ventures at later board meetings

Investment cases (Commercial appendices)

- Approve the investment cases in the commercial appendices
- Agree to keep Care Brokerage within the portfolio with a view to considering investment in the venture at September's board

Re-focussing priorities (Section 4)

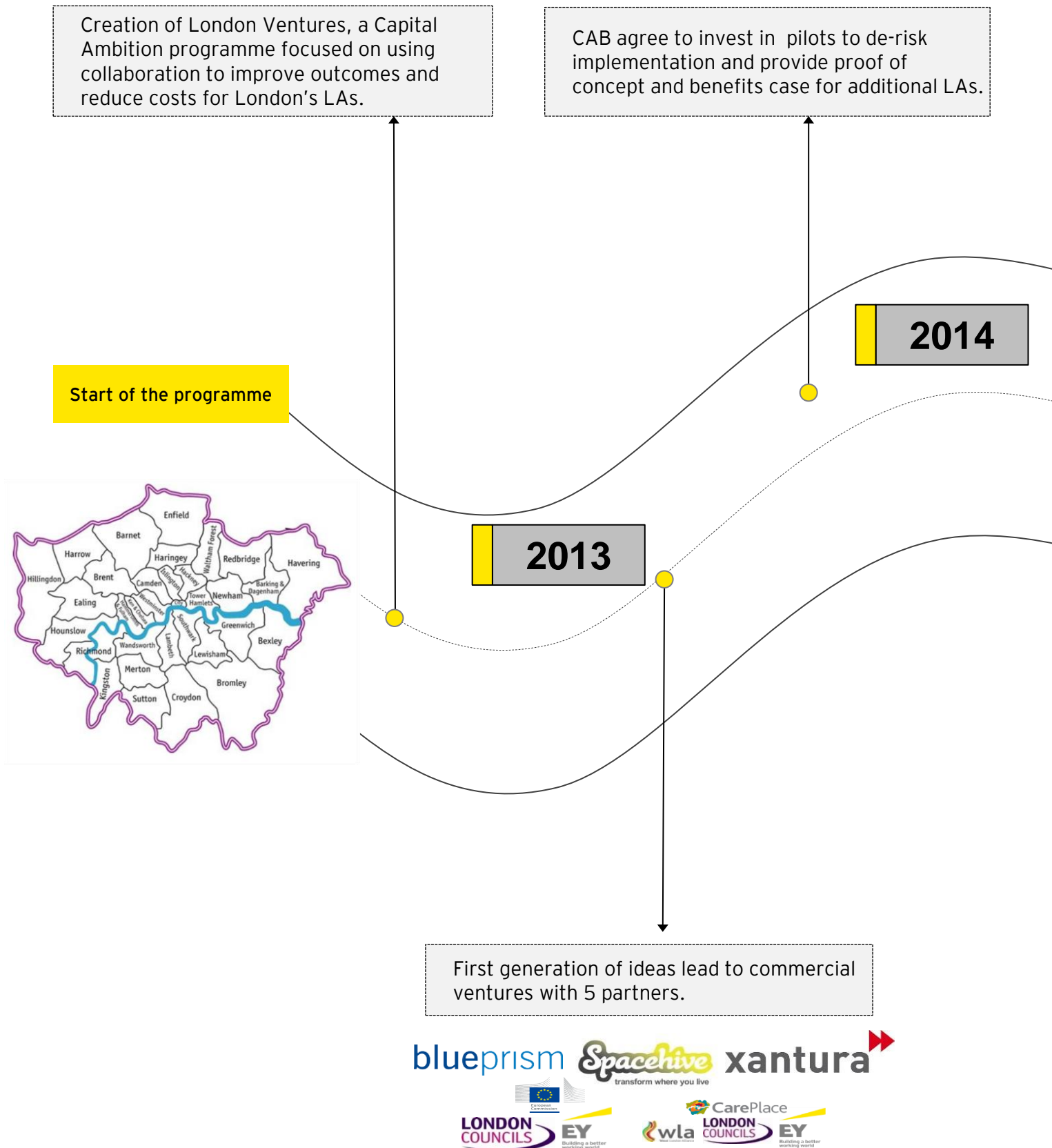
- Acknowledge the feedback and outcomes from CELC/SLT
- Provide the remit to work with CELC/SLT as set out in our proposal



Section 1

The Journey

London Ventures – the journey so far





Second generation of ideas lead to commercial ventures with 4 partners.

June 2015

2015



Authorities engaged with London Ventures

Authorities engaged with London Ventures and implementing ventures

Programme receives national and international attention and recognition, nominated for 2 awards in the UK.

Third generation of ideas leads to commercial ventures with 6 partners.

Quadnet Centrix Software

visbuzz FISCAL TECHNOLOGIES®

Cerno xantura

Benefits of the programme

**13 local
authorities
implementing
ventures**

*Ventures in delivery at Croydon, Hackney,
Tower Hamlets, Ealing, Harrow, Camden,
Bexley, Lewisham, Newham, Enfield,
Hammersmith & Fulham, Barnet, GLA*

**Financial
benefits for
local
authorities
£6m+**

*Potential financial
benefits of up to
£30m*

**All London
local
authorities
have engaged
with the
programme**

*6 new ventures in
the last 4 months*

**15 ventures
approved
for delivery
across
London**

*Consulted with CIOs,
Socitm, CEOs,
Financial Directors,
Service Directors,
Troubled Families
teams, and many
others*

**100+
stakeholders
consulted
across
London**



Overview of benefits realised to date

Children's Safeguarding

£3m benefits

399 troubled families

95% targets met for TFP

- Overall, the benefits case equates to over £3m: £1m per CSPM pilot local authority, including Troubled Families (TF) efficiencies, reductions in the number of Children In Need, Child Protection and Looked After Children cases, and efficiency gains in Safeguarding teams through better sharing of data.
- Hackney has utilised the CSPM programme to help identify their troubled families, making a significant contribution to the target set by DCLG. This should generate between £399,000 and £718,200 in results based payments.
- Hackney look set to qualify for the expanded Troubled Families programme which required them to positively improve outcomes for at least 75% of families they committed to support - they hit 95% thanks to Xantura support in identification and qualification.



Potential
£25m
savings

28 LAs

Fraud Prevention Hub

- Tackling fraud across London equates to potential savings of £25m over 5 years.
- 28 local authorities have already signed up in principle to be part of the venture.

£1.5m
income

Improved
processes

Early Payment Programme

- £1.5m of income generation over 5 years at one LA. 2 new LAs commencing implementation soon.
- Process efficiencies improved.
- Building better relationships with supplier base, including local and micro suppliers.



6 processes
identified

Productivity
gains up x7

Robotic automation

- 6 processes identified for automation including Licensing, MERLINS, Homeless applications, iCount, Panels e.g. Children with Disabilities, Missing Children's reports.
- One LA has seen **productivity gains of 7 times** identified through robotic automation.

£725k
new
revenue

Crowd funding

- 28 successful crowd funded civic projects in London totalling £725k investment.





Section 2

Financial Statement

Financial statement and projections

The inherent risk of non-delivery of projected income as with any new venture has been recognised by each organisation and the Capital Ambition Board agreed to a 50:50 risk sharing agreement with EY to underpin the forecast income projections to support delivery towards a self sustaining model. The current risk sharing position is 42:58 (LC:EY) at Q1. Therefore, EY are taking a greater proportion of the risk share.

The below tables summarise the current financial position of the programme.

Financial statement for Q1

The following table summarises the Q1 position.

	FY14/15	FY15/16 Q1
Opening book	-£34,407	-£343,635
Net programme costs	-£309,228	£11,620
Closing book	-£343,635	-£332,015
Overdraft split:		
London Councils	-£140,000	-£140,000
EY	-£203,635	-£192,015

Financial projections - Q2

Expenditure into the programme will be funded through committed income across FY15/16. By September 2015 we will have the following committed income and expenditure:

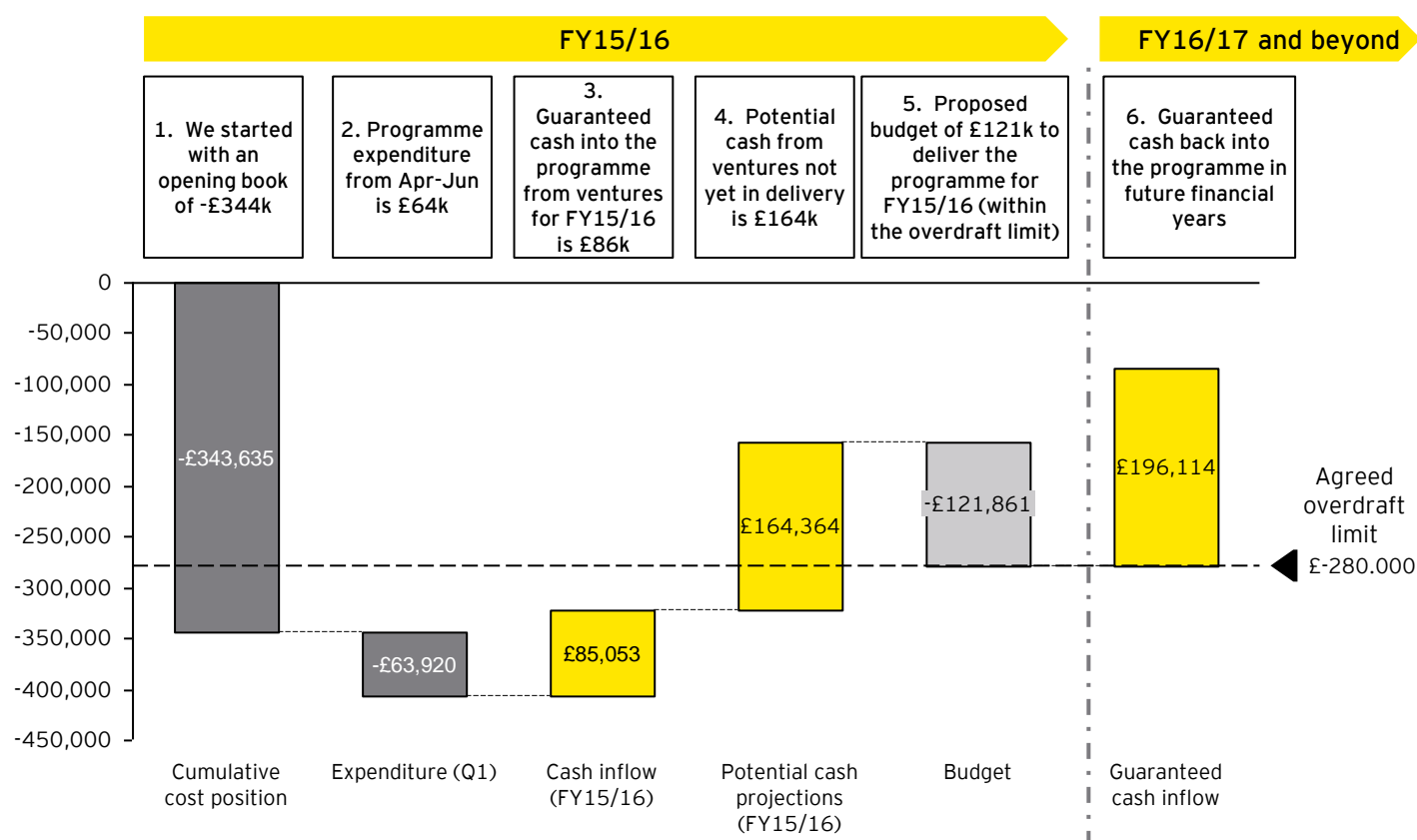
	Jul-15	Aug-15	Sep-15
Committed income	£0	£0	£1,060
Planned expenditure	£13,540	£13,540	£13,540
Total	-£13,540	-£13,540	-£12,480
Cumulative total	-£345,556	-£359,096	-£371,576
Overdraft split:			
London Councils	-£140,000	-£140,000	-£140,000
EY	-£205,556	-£219,096	-£231,576

Term	Definition
Committed income	Income into the programme contracted with ventures in delivery
Planned expenditure	Expenditure to deliver the programme
Cumulative total	Net income
Overdraft split	Agreed overdraft between EY and London Councils

Budget setting for FY15/16

Over the course of FY15/16 the programme expects to receive £85,053 of income, made up of ventures currently in delivery. Additional cash is expected to be delivered through these ventures in future financial years of £196,114. Potential cash projections for ventures approved but not yet in delivery for FY15/16 is £164,364. The opening book for the year was -£343,635 and expenditure for Q1 is -£63,920.

We are proposing to fund programme activity for Q2-4 of FY15/16 by working within the overdraft principle. Therefore, the budget to deliver the programme for the remainder of FY15/16 is £121,861 (£13,540 per month). This is based on the confidence that income projections will be realised.



At June 2015, we are proposing a budget of £121,861 (£13,540 per month) to deliver the programme to March 2016. As the programme moves toward self-sustainability, this budget is within the programme's overdraft facility of £280,000 and to move to a zero position in future financial years.

We recommend that the programme budget is reviewed at future Boards.



Section 3 Delivering the Current Portfolio- FY15/16

Delivering the current portfolio FY 15/16

At the May CAB, the board agreed to continue the current London Ventures programme.

The London Ventures programme has 15 ventures within its portfolio either approved for delivery or in delivery. From July onwards, the programme will be funded within the overdraft facility. This is in line with moving the programme to the original premise - to be self sustaining.

This section sets out the objectives, planned activities and team to deliver the programme for the remainder of the financial year (July 2015 - March 2016) within this resource envelope.

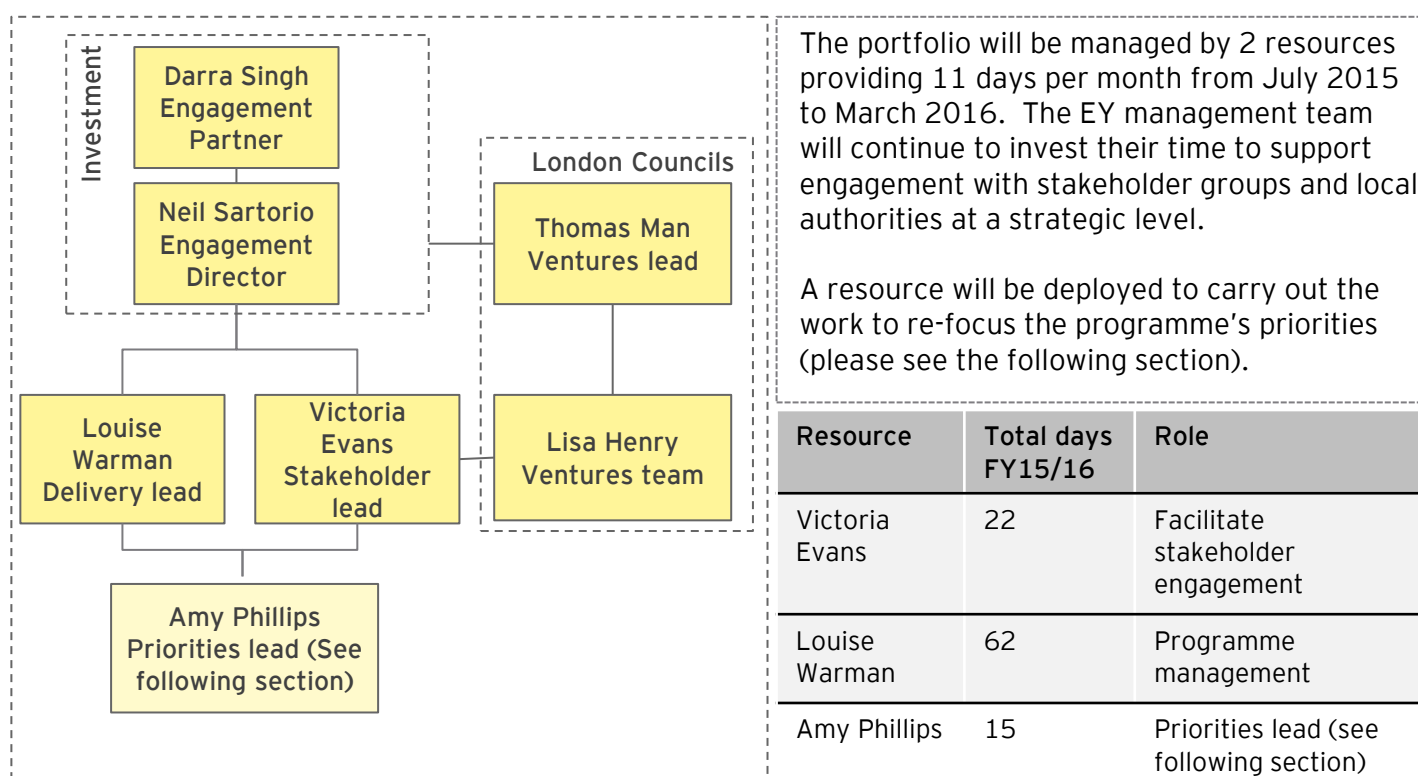
The objectives of programme are to:

- Focus on the existing self-sustaining portfolio of venture partners, promoted to London boroughs
- Deliver benefits for local authorities and meet the priorities of the programme
- Maintain the momentum of the current portfolio within the overdraft facility by ensuring that activity is targeted at the most strategically important issues

Key programme activities:

- Monitor the progress of the 15 ventures approved for delivery through monthly check-ins with venture partners and London Councils
- Facilitate engagement with local authorities and stakeholder groups
- Monitoring the overall programme, including finances and benefits
- Attend the Capital Ambition Board

The London Ventures delivery team



Delivering the current portfolio

Decisions for the Board:

We ask Board to acknowledge the programme's ambition to operate within the overdraft facility to move to a self sustainable model and to agree the focus of work for FY15/16:

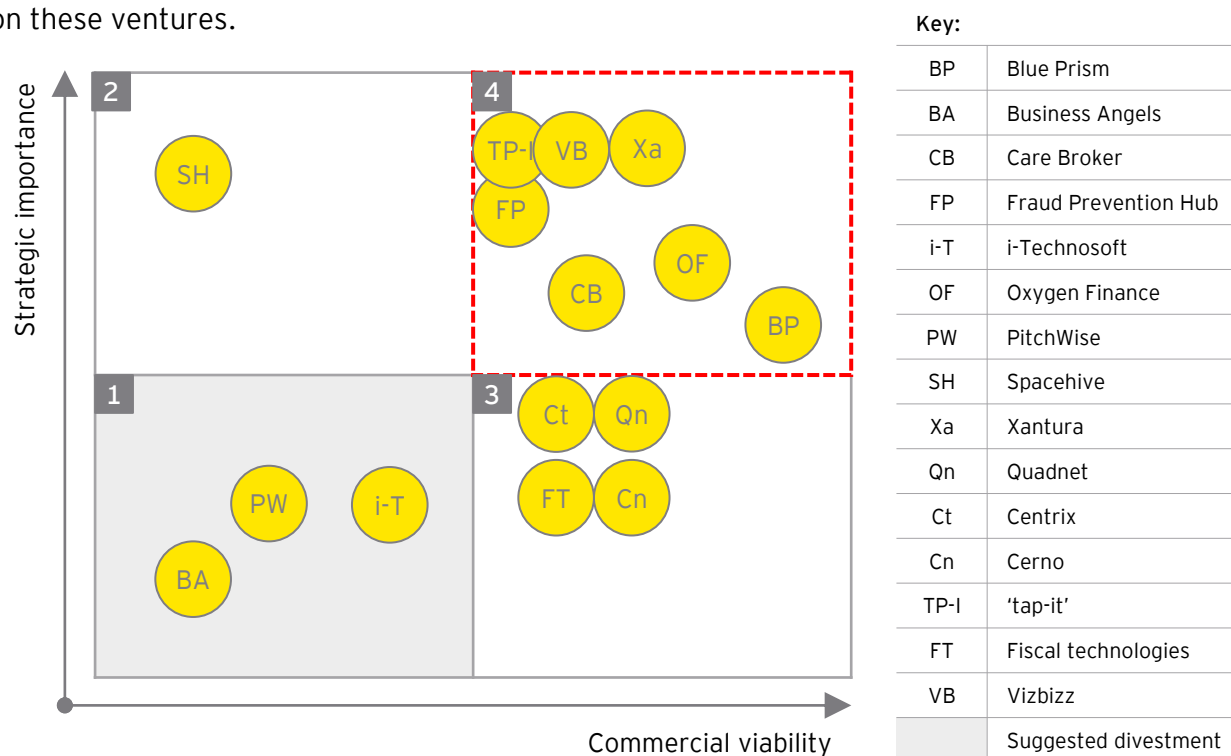
1. Activity will be focussed on monitoring the existing portfolio
2. Activity will only focus on those ventures which are either strategically or commercially important and therefore, we recommend that the board consider divesting in those ventures which are not aligned (See below)
3. Additional activity, such as a 4th generation of ventures, will be reviewed at later Boards and will be subject to any additional income delivered through the portfolio

Divesting in Ventures

For the programme to become financially sustainable we need to ensure that the commercial value in partners engaging with Capital Ambition and the opportunity to increase their footprint in the market, is reflected in negotiations.

Given the financial constraints to deliver the programme, it is recommended that the programme divest in ventures which have limited strategic or commercial impact.

It is proposed that the programme divests in Pitchwise, Business Angels and i-Technosoft. It is recommended that no investment, programme delivery or promotion activity is focussed on these ventures.



Criteria

Strategic Importance:

- Aligns to LA priorities
- Fits strategically with the priorities of Capital Ambition

Commercial Attractiveness:

- Generates a revenue return for the programme
- Offers a commercial advantage for LAs

A photograph of a modern pedestrian bridge with a curved metal railing and a tall chimney in the background. The bridge has a wide, flat deck made of metal grating. Several people are walking on the bridge, moving away from the camera. The sky is clear and blue with a few wispy clouds. The railing on the left side of the bridge is made of large, curved metal arches connected by cables. In the background, there is a tall, dark chimney and a building with a glass facade.

Section 4 Re-focusing priorities

Re-focussing priorities

In addition to agreeing to continue the current London Ventures portfolio, the CAB in May 2015 recognised that the programme should look to be more ambitious in addressing strategic challenges facing the sector. This resonates with feedback received from local authorities, particularly through CELC/SLT.

In acknowledgement of this, the programme team consulted with CELC/SLT on 5th June 2015 to obtain their views on defining the process for understanding these strategic challenges and understanding their perspective of what would be the successful outcome of this process.

Feedback from CELC/SLT:

Priorities and issues should be clarified better	Priorities and issues should be better clarified, particularly in the context of the changing role of local authorities and whether priorities are around building organisational resilience or delivering transformation programmes.
The right scale of projects	A future programme should focus on the right scale of projects, with a greater focus towards tackling some of the bigger issues.
Added benefit	The programme should be re-focused to reflect what the added benefit of London Ventures can bring to local authorities.
International and industry experience and expertise	London boroughs should learn from solutions being generated in the rest of the UK, as well as looking towards international and industry expertise.
Cross-borough collaboration	There should be further cross-borough collaboration on providing services, to ensure greater efficiency and more effective delivery.
Better connected decision makers	Decision makers within a council should be better connected, in order for the work on the London Ventures programme to be successfully implemented.
Open, facilitated discussion	There is a need for an open, facilitated discussion to understand the key priorities in more detail.

Proposed approach to re-focussing priorities

Proposal from CELC/SLT

CELC/SLT suggested over July-September to form a sub-group of CELC/SLT members to provide strategic direction.

The successful outcome of this engagement would be:

1. For the London Ventures programme to develop up to 6 propositions which include:
 - An approach to meeting priorities
 - Timescales and pace
 - Financial benefits to local authorities
 - Tangible, worked examples and lessons learnt from elsewhere
2. For these propositions to be reported back to CELC/SLT and CAB

Our proposed approach

Based on both the feedback from CELC/SLT and the programme finances available through the London Ventures programme, we propose:

1. To facilitate 3 working sessions:
 1. Define priorities
 2. Review case studies and examples
 3. Develop a specification to move forward
2. For CELC/SLT to report back the outputs of this process to October CAB

London Councils, through the programme, will lead the engagement with the CELC sub-group. EY can provide 15 resource days to facilitate this process with London Councils through the overdraft facility. Three EY Subject Matter Resource days will be invested. Activities will include:

- Facilitating the sessions
- Providing case studies and examples for review
- Draft outputs for presentation by CELC/SLT

Decisions for the board

Decisions for the Board:

We ask Board to:

- Acknowledge the feedback and outcomes from CELC/SLT
- Provide the remit to work with CELC/SLT as set out in our proposal

A nighttime photograph of a modern building with a glass facade. The building's interior lights are on, and the glass reflects the surrounding environment. A large, bare tree stands in the foreground, its branches silhouetted against the building. The text "Appendix 1" and "Venture Overview" is overlaid on the image in a white, sans-serif font.

Appendix 1

Venture Overview

London Ventures portfolio

Introduction

There are currently fifteen ventures that have been presented and approved for delivery by the Capital Ambition Board. These fifteen ventures cover a diverse spectrum and range of services:

Venture	Partner	What is it?
Robotic Automation	Blue Prism	Innovative software which mirrors and then automates human behaviour on any computerised system.
Safeguarding Solutions	Xantura	Xantura are developing two safeguarding solutions; <ul style="list-style-type: none"> ► An analysis platform to support the evolving requirements of the Troubled Families programme (data asset delivered supports the risk model solution) ► An 'early years' predictive risk model for preventing children from going into care, which will be used to predict the likelihood of neglect and abuse by the age of 5 (and would be applied to children less than two years old)
Care Broker	EY	Care Brokerage Service support planning, RAS re-design and support planning model re-design to promote service user outcomes and address budgetary pressures.
Fraud Prevention Hub	Ealing Council	The long term vision of this venture is based on the development of a data analytics project (the London Fraud Hub), which will tackle fraud against local authorities organised around the three themes of, "Acknowledge, Prevent and Pursue". The first focus is on reducing business rates and council tax.
Crowd Funding	Spacehive	Spacehive is a crowd funding platform for civic projects (e.g. new park or playground). It aims to unlock new sources of investment and creativity for regeneration projects, transforming the public realm and empowering communities. It allows anyone with inspiring project ideas to pitch for support and funding from their community.
Early Payment Programme	Oxygen Finance	A cost neutral early payment programme whereby standard 30 day payment terms are replaced with an accelerated, incentivised programme.
Business Angels Co-Fund	EY	Creation of a London Ventures Business Angel Co-Fund targeting early stage and emerging local London businesses seeking to access between £200k and £2m of equity finance. The initial phase involves due diligence.
Online football pitch booking system	PitchWise	A centralised, one-stop website giving customers the ability to search and book a suitable football pitch, optimising time and money.
Online child protection programme	i-Technosoft	This programme includes award winning parental control and social media protection tools that filter out harmful content on the internet, provided at a preferential rate.

London Ventures portfolio (continued)

Venture	Partner	What is it?
Usage Analytics	Centrix	This software analyses users' devices, applications and content, providing insights into unused and similar applications. These usage insights shape the way public sector organisations maintain, choose and deliver technologies to balance user and business needs.
Slow Application fix	Quadnet	This service enables customers' to resolve difficulties with slow-running applications by running a feasibility study, finding root causes and driving forward solutions.
Cutting Software Costs	Cerno	Cerno acts on behalf of local authorities as a technical and legal specialist to reduce the licence fees that external suppliers demand
Continuous Spend Protection	FISCAL Technologies	FISCAL Technologies' software solution protects against invoice fraud and payment errors.
Video Calling	Visbuzz	Visbuzz provides a simple, easy to use video calling system to the homes of those who are isolated and digitally excluded in order to reduce isolation.
'tap-it' safety app	Xantura	This venture will deploy a mobile phone application ('tap-it') focussed on improving safety for the general public and streamlining access to support services for people experiencing repeated abuse.



Appendix 2

Progress against KPIs

KPI progress

The following section reports progress against the key KPIs and scorecards agreed during contractual negotiations.

KPI 1		
Achieve financial sustainability for London Ventures		
Indicators	Evidence	RAG status
Test 1: Achieved minimum level of resources to sustain the programme next year	A decision is required on the future focus and resourcing for the programme. A baseline position has been put forward for sustaining the programme in a light-touch way going forward.	Amber
Test 2: Achieved additional resources to support the delivery of the organisation's objectives	A decision is required on the future focus and resourcing for the programme. A baseline position has been put forward for sustaining the programme in a light-touch way going forward.	Amber
Test 3: Achieved a robust pipeline of collaborative, cross-sector opportunities which are likely to provide additional cash/time/other resources	The venture portfolio contains 15 ventures approved for delivery. The core focus will remain on transitioning Board-approved ventures into implementation.	Green

KPI 2		
Deliver the current programme within the resources identified		
Indicators	Evidence	RAG status
Test 1: Use of resources for setting up the programme for the current year is within the specified limits	Deliverables have been established within existing resources and all deliverables were and are on track.	Green
Test 2: Use of resources for setting up the programme is planned and controlled and there is adequate resource available to deliver the plan	A decision is required on the future focus and resourcing for the programme. A baseline position has been put forward for sustaining the programme in a light-touch way going forward.	Amber
Test 3: There is visibility of project delivery resources and no material/major areas of concern	There are no areas of concern.	Green

Key:	Green	Fully met
	Amber	Partially met
	Red	Not met

KPI progress (continued)

KPI 3		
Create a defined programme of work over the medium term		
Indicators	Evidence	RAG status
Test 1: There is a programme of work aligned to the Capital Ambition priorities	15 ventures are currently within the London Ventures portfolio.	Green
Test 2: There is a collaborative programme of work which includes public, private and voluntary sector organisations	The programme of work includes joint ventures being launched with public, private and third sector organisations.	Green
Test 3: Individual projects are providing progress updates to the Capital Ambition board and there is an assessment of projected cash/ resources generated over time	Weekly progress reports are provided to the London Councils programme lead. Established governance with London Councils for management of programme financials and resource.	Green
KPI 4		
Build London Ventures profile, brand and reputation		
Indicators	Evidence	RAG status
Test 1: The London Ventures programme has involved engagement with a wider group of stakeholders including cross sector organisations	Engagement has taken place with a considerable number of organisations in developing concepts. Further conversations have been held with organisations advocating the programme and the ventures in delivery e.g. Nesta, Public Services Transformation Network, Future Cities Catapult etc. Wide ranging coverage across industry, national and international media.	Amber
Test 2: Feedback has confirmed a positive experience of London Ventures by stakeholders involved with the programme	Positive statements have been received from both the London Ventures programme team, Capital Ambition Board members, Local Authorities, and Partners.	Amber

Key:	Green	Fully met
	Amber	Partially met
	Red	Not met





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