Havant
BOROUGH COUNCIL

Name of Committee:	Cabinet		
Committee Date:	8 November 2023		
Report Title:	Strategic services commissioning – resources to implement		
Responsible Officer:	Matt Goodwin, Acting Chief Executive		
Cabinet Lead:	Cllr Neil Bowdell, Cabinet Lead for Finance		
Status:	Non-Exempt		
Urgent Decision:	No	Key Decision:	No
Appendices:	Appendix 1 - Programme Business Case: resources to implement strategic services commissioning		
Background Papers:	Cabinet Paper - Future ICT Infrastructure and Security Provision Options Paper – January 2023		
Officer Contact:	Name: Will Jackson, Chief Policy Officer Email: william.jackson@havant.gov.uk		
Report Number:	HBC/055/2023		

Corporate Priorities:
The Council's Corporate Strategy is made up of the following three themes: wellbeing, pride in place and growth. Within the growth theme there is the stated ambition that the council will strive to improve the services we provide and to modernise with the aim of creating a responsive council with improved customer services and a digital council by implementing in full our Digital Strategy.

Executive Summary:
Over the next two years there are a number of projects that are being taken forward which require significant resource to implement. These projects broadly cover three areas of the council; Environmental Services, IT infrastructure including systems and customer facing services. Combined these three areas represent a common challenge as they cover all services, all residents and a significant portion of the revenue budget. In essence the services represent core council business and are therefore essential to ensure continued service delivery. The requirement for additional resource to implement these projects is in part due to the timescales involved as the majority of projects are inter-linked and driven by the deadline of September 2025 when the Capita contract is due to end. The Council's current IT systems and a range of other supporting software packages are hosted as part of the Capita 5Cs contract. The contract covers a number of essential services such as the Council's finance system, customer services, revenue and benefits, elections, environmental health and planning. The Council needs to ensure replacement systems are in place by this date to ensure these essential services can remain operational after

this date. Alongside this, decisions are required as to the next steps with respect to the customer services provision and any new systems that are required to support that decision. Any customer services decision is further linked to the work around Environmental Services and the future provision of that service and requirements to run.

This is a challenging programme of inter-linked projects to not only replace software for high profile and critical public services but also to make decisions about future service provision. It is therefore essential that the Council does everything it can to avoid interruption to services. It is not feasible, appropriate or economic to run these as separate programmes or projects and the council cannot compromise front line services and strategic commitments.

The Council does not have the expertise and capacity within the organisation to implement the new services and systems and it will require adequate financial provision to secure these key strategic services with minimal interruption to front line service provision. Therefore, a drawdown of up to £1,328,800 from the Council's reserves is being proposed to deliver the programme to be used over a three-year period. Use of this allocation will be rigorously tracked, and reviewed during budget setting, for each relevant financial year.

Recommendations:

Cabinet resolves to:

1. Approve the strategic commissioning of services, systems and software across the Council through a hybrid delivery model utilising both specialist external support and internal resource.

Cabinet recommends to Council to:

1. Approve the transfer of £1,328,800 from the Council's central reserves to a ringfenced reserve created for the strategic commissioning of services, systems and software across the Council; and

2. Approve the draw down of up to £1,328,800 from the ringfenced reserve to be used for the strategic commissioning of services, systems and software across the Council.

1.0   Introduction

    1.1   This report sets out to Members the need to secure appropriate external resources to deliver a key organisational objective of the Council. The report requests the draw down of funding from the Council's reserves to ensure the delivery of a programme of projects covering Environmental Services, new IT infrastructure and software products and customer services. This will ensure the Council is able to operate key public services after the end of the Capita 5Cs contract which expires in September 2025.

2.0   Background

    2.1   The Council is embarking on a significant programme that will deliver our vision by providing modern, online and mobile technology. Through this the Council is seeking to significantly improve how our services are delivered through more efficient processes with greater emphasis on automation, digitisation, access and data availability and it is likely to significantly change the shape of our organisation and how services are delivered.

    2.2   The Council's current IT systems and a range of other supporting software packages are hosted as part of the Capita 5Cs contract which is due to end in September 2025. There are a number of distinct workstreams relating to the replacement of various IT and software systems, all of which need to be in place by the time the 5Cs contract ends. For clarity these are:

- ICT & Information Security
- Planning and Enforcement
- Environmental Health, Licensing and Grants
- Finance
- Elections
- Corporate telephony
- GIS, Street name and numbering

- Customer Services (Land Charges, Revenue and Benefits, Reception and Call Centre)
- Environmental Services
- Payroll & MyView replacement system

2.3　This covers a number of essential services and continuity of service is critical and the Council needs to ensure replacement systems are in place before the Capita 5Cs contract comes to an end. If these systems are not replaced and operational by the time the Capita 5Cs contract expires there is significant risk that the Council will be unable to deliver core services and/or will have to secure separate short term agreements with existing suppliers to continue to host services at significant cost.

2.4　The ending of the Capita 5Cs contract also requires a decision and implementation of any new proposed customer services provision. If the decision is to go with a new outsourced provider, the project will consist of a procurement, contracting and implementation project. If the decision is to return the services to within the council's service provision (bring back in house) or remain with the existing service provider for some or all of the customer services provision then the project focus is primarily on an implementation basis. This includes potential front of house (reception) services as well as supporting back office services such as a case management system.

2.5　In the case of Environmental Services there are a number of projects that are either in train or about to begin which will all lead to the re-letting of the contract when it ends in September 2026. A number of the projects, such as the digitisation of subscriptions for the garden waste service, beachlands and grounds maintenance all require project management support to implement including specialist support such as a customer solutions developer for application programming interface (API) development and integration with any customer services solution.

2.6 The above services are high profile and central to the Council's role as a service provider. It is therefore essential that the Council does everything it can to avoid interruption to services. Given the lead in times for such software systems and the concentration of products all being procured and implemented at the same time there are significant resourcing issues concentrating in a short period of time. Successful implementation requires expertise and capacity which currently does not exist in the Council. Therefore, it is proposed to secure specialist external resource as set out below.

3.0 Options

3.1 The following options have been considered:

3.2 **Option 1 - 'Internal Resource Delivery'**. Under this option the Council would seek to run the implementation of the programme within existing resource. This would largely be led from the Council's existing IT and Projects & Change Team but with significant 'hands on' support from within existing teams. This would be at no cost but it would lead to the significant depletion of staff involved in delivering front line services. It is likely that some backfilling would be required to ensure minimum service levels are maintained.

3.3 It is considered likely that the lack of capacity could lead to fragmented implementation. There are well founded concerns about specialist skills within teams which could also increase the risk of the programme not delivering in the required time or within necessary quality standards. It is highly likely that this option would result in a failure to deliver and implement the new services and systems in time. This would have a negative impact on service delivery across the council.

3.4 Indicative costs of Option 1 - £0.

3.5　Whilst it may appear to be cost neutral, there could be costs as a result of backfilling internal posts required to work on the programme.

3.6　**Option 2 - 'External Resource Delivery'**. This option involves creating a standalone team of external consultants covering specialist areas such as project managers, IT specialists and support staff who can focus unimpeded on the implementation of the programme. This recognises and addresses the current lack of highly specialist skills within individual teams to deliver the programme.

3.7　In this approach a standalone team would work independently across the Council coordinating the delivery of the project. Although some coordination with existing teams will inevitably be required it would allow existing staff within teams to continue to deliver services to residents and businesses, thereby reducing the impact on service delivery.

3.8　This approach would ensure faster implementation of modern software systems which will protect service delivery and realise the benefits that new software can provide to productivity and outcomes. However, there would be weaknesses with this approach such as being a significant cost which could increase, would only focus on implementation and not change management and there would likely be a lack of knowledge of council operations/processes.

3.9　Indicative costs of Option 2 - £1,800,000.

3.10　**Option 3 – 'Hybrid Resource Delivery'**.

3.11　This option is the preferred and recommended option.

3.12　This option would be a hybrid of the above options drawing in specialist external resource, as required, that is not available within the Council currently, as well as also providing some internal programme management support and team level support to ensure

smooth implementation. An overview of the resource required is as followings:

- Programme Manager (internal)
- Project Manager(s)/Customer Solutions Developer (external)
- Technical Support (external)
- ICT Solutions Architect (external)
- Support Officers (internal)
- Projects & Change team (internal)

3.13   This approach would provide a balance in ensuring additional capability and capacity is secured to oversee and implement the project. The council shall recruit specialist expertise which is not currently available within the Council, to work closely and be complemented by internal staff within teams.

3.14   Indicative costs of Option 3 - £1,328,800.

3.15   The Council will need to act in an agile way to secure the resource to ensure project deadlines are met but the Council will explore the recruitment of fixed term staff before seeking to onboard consultants.

3.16   **Outline Business Case**. The case at this stage is that the risk of not having appropriate software and services in place in which to deliver front line operations is compelling and would further create a significant reputational risk and as such option 1 is dismissed as too risky. Option 2 is not considered to be the most effective model. Although it would ensure implementation it is costly and would need support from officers in order to succeed. Option 3 is considered to be the most appropriate balance in providing both capacity and expertise, the necessary blended approach to implementation and required urgency. The costs of implementation of Option 3 are considered to be acceptable in light of the potential substantial disruption to service delivery and as such the Council's reputation.

3.17   A full business case with respect to the above is detailed at Appendix 1.

3.18   Detailed business cases will be developed as part of the procurement process for each project. These will set out in detail the case for selecting one option over another and the benefits that will be realised for each.

3.19   The case at this stage is that the costs of not investing as set out will be far outweighed by the potential substantial disruption to service delivery and as such the Council's reputational risk of not having appropriate systems and software in which to deliver front line services.

4.0   Relationship to the Corporate Strategy

4.1   The Council's Corporate Strategy is made up of the following three themes: wellbeing, pride in place and growth. The Council's ability to deliver the Corporate Strategy's priorities is contingent on having operational and effective organisational systems and processes. If the Council's key services do not have operational customer facing services in place with supporting IT and software systems then many aspects of the Council's Strategy will not be delivered, including essential public services.

4.2   In particular the Council aims to become a responsive Council by improving our customer services and all the services we deliver. In addition, the Council is also committed to becoming a digital council by implementing in full our Digital Strategy.

5.0   Conclusion

5.1   The Council's current IT systems and a range of other supporting software packages are hosted as part of the Capita 5Cs contract which is due to end in September 2025. This covers a number of

essential services such as the Council's finance system, customer services, revenue and benefits, elections, environmental health and planning. The Council needs to ensure replacement systems are in place by this date to ensure these essential services can remain operational after this date.

5.2 This is a challenging programme to replace software for high profile and critical public services. It is therefore essential that the Council does everything it can to avoid interruption to services. The Council does not have the expertise and capacity within the organisation to implement the new systems and as such a draw down of £1,328,800 from the Council's reserves is being proposed to deliver the project.

6.0 Implications and Comments

6.1 S151 Comments – Members should be comforted that the level of reserve required and associated expenditure, has long been planned for. Whilst no specific reserve has yet been created, savings had been made in prior years to build up enough reserves to cover the costs. The value requested is also in line with plans made by our fellow "5 Council" partners.

6.2 Whilst this paper agrees a reserve, and spending limit, it does not agree specific spending and the Executive officers are committed to delivering the programmes it funds in the most efficient and economic way, utilising existing resources where possible and finding cost effective solutions as a priority. All costs for each individual project/procurement will also be subject to an appropriate business case to be approved via the delegations. These will be subject to financial scrutiny and due diligence checks where appropriate.

6.3 Financial Implications – Indicative costs are included below with respect to the requirement. Those shaded grey would be in-house and therefore no extra cost. Dependent on the progression of the

projects the exact requirements for resources in terms of skills may change but will operate within the budget cost indicated below.

Role	Task	Qty	Day Rate	Months	Total Working Days (200 pa)	Cost
Programme Management*	**> Oversight & Coordination**	**1**	**£-**	**24**		**£-**
Project Manager	> Overseeing ICT and I&S > Planning, Environmental Health Licensing > Finance & Payment Systems	3	£500	24	400	£600,000
Project Manager/ Customer Solutions Developer	> Customer Services (inc. CRM, Revs & Bens, Front of House, GIS, Land Charges)	1	£500	24	400	£200,000
Technical Support	> Environmental Services Strategy	1	£675	24	400	£270,000
ICT Solutions Architect	> Providing programme level support	1	£647	24	400	£258,800
Admin/Support Officers*	**> Planning, Environmental Health** **> Licensing data migration and integration.**	**2**	**£-**	**24**		**£-**
Projects & Change Team*	**> Change Management** **> Project Support**	**As required**	**£-**	**24**		**£-**
*represents internal resource					**TOTAL**	**£1,328,800**

Breakdown over the coming years is provided below

Role	Task	FY 23/24	FY24/25	FY25/26		Total
Programme Management*	**> Oversight & Coordination**	**£-**	**£-**	**£-**		**£-**
Project Manager	> Overseeing ICT and I&S > Planning, Environmental Health	£ 150,000	£ 300,000	£ 150,000		£ 600,000

	Licensing > Finance & Payment Systems				
Project Manager/ Customer Solutions Developer	> Customer Services (incl CRM, Revs & Bens, Front of House, GIS, Land Charges)	£ 50,000	£ 100,000	£ 50,000	£ 200,000
Technical Support	> Environmental Services Strategy	£ 135,000	£ 135,000	£ -	£ 270,000
ICT Solutions Architect	> Providing programme level support	£ 129,400	£ 129,400	£ -	£ 258,800
Admin/Support Officers*	**> Planning, Environmental Health > Licensing data migration and integration.**	**£-**	**£-**	**£-**	**£-**
Projects & Change Team*	**> Change Management > Project Support**	**£-**	**£-**	**£-**	**£-**
*represents internal resource		**£ 464,400**	**£ 664,400**	**£ 200,000**	**£ 1,328,800**

6.4 Actual costs will be subject to all necessary actions to minimise costs (including potential capitalisation). Detailed business cases for each project will be worked up as required and subject to a separate approval process.

6.5 Our reserves position was reported in February 2023 as per budget setting which stated that at the end of the current medium term financial strategy period (2023/24 to 2027/28) reserves would total an estimated £11.35m. Funding for this programme of work would come out of these reserves and would be reflected in the medium term financial strategy that will be updated as part of the 2024/25 budget setting round to be reported in February 2024.

6.6 Further information on costings is included within the business case at Appendix 1 of this report.

6.7 <u>Monitoring Officer Comments</u> – Full Council has authority to agree the use of reserves to fund this programme to implement new services, system and software across Council services.

Members are reminded that they are under an obligation to exercise their fiduciary duty carefully. The meaning of fiduciary duty can be

summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers.

6.8 Legal Implications - A local authority may do anything calculated to facilitate, condusive to or incidental to the discharge of any of its statutory functions by virtue of s.111 Local Government Act 1972. The procurement of software systems and delivery of the infrastructure projects as set out within this report are authorised by virtue of s.111 supplemented by s.1 Localism Act 2011 (the General Power of Competence). Any procurement will be required to comply with the relevant financial and contract standing Orders and UK procurement legislation. Implementation of new IT systems will be subject to a Data Impact Assessment and compliance with the Data Protection Act 2018.

6.9 Equality and Diversity - it is not considered that there are any equality or diversity implications of the noting of the report.

6.10 Human Resources – the adoption of option 3 would require HR support in order to recruit either fixed term or temporary resource in order to deliver the required programme of work. Internal resources will work with HR to draft required job specifications and role profiles in order to recruit as necessary and within the budgetary framework as proposed within this paper.

6.11 Information Governance – As part of the programme of work it is anticipated that simplifying the provision of ICT infrastructure and systems will allow the Information Governance Manager and Data Protection officer to implement wider controls far more efficiently without the need to agree with other Councils first, as currently exists within the 5Cs contract. A single tenancy, infrastructure as well as improved customer services solutions, will likely improve governance controls and configuration, for example, setting retention periods on documents and monitoring file usage.

6.12 Climate and Environment – none identified at this stage although it is anticipated that the potential of procuring cloud based solutions for

many of the council services could have the potential to reduce the overall footprint of equipment needed to support services.

7.0 Risks

7.1 There are several implications arising from the noting of the report.

7.2 <u>Loss of Service</u> – Once the Capita 5Cs contract expires in September 2025 the Council will lose access to a range of supporting software. By not having replacement systems there is a risk that critical public services will not be operational.

7.3 <u>Impact on Business as Usual</u> – In all options business as usual will be impacted as staff are assisting at some level in implementing the new software. The degree to which existing services are disrupted depends on the option.

7.4 <u>Reputational damage for the Council</u> – failure to deliver front line services and the potential for the loss of historic data will lead to significant reputational damage.

7.5 <u>Potential costs of needing to extend the existing contracts</u> - It is currently unclear if it would be possible to extend the existing contract once the Capita 5Cs contract ends. If it is (not the working assumption) then it is anticipated that this would incur a substantial annual penalty.

7.6 <u>Potential failure to comply with our contract standing Orders and procurement requirements</u> – failure to deliver a programme of work in line with the ending of certain contracts could result in the risk that we have not complied with the necessary contract standing Orders and procurement rules.

8.0 Consultation

8.1 The content of the report relates to internal organisational systems and processes and external public consultation has been considered unnecessary at this stage.

9.0 Communications

9.1 At this stage, the content of this report and programme relate to internal organisational system and processes and therefore is a matter for internal communications with the relevant teams involved.

9.2 During the course of the programme as systems and services are developed further engagement will be required and that would be for each individual project to take forward on a case by case basis. It would be expected that the Project Manager for each project would develop a communications plan, as required.

9.3 This report will be published on the council website

Agreed and signed off by:		Date:
Cabinet Lead:	Cllr Neil Bowdell, Cabinet Lead for Finance	25 October 2023
Executive Head:	Matt Goodwin, Executive Head of Internal Services	30 October 2023
Monitoring Officer:	Jo McIntosh, Monitoring Officer	31 October 2023
Section151 Officer:	Steven Pink, s151	30 October 2023