Leeds CITY COUNCIL

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Report of Deputy Chief Officer Financial Services

Report to Director of Resources & Housing

Date: 11ᵗʰ March 2021

Subject: Design & Cost Report for Authority To Spend to conclude the Housing IT Solution project. Capital Scheme 32033/DD6/000.

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes	☒ No
Has consultation been carried out?	☐ Yes	☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes	☒ No
Will the decision be open for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes	☒ No

Summary

1. Main issues

- Executive Board in February 2016 approved an injection of £5.565m into the HRA Capital programme for the Housing IT Solution Project; the aim of the Project was to provide Housing Leeds with a suite of products with a new single contract, which will have the ability to meet all of their service requirements for the next ten years. The project is forecast to deliver cashable savings of £9.4m over that period.

- The project will deliver on the LCC priority to become a more digital organisation, enabling tenants to access information online and enabling staff to work on a mobile basis. The project will help reduce the carbon footprint and help increase efficiency through the use of a more accessible web based system. It is replacing a system that is not only outdated but non-compliant with the latest security standards.

- Following a procurement exercise the successful supplier, Civica, commenced work on the implementation of a new suite of systems. By February 2021 two thirds of the new systems have been implemented. The final phase of the implementation, Cx, is planned to go live in June 2021. However whilst the actual Civica software and services costs have broadly remained within the original business case, the time required to scale up the new system for LCC has resulted in an extended timeframe for implementation of the products.

- The purpose of this paper is to provide additional Authority To Spend (ATS) to conclude the Housing IT Solution project. Of this injection, £0.602m relates to

external payments to contractors. £2.143m relates to internal project management and internal specialist support costs recharged by DIS (Digital Information Services).

2. Best Council Plan Implications (click here for the latest version of the Best Council Plan)

- This project underpins the key housing priorities and supports and complies with the council's policies and ambitions relating to digital technology and being an efficient and enterprising organisation.

3. Resource Implications

- There will be no immediate revenue implications as the funding will be made through the existing revenue contribution to the capital programme.

Recommendations

a) The Director of Resources and Housing gives Authority to Spend for an additional £2.745m from the HRA capital programme.

1. Purpose of this report

1.1 The purpose of this report is to approve the Authority to Spend for £2.745m from the Housing Capital Programme to allow full implementation of the Civica IT solution.

2. Background information

2.1 The key decision for the Housing IT Solution project was to implement a new IT system to improve the customer journey, provide web-based access and to support self-service online. This would enable Housing Leeds to implement a more robust customer centric approach, better align its people and property records, and ensure the wellbeing of the workforce through a modern system, which would be accessible on all form factors, from anywhere, encouraging remote and flexible working.

2.2 The legacy ICT systems were either due for renewal, or out of contract support. In addition, the software packages are in many instances now based on old technologies and are outdated. The systems are no longer compliant with the required government security standards which enable the transfer of information between public authorities. The new systems would future proof the service, meet the council's digital polices and support the efficient and effective operation of the council's housing services strategic objectives and priorities.

2.3 The project is being delivered in accordance with the council's best practice project management and procurement methodologies. A small multi-disciplinary project team has been established, drawing expertise from housing, customer access, projects & procurement, ICT services, and with oversight from a Project Board.

3. Main issues

3.1 **Project Achievements**

3.2 The Housing IT solution is moving to an integrated solution, removing the dependencies on a number of bespoke, and non-compliant PSN systems.

3.3 There will be one supplier and one system which will reduce the support and maintenance costs. The new system has embedded mobile working and allows better interaction with tenants. The solution will introduce an enhanced Tenants' Portal and a Contractor Portal that will allow self-serve and easier transactions, although Housing Leeds will always continue to support face to face interactions for those who are unable to engage digitally.

3.4 Following the implementation of the digital-by-default new Choice Based Lettings system the need for many manual interactions has been removed, providing more efficient shortlisting and minimising hard copy postings.

3.5 **Reasons for the additional Authority to Spend funding**

3.6 **Scaling up to meet the complexity and volumes of Leeds City Council**

3.7 The quality of the products being provided by the supplier against the requirements outlined in the tender meant the off the shelf solution requirements of Housing Leeds' (HL) were met. However due to the complexities of the service, and volumes, a number of Contract Change Notifications (CCN) have been agreed with Civica to ensure the solutions can deliver the complexities of the service. The table below shows a breakdown of these costs.

External payments	Cost
Civica	£233k
Other Contractors	£339k
Licencing	£10k
Penetration Testing	£8k
Hardware	£12k
Total	**£602k**

3.8 **Retention of internal staff on the project**

3.9 In the initial phases of the implementation, the project experienced a number of difficulties with the supplier and the product due to the complexities of LCC volumes and size. Lessons have been learnt from this initial stage, which have resulted in a better partnership approach, in terms of both delivery and development of the Cx product.

3.10 However these issues required negotiations over several months to conclude, taking a significant amount of resource within both LCC and Civica to bring to a conclusion. Civica, in recognition of the issues, have retained their project management team over the extended timeframe of this project at their own cost. The additional internal staff time incurred by the Council reflect the Project Management, DIS and Application Support resource that has been required to successfully implement this key project. Recharges for internal IT staff to deliver the original scope account for £1.843m of the additional Authority to Spend that is being requested through this report. The delays in the delivery of this project when compared to the original timescales, are summarised in the table below.

Component	Original Go Live	Actual/Target Go Live	Variance (Months)
Abritas	February 2018	February 2019	12 Months
Keystone	April 2019	February 2021	22 Months
Cx	July 2019	June 2021	23 Months

3.11 **Additional Phases Not Included in Original Scope**

3.12 Two additional pieces of work are required beyond the original scope of the project; this new work will incur £300k of recharges from DIS and is detailed below.

3.13 The first is the need to upgrade Cx to the latest version post go live. Moving to the latest version before go live would have a much more significant impact on resources and timescales. High level internal staffing estimates for this additional work are £85k.

3.14 The second is migrating the Asset Management functions from Keystone to Cx as third party software in Keystone becomes unsupported. Civica have confirmed their roadmap is to develop the asset management functionality in Cx rather than re-write Keystone. Civica have undertaken to move Housing Leeds from Keystone to Cx for no additional cost for their project team. Nevertheless to provide the in-house specialists to configure and test the change requires internal staffing, charged at a cost of £215k.

3.15 **Cashable benefits of implementation**

3.16 The implementation of the Civica products will enable Housing Leeds to streamline processes and improve efficiencies while empowering tenants to manage their own housing needs and tenancy requirements. The LCC key priorities for promoting digital working and a customer channel shift are built in to the new ways of working.

3.17 In the original business case the level of cashable benefits was estimated at £4.1m over 5 years. We now anticipate the new IT system will operate for at least 7 years plus 3 one year extensions. The latest projected savings are £0.9m per annum equating to £9.4m over the expected 10 year life of the contract. However based on the existing IT system (Orchard), it is not unreasonable to expect that this replacement solution will be in place for considerably longer than 10 years.

No	Cashable Benefit Description	Benefit Assessment
1	Reduce current licensing, and support and maintenance cost. One supplier so largely achieved. Plus further rationalisation of Applications and of professional services.	£75k
2	Customer Access support reduced as more tenant queries move to self-serve and the Tenants Portal	£400k
3	The new CBL system is digital by default, delivered efficiencies in staffing, process and printing / advertising costs	£86k
	Further process improvements including introducing mobile working across Housing Leeds facilitating cashable savings in travel costs	£40k
	Additionally, there has been a budgeted reduction of £2.7m in staffing costs within the HRA in 2021/22, of which approx. £0.74m relate to reduction in Housing Officer posts. The introduction of the Civica solution is required as one of the	£334k

	elements to help achieve this budgeted saving.	
		£935k

3.18 **Non-cashable benefits of implementation**

3.19 The one supplier and one integrated system will allow more efficient use of ICT resource.

3.20 A single database skill set being required to manage the solution and single technologies being deployed to interface with the solution will help reduce the need for multiple specialist staff.

3.21 Only one system will need updating and configuring to reflect changes in policy, legal or statutory requirements thus saving time with DIS and Housing Leeds.

3.22 A fully integrated Housing solution training on the system will be much more efficient, especially where training skills are transferred from the supplier to LCC and from the Implementation Team back into the business. Staff will be trained on one system with consistent screens and system operations.

3.23 Customer Access colleagues and Housing Leeds staff will support/encourage tenants to go online and self-serve thus reducing face to face and telephony contact. The customer journey on these modern portals is a much better experience than existing technology.

3.24 Customers are able to "self-serve" across a range of services such as viewing their accounts, making payments, reporting repairs, querying and tracking repairs and completing surveys via a more modern and user friendly system.

3.25 One database will deliver resource savings by staff having visibility of information available and "one version of the truth".

3.26 There will be savings in staff time as mobile staff will have to spend less time travelling back and forth to a central office location as they will be able to access the data that they require on mobile devices, this will also potentially free up office space to be used by other employees.

3.27 As the system is embedded and colleagues use it to its best capabilities, many of the above may facilitate additional savings to those already captured in the service.

4.   Corporate considerations

4.1   **Consultation and engagement**

- There is ongoing consultation with other Council services, contractors and tenants to ensure the benefits from the system are maximised. Indeed lessons learnt from the Abritas implementation (albeit before the pandemic environment) have informed the implementation of Cx in terms of training, support for colleagues pre and post go-live and determining the approach to the implementation of the Tenants Portal. The recent Keystone implementation has helped set the scene for training remotely. There is frequent and continuous business engagement across services as DIS, project management and applications colleagues are an integral part of the Housing IT Solution project team.

- The Executive Member for Communities has been briefed on the status of the project.

4.2 **Equality and diversity / cohesion and integration**

- An Equality Impact Assessment (EIA) document already exists and has been approved by the Project Board.

4.3 **Council policies and the Best Council Plan**

- This project underpins the key housing priorities and supports and complies with the council's policies and ambitions relating to digital technology and being an efficient and enterprising organisation.

  <u>Climate Emergency</u>

- There are no climate implications arising from this report.

4.4 **Resources, procurement and value for money**

- **Capital Funding and Cash Flow**

- Capital funding and cash flow table **32033/DD6/000**

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2020 £000's	FORECAST				
			2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024 on £000's
FURN & EQPT (5)	5565.1	5208.0	357.1				
INTERNAL DESIGN FEES (6)	0.0						
OTHER FEES / COSTS (7)	0.0						
TOTALS	5565.1	5208.0	357.1	0.0	0.0	0.0	0.0

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2020 £000's	FORECAST				
			2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024 on £000's
FURN & EQPT (5)	2745.0		928.0	1207.0	534.0	76.0	
INTERNAL DESIGN FEES (6)	0.0						
OTHER FEES / COSTS (7)	0.0						
TOTALS	2745.0	0.0	928.0	1207.0	534.0	76.0	0.0

Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2020 £000's	FORECAST				
			2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024 on £000's
HRA Borrowing	1817.0			1207.0	534.0	76.0	
MRR Major Repairs Reserve	6493.1	5208.0	1285.1				
Total Funding	8310.1	5208.0	1285.1	1207.0	534.0	76.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

- **Revenue Effects**

- There will be no immediate revenue implications as the funding will be made through the existing revenue contribution to the capital programme. There has been some slippage on capital schemes and programmed works in order to accommodate the additional expenditure on this scheme.

4.5 **Legal implications, access to information, and call-in**

- This report seeks funding to conclude an existing key decision approved project. There are no further legal implications.

4.6 **Risk management**

•   The project has been managed in accordance with the Council's governance arrangements and the responsibility for the delivery of the project is managed through the Civica project board.

5.   Conclusions

5.1   The Housing IT Solution project is nearing completion and when fully implemented the technology will provide Housing Leeds with a fit for purpose system, replacing one which is outdated and no longer compliant with new security standards. The system is forecast to deliver cashable savings of £9.4m over 10 years.

5.2   The purpose of this paper is to provide additional Authority To Spend to conclude the Housing IT Solution project. Of this injection, £0.602m relates to external payments to contractors. £2.143m relates to internal project management and internal specialist support costs recharged by DIS (Digital Information Services).

6.   Recommendations

6.1   The Director of Resources and Housing gives Authority to Spend for an additional £2.745m from the HRA capital programme.

7.   Background documents[1]

7.1   None.

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[1] The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.