



CABINET

Subject Heading:

Digital Platform replacement project

Cabinet Member:

Leader of the Council

SLT Lead:

Chief Operating Officer

Report Author and contact details:

Shazia Ullah

Shazia.ullah@havering.gov.uk

Policy context:

This project supports Havering Council's Vision as stated in the Corporate plan. The project specifically contributes to achieving the connections priority by using technology to improve the way we live. The project will provide capabilities to progress the digital strategy.

Financial summary:

The project will cost £5m over two years; this will be funded via a mixture of existing revenue budgets £0.600m, approved use of capital receipts £1.8m and further use of capital receipts £2.6m (subject to Council approval)

Is this a Key Decision?

Yes

(a) Expenditure or saving (including anticipated income) of £500,000 or more

(c) Significant effect on two or more Wards

When should this matter be reviewed?

April 2020

Reviewing OSC:

Overview and Scrutiny Board

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

This Report is part exempt and appendix 1 is not available for public inspection as it contains or relates to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to information relating to the financial or business affairs of any particular person, including the authority holding that information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

SUMMARY

1.1 This report sets out the Business case for the implementation of a Microsoft Dynamics 365 Digital Platform as a replacement for the current customer relationship management system, which requires renewal/ upgrade in order to comply with data protection legislation.

1.2 An options appraisal was undertaken at the end of 2017, and the Microsoft Dynamics 365 technology stack was recommended. The Digital Platform Project ties in with Havering's corporate plan of being a digitally enabled borough. The business case presents a proposal for the replacement of the CRM digital platform and identifies the budget to procure a solution.

1.3 Approval is sought to commence a tendering exercise for a digital platform partner for phase 1 of the project, which is scheduled to go live by July 2021.

RECOMMENDATIONS

2.1 It is recommended that Cabinet:

- Recommend to Full Council to approve additional funding from capital of the sum of £2.66m profiled across the 19/20 and 20/21 financial years, to deliver all elements of the programme (in addition to the £1.8m of capital funding previously agreed);
- For the reasons set out in the report, approve commencement of a tender process to procure a digital platform partner for a period of 2.5 years via the Crown Commercial service G Cloud 11 framework.
- Notes that the assumptions contained in this report and business case are subject to change as scoping continues and should either legislation or operational requirements/solutions dictate.

REPORT DETAIL

3.1 The current Customer Relationship Management (CRM) system poses significant risks to the council and is no longer fit for purpose. The current system will be out of support in 2021 and poses risks around compliance with the General Data Protection Regulation.

3.2 The proposal is to replace the existing CRM digital platform with Microsoft Dynamics 365, enabling wide reaching digital transformation in terms of how we work and connect with residents.

3.3 This project places residents at the heart of service design for our Customer Relationship Management system and more widely our digital ambitions. The digital platform will act as an accelerator and enabler for change.

3.4 The implementation of the platform is an opportunity to review the way services are designed and delivered and improve accessibility for our customers. The approach will be to become an efficient, effective, customer centric organisation. The aim is to empower residents and service users to serve themselves using a 24/7 seamless, simple responsive service, backed with assisted digital services where required. The new CRM /digital Platform is scalable and flexible to support the Authority's evolving needs as service delivery and new operational models are developed to meet budgetary pressures.

3.5 Business Process Re-engineering has been factored in as part of the implementation timelines and costs, with expert support from the chosen digital platform partner (Partner) to enable services to redesign and optimise their processes and their holistic service offering. While the release of savings is not an explicit objective of the project, the Digital Platform project will support the redesign of processes to increase productivity and release savings as a consequence.

3.6 Indirect savings will be realised by the services if they participate fully in the process redesign and take the opportunity to drive out inefficiencies from their processes.

3.7 To realise these savings, the Services will have to be committed to simplifying their processes, removing bureaucracy, accepting automation and moving services online. These savings will sit within the Service areas, and they will be responsible for converting increased efficiency into cashable savings by releasing staff. The proposal is to establish robust monitoring of channel shift and impact on services in terms of operating models to identify savings and future opportunities post implementation of Phase 1. Similar change projects in other local authorities, examples provided in the business case have driven out inefficiencies, improved customer satisfactions and generated savings from year 3 recouping the total investment of the project and more by year 5.

Cabinet, dd mmmm yyyy

3.8 The project timetable requires a digital platform partner to be appointed by March 2020, to be able to deliver by July 2021. This requires commencement of a tender exercise by January 2020. It is proposed that the G Cloud framework, an established digital platform based framework, will be utilised. Potential technology partners will be longlisted from the framework in early December, followed by a shortlist soon after. Evaluation, clarification questions and presentation Invitations will commence in January 2020.

3.9 The G-Cloud is a cost-effective marketplace where SMEs can compete and offer their services directly alongside big companies. G-Cloud has the largest range of suppliers compared to any other framework, it is re-tendered regularly, so contains the latest services and suppliers

3.10 G Cloud is fully compliant with the Public Contracts Regulations 2015. Suppliers have been through a rigorous process to ensure their credibility and suitability to provide solutions to the public sector

3.11 The use of templates within G Cloud ensures pricing and solution templates are standard across all suppliers which means it is easy to compare suppliers over marketplace categories. Pricing is transparent and provided up front. This procurement route has been recommended by the Council Procurement Service, as it provides best value, matches our timeline and technical requirements.

3.12 The project timetable is as follows:

This projected project timeline will be refined following the appointment of our Technology Partner.

- January 2020 Cabinet approval
- January 2020 Tender Commencement
- February 2020 Procurement presentations
- March 2020 Procurement -Award contract
- April 2020 Onboarding Technology Partner
- May- September 2020 Analysis & design Phase
- July- October 2021 Build and Test
- July 2021 Deploy Phase 1 by July 2021 target date (current platform out of support)
- October 2021 Deploy Phase 1A additional enhancements
- November-December BAU transition

3.13 A report will be presented to Cabinet upon completion of the tender process for a digital platform partner detailing the outcome and requesting authority to award to the preferred bidder.

REASONS AND OPTIONS

Reasons for the decision:

4.1 The current system is due to become unsupported in July 2021 and so will become less and less secure over time, with associated financial, reputational and security risks.

4.2 The Council currently utilises Microsoft infrastructure and holds an enterprise licence which reduces the risk of cost and integration associated with the recommended solution.

4.3 In 2017 a joint options appraisal with Newham concluded that the cost to Havering of doing nothing over a 5 year period for development and additional support costs to the existing system would be £1.5 Million.

4.4 The proposed Microsoft 365 based solution supports the Council Vision and provides a foundation to enable future transformation. Further benefits to the Council of the proposed solution are detailed in the Business Case.

4.5 Calling off from a framework agreement offers a legally compliant, streamlined contract procurement and award process. The Crown Commercial Service G Cloud framework offers a compliant route to multiple pre-vetted suppliers who have the relevant expertise for projects of this scale. A mini-competition under the framework (as opposed to a full EU compliant procurement) will enable a development partner to be identified and appointed within the required timescale whilst ensuring that the Council achieves best value through competition.

5. Other options considered:

5.1 Alternative 1 – Development of bespoke service driven initiatives

Close down the programme and attempt to deliver the benefits through service driven initiatives.

This option was not considered due to the following:

- In a cross-cutting digital landscape it requires coordination to deliver benefits consistently across the council and service-driven initiatives traditionally work best when focused within a service.

- The costs of delivering the solutions may be increased, so reducing the benefits.
- Management of the financial and reputational risk would be better managed at a cross-council level.
- The realisation of the benefits of channel shift and self-service is best coordinated at the cross-council level.

5.2 Alternative 2 - Do nothing and maintain the status-quo

Do not replace the existing systems going out of support and build the new solutions with them.

This option was considered and rejected due to the following:

- The existing technology is increasingly no longer fit for purpose
- The old systems cannot provide the modern, personal, responsive web experience the residents now expect so the poor experience would remain
- Residents are not involved in the design process.
- The cost of any small change in the current system is prohibitive.
- The systems are due to become unsupported in 2021 and so will become less and less secure over time, with all the associated financial, reputational and security risks.
- The current CRM is a corporate risk as it lacks a sustainable financial support model.
- The situation around Freedom of Information requests, Complaints and Members and MPs enquiries would not be improved.
- There would still be no effective internal communication and engagement tool to replace the intranet, and information would remain hard to find and share

IMPLICATIONS AND RISKS

6. Financial implications and risks:

Costs and Funding

6.1 The project will cost £5,075,000 over two years; this will be funded via a mixture of existing revenue budgets £0.600m, approved use of capital receipts £1.8m and further use of capital receipts £2.6m (subject to Council approval)

Savings and cost avoidance

6.2 This project is an enabler of a range of savings and process efficiencies in the wider council. Furthermore, it is noted that a previous options appraisal estimated significant additional support and development costs associated with not replacing the existing system as well as financial, reputational and security risks associated with operating an unsupported system. It is anticipated that savings associated with maximised use of an improved digital platform will reduce in improved customer service and savings equivalent to at least annual revenue running costs in process efficiencies.

Risks

6.3 There is a risk that the costs returned as part of the tendering exercise could exceed initial estimates, especially as the rate of technological evolution means current integration assumptions may be out of date by the time procurement takes place which could impact pricing. The decision to award will go through the appropriate governance channels and any associated implications arising from this risk materialising can be considered at that time.

6.4 As with any significant project, there is a risk of overspending due to unforeseen/unavailable complications/delays. Careful project management, the inclusion of a contingency amount and regular budget monitoring processes should assist in mitigating against this risk and will ensure it is flagged through the appropriate channels in a timely manner should the need arise.

6.5 There is a risk that if the further top up bid of £2.66m is not approved the spend to date would be ineffectual/sunk.

Legal implications and risks:

6.6 A report requesting the additional capital funding detailed in this report will be put before Council for a decision.

6.7 The proposed contract for a development partner is above the EU threshold for services contracts of £181,302 and is therefore subject to the full Public Contracts Regulations 2015 (PCR 2015). The G Cloud framework is PCR 2015 compliant. A

call off from G Cloud will be PCR 2015 compliant to the extent that the framework rules for contract award are followed.

6.8 Officers must seek approval from Cabinet to award the contract to the preferred development partner upon completion of the mini competition tender process.

Human Resources implications and risks:

6.9 There will be a requirement for staff and other key stakeholders to be available to provide subject matter expert input and testing.

6.10 The Project team members will be able to prioritise CRM development work.

6.11 This project will enable redesign of services which will result in the creation of efficiencies and avoidable costs that can be realised approximately 18 months after the changes are embedded.

6.12 A supported process from a workforce perspective will be implemented and staff will be upskilled and retrained in terms of understanding new ways of working to help shape the outcomes including becoming more agile.

6.13 Structured training around the new system and the change to processes will be provided so that staff are fully on-board with the new system and supported through the implementation process

6.14 It is anticipated that once the new systems and processes are embedded there will be a review of services to assess if there are new efficiencies. Any changes that impact on existing job roles will be subject to the Councils Organisational Change policy.

6.15 Workforce and staffing implications will be assessed once we assess the impact of the new system and processes.

Equalities implications and risks:

6.16 An Equality & Health Impact Assessment (EqHIA) has been carried out and not identified any concerns and risks.

Health Implications

6.17 The new platform offers opportunities for phase 2 to create a community and voluntary database of local services that can be accessed by the public. These proactive self-care interventions have proved beneficial in other local areas as a means of supporting individuals and families from deteriorating and having to use acute services. It can enable automated surfacing of local services relevant to a person's circumstances which can be complementary or alternative to using health and Council services.

BACKGROUND PAPERS

None

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Appendix 1, detailed financial breakdown, is exempt