

## Slough Borough Council

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| Report To:                   | Cabinet  |
| Date:                        | 24 May 2023  |
| Subject:                     | Implementation of NEC Housing Phase 2  |
| Portfolio:                   | Housing and Planning   |
| Chief Officer:               | Pat Hayes, Executive Director Housing and Property   |
| Contact Officer:             | Chris Stratford, Interim Director of Housing<br>Simon Sharkey Woods, Associate Director,<br>Chief Digital, and Information Officer |
| Ward(s):                     | ALL  |
| Key Decision:                | No   |
| Exempt:                      | No   |
| Decision Subject to Call In: | Yes  |
| Appendices:                  | None   |

### 1. SUMMARY AND RECOMMENDATIONS

- 1.1. This report seeks funding approval to complete the delivery of Phase 2 of the NEC housing management project.
- 1.2. In March 2019, Slough Borough Council entered a five-year contract with NEC for their Northgate housing management system. Expected benefits for the council include: a single application which can handle all the council's housing management casework; an effective digital offering to residents and improved staff productivity.
- 1.3. A two-phase project was approved for delivery. Phase 1 delivered the core platform and went live in October 2022 with limited success. Some remedial actions are required to complete Phase 1.
- 1.4. Phase 2 delivers the end-to-end case management capability, key online access for residents and integrated housing repairs functionality.
- 1.5. Failure to complete Phase 2 would place significant stress on an already stretched service area, with little prospect of the council being able to meet its statutory housing obligations and would leave the system only partially complete.
- 1.6. The additional maximum funding sought to complete the project is in the region of £700,000. This will cover anticipated development, implementation, project team costs and consultancy support from the supplier.

## **Recommendations**

1.7. It is recommended that Cabinet:

- a) Approve funding of up to £700,000 for Phase 2 of the housing management project, including remediation works outstanding from Phase 1 which will be provided through a virement from the Housing Revenue Account reserves creating an earmarked reserve of £609,000 and utilising existing monies within the General Fund of £91,000.

## **Reason**

- 1.8. Funding approval will allow the project to remediate outstanding Phase 1 activities and complete the design, development, testing, deployment and adoption of new Phase 2 functionality. This will protect the council's investment in the platform to date and provide the end-to-end case management capability required.
- 1.9. It will support better resident and tenant interaction with the council and deliver improved staff productivity.

## **Commissioner Review**

- 1.10. Commissioners are content with the recommendations.

## **2. REPORT**

### **Introductory paragraph**

- 2.1. The NEC application was bought to support the housing service's business transformation. With an incomplete deployment of the application the council is struggling to:
  - effectively support residents - both tenants and those seeking council accommodation, reviewing cases, undertaking repairs and processing benefits claims;
  - comply with statutory reporting requirements - significant manual work is being undertaken to deliver reporting;
  - effectively manage its housing stock - incomplete integrations means that is no connection between repairs being logged and repairs being carried out, again, manual intervention is required; and,
  - engaging digitally with residents and tenants.
- 2.2. Completion of Phase 2 and addressing the Phase 1 issues provides the council with the IT foundations to help the service meet our obligations, improve staff productivity, and deliver a service whereby residents and tenants can digitally transact with the council.
- 2.3. This is a significant business change for the service and staff. Staff are accustomed to the existing IT application and the NEC application has a very different interface. A key element of the Phase 2 work will focus on training and adoption.

### **Options considered**

- 2.4. Three options have been considered:

**Option 1 – RECOMMENDED:** complete the project.

- 2.4.1. Completing the project presents the council with the best opportunity to protect its current investment and deliver the benefits outlined earlier in this report. It is recognised that errors were made in the Phase 1 delivery including:
- a) incomplete design and testing;
  - b) ineffective service area involvement and acceptance; and
  - c) poor application involvement and adoption by end users.
- 2.4.2. Improvements are being made to the governance and delivery of the project. Ownership for delivery has moved to ICT & Digital Services. Two governance forums have been established, a project board led by the AD Chief Digital Information Officer with both the Director of Housing and Head of Transactions and Revenues as board members; and a user forum – cross service membership with direct input to the design, testing and business change required for implementation.
- 2.4.3. The timetable below shows the expected delivery plan for Phase 2. these dates are indicative only. A new project manager has been recruited and a key task will be developing the detail below these milestones.
- 2.4.4. Key delivery stages will be reported widely across the council with an improved communications strategy in place to ensure that all impacted stakeholders are aware of the progress being made.

| <b>Milestone</b>                                      | <b>*Delivery Date/<br/>Duration</b> |
|---|-------------------------------------|
| Remediate Phase 1 issues – including housing register | May 2023                            |
| Housing demand (integration)                          | 4 months                            |
| Service charges                                       | 6 months                            |
| Housing online  | 6 months                            |
| Property purchase                                     | 2 months                            |
| Private sector lease                                  | 2 months                            |

- 2.4.5. The table above provides an estimated time to build, test and deploy each module. The project plan will need to be developed to take account the service area's priorities, staff availability and peak business periods. It is expected, based on typical deployments carried out by the supplier, that the project will take 12 months to deliver all in-scope functionality.
- Option 2 – NOT RECOMMENDED:** only address Phase 1 issues, no further development carried out.
- 2.4.6. If the council chooses to address the phase 1 issues there will still be financial, quality and productivity impacts for the council to absorb. The council will still have to pay for all modules for the duration of the contract with NEC. There will be little improvement in business processes and staff

productivity will be hit hard due to the requirements to manually process casework and prepare statutory reports.

**Option 3 – NOT RECOMMENDED:** cancel the project.

2.4.7. The council has a five-year contract with NEC for the full platform. These fees are payable and with no break in the contract until year 5 is an unavoidable cost of cancelling the project.

2.4.8. If the project were cancelled, the council would need to source an appropriate replacement application to meet the outstanding needs. This would be both time consuming and costly.

### **Background**

2.5. The council bought the Northgate housing management system in March 2019 on a five-year contract. The project was to be delivered in two phases. Phase 1 went live with October 2022 with limited success and some functionality unavailable.

2.6. In December 2022 the Executive Director for Housing and Property requested that future delivery of the project be undertaken by ICT & Digital Services. To support the move to ICT & Digital Service delivery, a series of discovery workshops were held in January and February 2023.

2.7. Lessons learned from the Phase 1 implementation included:

- incomplete design and testing – key integrations and modules were not fully designed and tested by service representatives;
- ineffective service area involvement and acceptance – communication to service areas was inconsistent and requests for staff to participate in testing did not effectively take account of staff availability; and
- poor application adoption by end users – improvements in training support are required.

2.8. Key elements which were missing included: functionality related to financial year end activities, a fully functional housing register, management reporting and a complete suite of letter templates for staff to use. It is worth noting that the project team carried vacancies as it proved difficult to recruit and retain project staff.

2.9. Focus for the project team through February and March has been in ensuring that our tenants received timely notification of rent and direct debit increases, migration of data to provide the housing register and enabling allocations functionality.

2.10. Ahead of starting Phase 2 it is proposed that the project team may work with a housing consultant to undertake a stock take of where the programme of work is, especially functionality delivered in Phase 1 and provide recommendations on how the second phase should be delivered.

2.11. Once this review has completed, the delivery of activities will be prioritised with input from the service areas to ensure agreement on when functionality is delivered. This will help the service areas to participate fully in the planning, testing and adoption activities for each module.

2.12. The Phase 2 activities include:

- Integrate housing demand;

- Service charges;
- Repairs Implementation;
- Temporary accommodation management;
- Housing online portal; and
- Private Sector Lease.

2.13. A key part of the Phase 2 activities will be the delivery of the online functionality/ portal for residents. This work will provide a significant improvement to the way in which residents, tenants and staff can interact – submitting applications, updating information, submitting documentation, logging repairs via an online portal.

### **3. IMPLICATIONS OF RECOMMENDATIONS**

#### **Finance implications**

3.1. The cost for funding phase 2 of this project is to be funded from the projected HRA underspend in 2022/23. An earmarked reserve of £0.609m is being created from the 2022/23 underspend to fund this project. The projected underspend prior to the creation of the earmarked reserve is expected to be circa. £3.5m. It should be noted that about 87% of the cost is chargeable to HRA while the 13% balance is chargeable to General Funds. The 13% is coming from existing budgets in 2023/24 in the General Fund and will cover the other £91k of expenditure required.

3.2. The HRA Reserves based on the 2020/21 accounts had a balance of £12.688m and based on the yet to be published accounts for 2021/22 and 2022/23 accounts, the HRA Reserves balance is set to increase even further.

3.3. In terms of context, the NEC project was originally deemed a capital programme at its inception but following the section 114 notice issued in 2021, all capital projects were reviewed, and the NEC project was declassified as capital and is now deemed to be revenue expenditure in nature.

#### **Legal implications**

3.4. The contract with NEC was awarded following a compliant procurement process under a CCS Framework Agreement. The scope of the contract covered the implementation of the full platform.

3.5. The Service have indicated they may instruct NEC to carry out some additional services up to a value of £100,000 to facilitate the successful implementation of Phase 2 and the contract provides for a change control and call-off mechanism to deal with such variations. The extent of the variation to the contract would not be so substantial as to trigger procurement implications under the Public Contracts Regulations 2015. Any necessary variation to the NEC contract would, in the circumstances be permissible under Regulation 72 of the Public Contracts Regulations 2015.

#### **Risk management implications**

3.6. The table below highlights four risks which will need to be managed:

| Description  | Mitigation  |
|--|---|
| Better and more effective engagement with staff                | <ul style="list-style-type: none"> <li>• Establish user forum which meets regularly, at least monthly</li> <li>• Improve staff communications</li> <li>• host show and tell sessions to launch new functionality</li> </ul>   |
| Improved testing and sign-off of new functionality             | <ul style="list-style-type: none"> <li>• Clear requirements are collected from end users</li> <li>• Staff are actively included in the design, testing and sign-off of all functionality developed</li> </ul>   |
| Better training and adoption support for staff                 | <ul style="list-style-type: none"> <li>• Review of training approach, through the user forum</li> <li>• Review of training materials – different approaches used including: videos, help notes and online support group/champions</li> </ul>  |
| Improve governance which effectively includes key stakeholders | <ul style="list-style-type: none"> <li>• project board drawing members from service areas established</li> <li>• clear sign-off process by project board ahead of all go-lives</li> <li>• oversight through the modernisation programme board and improvement review board</li> </ul> |

### **Environmental implications**

3.7. None

### **Equality implications**

3.8. None

### **Procurement implications**

3.9. See Legal Implication (paragraph 3.4)

### **Workforce implications**

3.10. All staff who will have access to the application will be provided with adequate support and training to support successful adoption.

### **Property implications**

3.11. None

## **4. BACKGROUND PAPERS**

4.1. None