ARUN DISTRICT COUNCIL

REPORT TO HOUSING & WELLBEING COMMITTEE ON 21 JULY 2022

PART A: REPORT

SUBJECT:	Civica CX Implementation Programme

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DATE:	15/06/22
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PORTFOLIO AREA:	Residential Services

EXECUTIVE SUMMARY:

This report provides Members with a review of the implementation of Civica CX; the new integrated Housing Management System. The report proposes changes to the approach, resources and timescales for completion of the programme which are designed to ensure the most effective implementation, which supports our ambition to offer our residents the best quality and value for money services.

The proposed approach is aligned to the wider corporate and strategic programme of business process redesign and organisational renewal. This programme can be characterised as a pilot, which will build experience and insight for future transformation programmes.

RECOMMENDATIONS:

It is recommended that Housing and Wellbeing Committee:

1. Approve the revised schedule for the housing management system implementation programme.
2. Approve an increase in the programme budget from £1,208K to £1,820K subject to Policy and Finance/Full Council confirmation of finance available.

1.   BACKGROUND

1.1   In October 2020 Cabinet approved the award and implementation of the Civica CX Integrated Housing Management System and it was then approved at Full Council in May 2021.

1.2 An increase in budget was incorporated in the budget setting for 2022/23. The budget was increased from £600K to £1,058K and was reported in budget reports presented to Housing and Wellbeing Committee on 24 January 2022 and Policy and Finance Committee on 10 February 2022.

1.3 On 17 March 2022 Housing and Wellbeing Committee approved a report recommending a further virement of £150K. The virement was for:

1.3.1 "… additional resources both expert and local, to assist with progressing the project in line with the planned go live date.

1.3.2 As a result the programme budget increased from £1,058K to £1,208K.

1.4 The report of 17 March 2022 also reported challenges to the programme delivery including operational demands, lack of established processes and gaps in resources. The report includes the following statement:

1.4.1 "1.13 The project is progressing but slower than we had anticipated for the reasons outlined. The go live date remains at November 2022 although this will be under regular review.

1.5 Following the March Committee, the interim Head of Housing undertook a preliminary assessment of the programme and determined the need for a review to ensure we would meet our objectives such as time to delivery and delivering fit for purpose operating models. As a result, a 4 month pause in the implementation was agreed with Civica; the pause started on 1st May 2022 and will end on 31st Aug 2022.

1.6 The reasons for this conclusion included the inconsistency of our projected time to implementation with the experience of other authorities; none of which had implemented the system we have purchased in that timescale and some of which had been working on their programmes for over five years.

1.7 Another reason was illustrated in the March Committee report when it says:

1.7.1 "1.11 The housing teams do not have embedded established processes that can be transferred into the new system…."

1.7.2 If you have a service that does not have established processes, then any new system implementation may not realise the full value for the people we serve. In order to ensure the new system is designed to give us the best outcomes the service should have efficient and effective working practices to build from, which can be achieved through undertaking a business process review.

1.8 In order to make our implementation programme consistent with good practice and ensure the best outcomes for our residents, the programme is being restructured to now include a business process review stage, which will commence imminently to take advantage of the pause agreed with Civica.

1.9 The Housing Service appointed external consultants with experience of managing implementations of the CX system to undertake an audit of the programme. The review has been completed and makes several observations:

1.9.1 The programme can be successfully delivered with dedicated resources and a resilient operational service to support the transition.

1.9.2 Ensuring the operational teams have sufficient resources during the transformation will help to ensure a timely and fit for purpose implementation.

1.9.3 The implementation would be improved by increasing the time and resources required to complete some key tasks such as testing and data migration.

1.9.4 The report confirms that undertaking a business process review will improve the final operating model and ensure better services for our residents.

1.9.5 The report makes recommendations about the resources required to continue the programme effectively; 4 FTEs, an experienced CX programme manager and specialist CX technical support.

1.9.6 The report provides an estimated timescale for delivery of a fully implemented system of May 2024.
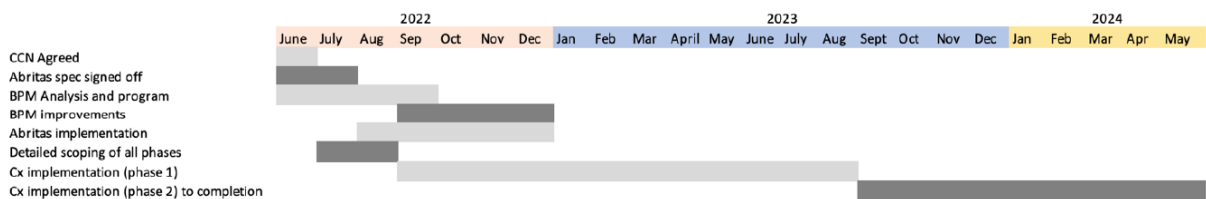
1.10 Considering the report, the service has identified ways of mitigating the highlighted risks:

1.10.1 Our processes and ways of working: We have recently appointed an interim Neighbourhoods Subject Matter Expert (NSME) and have made provision for a similar role for the Repairs service. The purpose of these roles is to review and refresh draft strategies, policies and procedures and to train all staff to work to the same consistent method and policy. With a clear and consistent policy and way of working we can expect to achieve positive outcomes from the CX implementation. We have also appointed an interim Complaints and Systems Improvement Manager to improve the service response to complaints and identify and resolve systemic challenges.

1.10.2 A further essential objective for the programme, and for the service overall, is for our policies and processes to have embedded good practice in relation to Data Protection, Equality Monitoring and Audit. The programme, and the work to refresh processes which will happen outside this programme, will all be undertaken with these principles in mind; the objective is to achieve a fully refreshed set of policies

and processes all of which have Data Protection, Equality Monitoring and Audit embedded.

1.10.3 There are vacancies in our operational services that leave the service vulnerable and increase the risk of programme resources being redirected to manage day-to-day pressures: The service is establishing a trainee programme to attract new entrants to the profession. It is proposed that the service will recruit sufficient trainees to mitigate against dropouts and those who do not meet the required standard. This will reduce the risk of the trainee programme not delivering sufficient resources to meet the current requirements.

1.10.4 Some of our roles require specialist or technical competencies, which will be difficult to fill using a trainee programme. For these roles we will seek to recruit agency workers or employ specialist external resources to ensure we are delivering an effective service.

1.10.5 The timescale for successful delivery of an optimised system is estimated to be May 2024. This extension is necessary to ensure the system implementation realises all the benefits possible for our residents. With time for factors such as testing, and data migration being given sufficient time and resources there will be greater assurance of an effective implementation and a fit for purpose operating model. This report recommends that this new timescale is noted and approved.

1.10.6 The extended timescale also has implications for our existing systems, which will need to be upgraded and maintained to ensure business operability until May 2024. This is an extra cost but is partially mitigated by the deferment of maintenance costs for the new system.

1.11 We have considered the scenario of not utilising the resource and consultancy recommendations carefully. We have also carefully considered the reasoning behind Business Process reviews and improvements in line with a CX implementation and how they can as a result make a considerable difference.

1.12 CX implementations have on consulting the sector and other landlords, fallen into three camps:

   a) Implementations that overrun significantly due miscalculation of required resources whether internally or externally. This will have a cost impact from Civica.

   b) Those that fail to make a noticeable improvement/difference to operations/services due to misunderstanding of processes and how they can make a difference to CX.

   c) Both of the above, making the project overrun and failing to see an impact.

1.12.1 We therefore see a significant increase in assurance that the transformation programme will deliver improved services for our residents in adopting the proposed strategy.

2	**PROPOSAL(S):**

2.1 To procure CX implementation experienced programme management and technical support for the programme until completion in May 2024.

Cost:

Programme Management cost estimate	£220,000[1]
Technical Support cost estimate	£92,000[2]

2.2 To ensure the programme has four dedicated FTE workers assigned until completion in March 2024.

Cost:

Agency backfill of four posts cost estimate	£288,000[3]

2.3 To establish and resource a trainee programme to fill existing vacancies and short-term agency posts.

Cost:

12 Trainee posts for four months cost estimate	£88,000[4]

2.4 To resource Subject Matter Expert and Complaints and Systems and Systems Improvement roles for 12 months.

Cost:

3 agency posts for 12 months estimate	£281,000[5]

2.5 To resource upgrades and maintenance of existing systems to ensure business resilience.

Cost:

Estimated cost based on IT projections	£21,000

2.6 The revised budget for the programme includes the cost of business process redesign and the extra costs of maintaining our existing systems:

Civica one-off original costs:	£291K
Civica on-going original annual costs:	£149K
Civica one-off additional costs:	£181K
Civica on-going additional annual costs:	£62K
Actual staff costs 21/22-22/23:	£106K
Overtime costs:	£40K
Contingency:	£50K
Programme management cost:	£220K
Technical support cost:	£92K
Business process re-design cost:	£50K
Staffing cost:	£657K[6]
Maintenance and support of existing systems:	£21K

Total cost:	1,919K
Less one-off recharge from Property Services:	£71K
Less annual service recharge from Property Services:	£28K
Final cost to Housing Services:	**£1,820K**

[1] Estimate based on quotes received assuming 23 months' work

[2] Estimate based on quotes received assuming 23 months' work

[3] Based on agency cost of £50,000 per annum over 4 months then salary cost of £35,000 per annum over 19 months

[4] Based on trainee salary of £16,000 per annum over four months plus £2,000 training allowance per trainee

[5] Based on £45p/h @ 40 hrs p/w

[6] Sum of cost of agency staff back-fill @ £288K plus cost of training scheme @ £88K plus SME and Complaints posts @ £281K

3	**Alternative Options:**

3.1   Do Nothing:

3.1.1   If the programme is not restructured and accordingly resourced there are several impacts:

a) The programme will not be delivered on time and further emergency measures will need to be adopted to ensure operational stability and further extensions in time will add to the costs.

b) The programme will be delivered but will not deliver the promised efficiencies and improvements in the customer journey leading to staff frustration and poor customer outcomes.

c) There is also a risk that we will fail to meet existing and impending compliance requirements.

d) Without a refresh the existing system and hardware will, over a period of time, become unsupportable and introduce significant cyber vulnerabilities to the organisation.

4.	CONSULTATION:		
		YES	**NO**
	Relevant Town/Parish Council		✓
	Relevant District Ward Councillors		✓
	Other groups/persons (please specify)		✓

5.	**ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES:** **(Explain in more detail at 6 below)**	**YES**	**NO**
	Financial	✓	
	Legal		✓
	Human Rights/Equality Impact Assessment		✓
	Community Safety including Section 17 of Crime & Disorder Act		✓
	Sustainability		✓
	Asset Management/Property/Land	✓	
	Technology	✓	
	Other (please explain)		

6. FINANCIAL IMPLICATIONS:

6.1 This report recommends a considerable change to the timescale and cost of the Civica CX implementation. This is considered necessary to ensure a robust and effective implementation that supports our objective to provide high quality, value for money services for the people we serve.

6.2 The tables below show the financial projections for the programme as reported to March Committee and the new proposed costs and profile:

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Capital Costs	37K	263K	505K	186K	0	991K
Revenue Costs	0	47K	56K	57K	57K	217K
Total	37K	310K	561K	243K	57K	1,208K

	2021/22	2022/23	2023/24	2024/25	Total
Capital Costs	£241K	£224K	£60K	£19K	£544K
Revenue Costs	£104K	£693K	£452K	£129K	£1,378K
Total	£345K	£917K	£512K	£148K	£1,922K

7. REASON FOR THE DECISION:

7.1 To ensure the Civica CX programme is sufficiently resourced to ensure a successful implementation.

8. BACKGROUND PAPERS:

1) Report to Cabinet 19 October 2020
2) Full Council 13 January 2021
3) 2022/23 Budget Reports to Housing and Wellbeing Committee 24 January 2022 and Policy and Finance Committee 10 February 2022.
4) Report to Housing and Wellbeing Committee March 2022