

STEP update for Joint Ministers – Programme Increment 9

17 February – 12 May 2021

Key metrics

STATUS (at 12 May 2021)	Programme Inc 9	Programme Inc 8
STEP overall		
Finance		
People		
Delivery		
Risk and assurance		
Stakeholders		

Expenditure (to 30 April 2021)

Expenditure type (\$m)	Full programme		Spend to date (since Nov18)	
	Approved funding (QRA 85)	Modelled cost (budget)	Actual	% of Modelled cost
Capital expenditure	128.2	116.2	29.7	26%
Operating expenditure	18.7	23.8	5.6	24%

Value enabled by work to date

"Value enabled" is a measure of value delivered by products or enhancements developed, released or ready to generate value.	Value enabled	Expenditure
Programme Increment 9	21.6%	26%
Programme Increment 8	17.5%	21%

Key Messages

Overall programme health is unchanged at Green - all progress indicators are rated Green with the exception of Delivery.

Delivery

Satisfactory progress was made on the IT system rebuild and on driving customer uptake of property search and transaction notification products released over the past year. The Amber delivery rating reflects two issues:

- migration of the Landonline database to a new platform is likely to be delayed to April 2022 to allow more time for testing. This work is not time dependent; a delay does not affect overall programme delivery.
- time and cost issues have been flagged on work enabling processing of simple house sale and purchase transactions in the new system. Implications will be assessed in Programme Increment 10.

Finance

The programme is operating within budget. 26% of the full programme capital budget had been spent as of 30 April 2021. Ministers are asked to note LINZ will submit the next request for capital expenditure approvals, including a drawdown of capital contingency funding, in November 2021.

People

A recruitment round is underway in line with the programme resource plan to add six people to the team working on survey initiatives. The workforce was 122 at 12 May 2021.

Cabinet update

Cabinet noted programme progress in May 2021. The next update will be provided in October 2021.

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Finance ●

Expenditure type (\$m)	Full programme		Spend to date (since Nov18)		20/21 year to date		
	Approved funding (QRA 85)	Modelled cost (budget)	Actual	% of Modelled cost	Actual	Budget	Var
Capital expenditure	128.2	116.2	29.7	26%	13.9	16.3	2.4
Operating expenditure	18.7	23.8	5.6	24%	3.4	4.4	0.9

Spend to 30 April 2021 of \$29.7m was 26% of the full programme capital budget.

A reduced capital spend is projected for financial year 2020/21 (\$19.1m against the \$29.5m budgeted). The primary driver of the underspend was COVID-19 related recruitment delays in 2020 (resource costs are 90% of programme expenses). Expenditure is increasing now that the IT system rebuild is underway.

A full programme financial reforecast is being carried out that will take account of the underspend and work being done to revisit programme time and cost estimates.

This will inform the request to joint Ministers for capital expenditure approvals and a further drawdown of capital funding allocated to the programme planned for November 2021.

People ●

Planned recruitment began for an additional six resources for the team working on survey initiatives.

	December 2020	January 2021	February 2021	March 2021	April 2021
Contractors	26	35	37	37	39
Open term	65	68	69	69	69
Fixed term	11	12	14	14	14
Total	104	115	120	120	122

Delivery ●

Core system rebuild

- Satisfactory progress was made on replacing Landonline's core IT systems. This complex and difficult phase of the rebuild, due for completion in 2023/24, involves approximately 40 initiatives (specific blocks of work) across four workstreams:
 - modernising title transaction processes
 - digital survey plan lodgement processes
 - building common services (underlying support functions and services for customers and LINZ staff), and
 - migrating Landonline's database of survey and title information to a new platform.
- Work continued on seven initiatives across the above four workstreams. One common services initiative (establishing requirements for building a business rules engine) neared completion. Two new initiatives were authorised in the common services and survey workstreams.
- A focus on ensuring development teams are applying uniform work and reporting methodologies is resulting in strengthened planning and output reporting.

Two issues are being managed.

- Migration of Landonline's property database to the new platform is likely to be delayed to April 2022 (originally to be completed by late 2021). This work is not time dependent and delay will not affect delivery overall. As one of the programme's most complex and risky initiatives, further time is needed to complete testing to safely migrate the database.
- Time and cost issues have been flagged on work enabling processing of simple house sale and purchase transactions in the new platform. Implications are being assessed in programme increment 10.

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Search and Notices products – customer adoption

- Strong focus was maintained on expanding uptake of new property transaction notification services and modern web-based property search services introduced over the past year (see also Stakeholder Engagement below). Transaction notification services are enabling productivity improvements for conveyancers, territorial authorities and financial institutions. The pace services are adopted is dictated by user priorities and their capacity to adapt business processes.
- Public use of the online public land record search service launched in February 2021 exceeded expectations. LINZ estimates 100,000 records such as a land title will be ordered annually via the service, compared with 35,000 ordered through the manual service LINZ offers.
- Four territorial authorities were receiving automated property transaction notifications (Notice of Change of Ownership) by the end of the increment. Data sharing agreements (a precursor to using the service) had been reached with eight territorial authorities, and active discussions were being held with a further 44 authorities. The programme is targeting having all 67 territorial authorities using the service by the end of 2021, subject to their readiness.

Uptake data for Search and Notices products to 31 April 2021

	Customer adoption			
	Market uptake		Transactions	
	Apr	Mar	Apr*	Mar*
Registered search (Landonline customers)	55%	50%	487K*	422K*
Public search	-	-	29K*	22k*
Notice of change	58%	57%	10.1K*	9k*
Notice to mortgagee	6 Banks	4 Banks	3697	3958

*Transaction figures are cumulative totals

Value enabled by work to date

Value enabled by products or enhancements developed, released or ready to generate value across all workstreams since April 2019 is assessed at 216 value points (up from 175 in the previous period). This is 21.6% of a total of 1000 value points allocated across all STEP initiatives. This compares with the capital spend to date of 26%. Peaks and troughs in value delivery can be expected, however LINZ anticipates the variance to narrow over time.

Risk and Assurance ●

Assurance: recommendations from independent assurance advisor IQANZ aimed at improving how work is planned, sized, and consistently reported was reflected in additional assurance actions now being actioned by the programme. An IQANZ report on the programme's IT architectural approach has been received and is being finalised.

Assurance Actions

Assurance actions	This period	Last period
In-progress	13	15
Completed	64	62
Total	77	77

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Risk Actions

Delivery risks: top risks monitored by the STEP Board

Risk	Mitigation	Current state	Resolution by
Actual financial outcomes vary from estimates over time	a) Develop and implement improved programme reporting b) Ongoing review of programme assumptions	Team established to complete this work. Improved reporting is being developed and already aiding decision making and focus on ongoing improvements.	August 2021
Breach of private information held in Landonline	a) Increase resourcing for security certification & accreditation activities. b) Remedy identified security actions	Security resourcing is being increased. Security actions are being remedied.	August 2021
Inadequate integration of STEP with rest of LINZ	Establishment of Change Enablement and Customer Engagement teams and a new STEP Business Squad	These teams are now working effectively together with clear joint ownership of STEP	December 2021
Workforce retention	Implementation of the programme's resource strategy and plan. Workforce requirements identified and actively planned for.	Management Team is developing a mitigation plan	August 2021

Risk Actions: risk actions in progress (May 2021).

Risk actions	This period	Last period
In progress	10	6
Completed	12	12
Total	22	18

Stakeholder Engagement ●

- Ongoing engagement with territorial authorities and financial institutions to increase uptake of Search and Notices products. Property Law Conference on 10-11 May.
- Quarterly progress demonstration held with key groups representing property industry professionals.

Focus of Programme Increment 10

- Maintain rebuild momentum
- Decision on database migration delivery timing
- Expand uptake of Search and Notice products.
- Programme showcase at NZ Local Government Association conference (July)
- Full programme financial reforecast
- Preparations for next Gateway review
- Prepare progress update to Cabinet (due October 2021).