REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	29th APRIL 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
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SUBJECT:	TRANSFORMATION AND BUSINESS CHANGE PLAN: FINANCING AND MILESTONES	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM13

1.0 Recommendations

1.1 That the Committee considers progress as set out in the Transformation and Business Change Plan 2020 to 2024 and Annual Work Programme 2020-21.

1.2 To approve the funding of Business Change and Transformation project, agreed by the Transformation Steering Group and outlined in this report.

1.3 That the General Fund capital costs associated with implementing new systems are financed from the ICT/Business Change and Transformation Earmarked Reserves.

1.4 That the HRA capital costs associated with implementing the upgrade to the Housing systems is funded from a specific Earmarked Reserve and the HRA General Reserve.

1.5 That on-going license and maintenance costs are funded from within existing budgets in the General Fund as detailed in the report.

1.6 That an increase to the HRA revenue expenditure for on-going license and maintenance costs is approved.

1.7 That a fixed term post is recruited to help support the Housing system upgrades and is funded from the HRA General Reserve.

1.8 That the recruitment to vacant posts, in services where investment in transformation is being implemented, is subject to the consideration of the Senior Leadership Team in accordance with the Vacancy Management Procedure. Opportunities will be considered on a case by case basis, as they arise.

1.9 That subsequent efficiencies and budget savings from transformation projects are recorded and reported to Committee as part of quarterly performance reporting.

2.0 Purpose of the Report

2.1 Transforming processes, systems and customer interfaces are key priorities in the Council's Corporate Plan. This report sets out the progress so far and seeks approval for the investment needed to support the delivery of several other corporate priorities and to enable business change at the Council.

3.0 Executive Summary

3.1 The Transformation and Business Change Plan is split into 4 core Themes to support the Corporate Plan. These themes cover Customers, Technology, People and Process.

3.2 Against each theme, definitive projects have been identified. These projects differ in their length, complexity, and cost. The Annual work programme is the document produced each year to record and prioritise the delivery of projects identified in the Transformation Roadmap.

3.3 Progress within the current year's Annual Work Programme on a number of projects has now reached the stage where a commitment to invest in the relevant service areas is required to allow the projects to proceed to the next stage of procurement and award of contract.

3.4 These projects are considered key projects if the Council is to deliver its commitments to improvements in digital technology to enable more efficient working and more effective interfaces with people who contact and deal with the Council.

3.5 In doing so, it is important to note:

- It is proposed that the capital financing required will be funded from specific Earmarked reserves that have been set-aside to deliver improvements in technology and consequently transformation. In addition, on-going license and support costs will be financed from within existing budgets and savings previously identified on the General Fund with additional revenue expenditure requirements being proposed for the HRA.

- A key principle of any transformation programme is that the original investment provides a payback. The business cases for these projects highlight that they will deliver efficiency savings over several years. Budget savings will be recorded, reported back to the Committee and only built into the MTFP when they are realised.

- There is no pressure on current job roles although methods of working and manual processes are likely to change as the new technology becomes embedded. Therefore, through natural wastage or structure changes, it is proposed that when jobs become vacant, they are subject to additional scrutiny before recruitment. This will be overseen by the Senior Leadership Team and would only apply to those services when investment in transformation is being implemented.

4.0 Detail

4.1 The Change Programme is overseen by the Transformation Steering Group, which approves the annual work programme, meeting every six weeks to review the programme update produced by the Business Change Team. This Committee also appointed a Member Champion to sit on the Transformation Steering Group.

4.2 The programme update report provides an update on the progress of each project and allows for the effective governance of projects. The project management methodology allows for the escalation of issues and risks to the group where project tolerances are exceeded. A summary of the key projects, with progress updates, is shown in the following table.

Core Theme	Progress since July 2020
Our Customers	- Bookings and Appointments system procured and first processes ready to go live. Payment integration procured and configured to allow payments with bookings in the same system. Virtual appointments will be offered as bookable TEAMS meetings for cases such as planning advice, business growth advice etc. - Centralisation of customer contacts, Housing Repairs calls moved to Customer Services, with more service area trials underway. - A standardised and consistent approach to Customer Service developed through the consultation and authoring of a draft Customer Access Strategy 2021-2025. - Operating model and corporate roll out plan have been developed. Soft Market testing for a Customer Relationship Management solution has been completed, requirements evaluated, and full specification developed. Preferred supplier identified and business case developed.
Our Technology	- Major upgrade to finance system completed 12 April 2021. One of the largest undertakings in recent times, the system and infrastructure has been future proofed. - New approach to corporate intranet identified and implemented using Microsoft SharePoint and Office 365 features. The platform will provide the centre piece of agile working. - Core business processes automated using new technology procured to improve resilience and create efficiencies with effective data management. - Housing Modernisation review undertaken with an associated action plan created to set out a short to medium-term roadmap for the Housing Services improvements. Business case attached. - Comprehensive upgrade work has taken place to ICT security, including new Proxy servers, Internet Lines and Firewalls as well as migration to Office 365 and exchange online and Secure Email Gateway - Destination South Derbyshire brand established, and website developed. Visit South Derbyshire website is now live as part of the destination brand.

Our People	• E-learning/Learning Management System procured, configured and live to employees.
	• Review of Employee Lifecycle Processes, with streamlined processes have been drafted and await publication of final flow.
	• New tools within Microsoft 365 for engaging with the workforce identified and are in use day to day
	• Work has begun to present a formal approach to agile working across the organisation.
Our Process .	• A review into how the Council manages waste collection routes has been conducted and as a result a business case developed to invest in Route Optimisation consultancy and software allowing for significant savings to maintenance and fuel budget as well as reducing future growth commitments. Procurement has now concluded, and implementation can proceed.
	• Disabled Facilities Grant service has been reviewed and a new approach has been created. Procurement of a fit for purpose solution has completed and system went live beginning April 21.
	• An organisation-wide review has taken place on paper and printing use, both before COVID-19 and during. The findings of the review will add to the outputs of existing projects, or where necessary provide the business case for future improvements.
	• An organisation-wide review of commercial activities is currently taking place. Once complete a report will be produced on short, medium and long-term options for growth and diversification along with a suggested operating framework

4.3 For some key projects to move forward, investment is needed. These projects have (or will be) reviewed by the Business Change team and a detailed business case prepared with the options and recommendations. One such project, which is actually a programme of work incorporating several projects over multiple years, is the "WorkSmart" programme identified in the Transformation and Business Change plan called Housing Modernisation. **The project brief can be found in Appendix 1**

4.4 The Transformation Steering Group is responsible for reviewing and approving these business case documents and where approved the approval for investment is now sought from this Committee.

Housing Modernisation

4.5 The aim of the project is to provide vision for operating Housing Services at the Council with an associated action plan to set out a short to medium term roadmap. This will address the immediate risks and to provide a stable platform from which to provide best in class services to residents and partners whilst satisfying Corporate Plan dependencies.

4.6 Included in the modernisation programme are several projects that have already had some level of commitment, resource or outputs and are now being combined into a streamlined programme of work.

4.7 The main projects involved in the multiyear programme include the upgrade of the existing Housing Management System with a customer portal, the replacement of the

Choice-Based Lettings and Homelessness solution, an Asset Management solution as well as a mobile repairs operating model and software solution.

4.8 It is recognised that an ambitious plan will need to be appropriately resourced. The project team propose a temporary role, assumed at a PO2 grade but will need to go through the Council's job evaluation process, be established to programme manage the improvement work.

4.9 Even with an additional resource, the Modernisation Programme will need to be divided into stages to ensure normal business operations remain unaffected. To this end the project team propose the following start dates and priority to the projects:

	2021	2021	2021	2021	2022
	Jan-Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar
Conclude the upgrade of Disabled Facilities Grant software and embed new processes	▓				
Procurement exercise to ensure an appropriate contract is in place for the Housing Management System		▓			
Establish a project to provide a proof of concept and first elements of mobile repairs service [Mobile Repairs stage 1]	▓	▓	▓		
Establish a project to review stock condition data and maximise use of existing technology [Asset Management stage 1]		▓	▓	▓	
Procure and implement Choice Based Lettings and Homelessness Solution		▓	▓	▓	
Complete upgrade of Housing Management System (Supplier dependant)			▓	▓	
Using output from Mobile Repairs Stage 1 conduct review of options including procurement of new solution if required				▓	▓
Using output from Asset Management Stage 1 conduct review of options including procurement of new solution if required					▓

4.10 It is proposed to use the most appropriate framework available to procure the consultancy and software. If the Council were to perform a full tender exercise, it is very likely that the costs of implementation would be similar, but the process would take far longer to implement.

4.11 A Project Brief with more detail can be found in **Appendix 1**.

5.0 Financial Implications

5.1 The project outlined in this report represent major transformation for the Council. Current resources and budgets have been identified to deliver the proposed changes to ensure zero growth on the General Fund.

5.2 All projects will need additional capital resources to fund the implementation. The projects are split between the General Fund and HRA and it is proposed to fund the implementation costs as listed in the following table.

Implementation Costs	General Fund £	HRA £
ICT Strategy	18,000	0
ICT and Mobile Working	0	103,000
Total Drawdown	**18,000**	**103,000**

5.3 The ICT Strategy has annual contributions transferred from the General Fund each year as reported in the MTFP and the balance as at April 2020 was £449,406. This reserve is proposed to fund the upgrade to the Choice Based Lettings (CBL) system of £18k.

5.4 Although CBL is a housing system, the system itself is for allocation of housing to any individual and is in line with our statutory obligation through Homelessness. This system is therefore fully funded by the General Fund. There will be no additional ongoing revenue costs after this upgrade is implemented.

5.5 The ICT and Mobile Working Reserve is topped up by the HRA and was set up specifically for upgrades to Housing software and for the implementation of mobile working. The balance on this reserve as at April 2020 was £186,521 and an additional £105k is to be transferred into this reserve in March 2021 as reported in the MTFP.

Housing Modernisation

5.7 One-off capital costs of £82,000 for the upgrade to the main Housing system and £21,000 for Asset Management system updates will be required. This is to be funded from the ICT and Mobile Working earmarked reserve as noted above.

5.8 Additional annual maintenance costs for the Housing Management System of £29,600 is proposed to be funded from the HRA. This is the market rate for a modern Housing Solution. The impact to the HRA for the proposed upgrades is shown in the following table.

	HRA				
	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Orchard					
Annual Maintenance Charge	107,600	107,600	107,600	107,600	107,600
Temporary Post	45,000	45,000	45,000	0	0
	152,600	**152,600**	**152,600**	**107,600**	**107,600**
Funding:					
Current Budget	-78,000	-78,000	-78,000	-78,000	-78,000
ICT and Mobile Working Reserve	-45,000	-45,000	-45,000	0	0
	-123,000	**-123,000**	**-123,000**	**-78,000**	**-78,000**
Shortfall funded by HRA General Reserve	29,600	29,600	29,600	29,600	29,600
	29,600	**29,600**	**29,600**	**29,600**	**29,600**

Revised MTFP Protected Balance	-6,755,540	-4,665,085	-2,912,403	-2,013,464	-1,599,236

5.9 It is proposed a temporary post be established, funded from the ICT and Mobile Working reserve for up to 36 months to manage the implementation and improvement initiatives. After considering all of the requested drawdowns on this reserve, a minimum balance of £53,521 will remain to support mobile working.

5.10 The Asset Management system updates will incur no additional ongoing revenue costs.

5.11 The implementation of Choice Based Lettings will result in an overspend against the budget in 2021-22 of approximately £9,404 on the General Fund due to a six month overlap period for transition. Over the course of the MTFP there will be an annual saving of approximately £2,435 which will return a longer-term saving against the current annual budget.

Value for Money (VFM)

5.12 A VFM statement has been completed for each of the projects listed in the report as part of their respective business cases and project documentation; these are detailed in the attached appendices.

6.0 Corporate Implications

Employment Implications

6.1 It is envisaged that the implementation of these solutions will provide flexible working opportunities hitherto unable to be delivered without the advent of the associated technology proposed.

6.2 Any savings related to the Establishment will be taken as and when presented, for example through vacancies, that may not need to be filled, either partially or full time.

Legal Implications

6.3 None

Corporate Plan Implications

6.4 This report sets out investment needed to support the delivery of several corporate priorities and to enable business change at the Council.
Risk Impact

6.5 It is considered that risk is more concerned with the potential to miss opportunities by not upgrading technology. For example, without the collation of customer data and requests, the Council is exposed to reputation damage and potential costs relating to duplicate requests.

7.0 Community Impact

Consultation

7.1 None

Equality and Diversity Impact

7.2   None direct to this report.

Social Value Impact

7.3   As above.

Environmental Sustainability

7.4   AS above.

8.0   <u>Background Papers</u>

None.