



Cabinet
19 June 2017

**Report from the Director of
Performance, Policy and Partnerships**

For Action

Digital Strategy and Outline Business Case

1 Summary

- 1.1 The purpose of this report is for Cabinet to agree the draft Digital Strategy and the Outline Business Case for establishing a programme of activity to enable the Council and the Borough to digitise, improving service to our customers whilst securing important cost savings. In addition, the report seeks Cabinet approval to invest in the Microsoft 365 customer and applications platform as well as approval to procure a CRM Developer.

2 Recommendations

- 2.1 Cabinet approves the Digital Strategy as set out in Schedule 1.
- 2.2 Cabinet approves the Outline Business Case as set out in Schedule 2 with the funding identified to establish the programme.
- 2.3 Cabinet approves the procurement of Microsoft Dynamics 365 licences.
- 2.4 Cabinet delegates to the Director of Performance, Policy and Partnerships, in consultation with the Deputy Leader, authority to award a contract or vary an existing Council contract for the procurement of Microsoft Dynamics 365 licences.
- 2.5 Cabinet notes the intention to prioritise the deployment of CRM for Housing Operations to enable the Housing Operations Transformation Programme to be delivered by June 2018.
- 2.6 Cabinet delegates authority to award the contract for the CRM Developer to the Director of Performance, Policy and Partnerships in consultation with the Deputy Leader.

3 Detail

- 3.1 **Brent 2020** sets out the overall ambition for the Council to serve its citizens and the digitisation of services is key to delivering this vision. The draft OBC is designed to deliver the following objectives, which underpin the digital strategy:

Deliver a faster, better service to citizens and businesses through enabling technology and business process change.

Enhance customer experience and create a modern and relevant organisation, by enabling technology that is used elsewhere, every day, by many residents.

Deliver services to customers more efficiently, in a more joined-up way, using data more effectively to make critical business decisions.

Create a sense of energy and momentum, using innovative thinking such as the 'Internet of Things', to bring new, more radical ways to delivering Council services.

Build the concept of a Digital Place, to support digital inclusion, community engagement and growing the digital skills, business and investment to make the borough prosper and be successful in the new economy.

- 3.2 In 2020, the residents and businesses of Brent will:

Be using smart phones and tablets securely to book, access and pay for all Council services, at a time and place of their choosing and will be able to track progress online.

Be asked to provide information once electronically, the information will be stored safely and used by the Council when assessing eligibility across its functions.

Benefit from new assistive technologies that support them to live more independently, whilst at the same time reducing demand for council services.

Be able to fully access and engage with housing management services to get quicker responses and track the progress of issues.

Be able to access a network of community hubs operating, through the voluntary sector, with a virtual digital interface supported by a localised face-to-face offer for the most vulnerable.

Experience the benefit of seamless, joined up customer services through streamlined mid and back office functions in the Council and with its partners.

Have access to a digital Gateway for business that enables them to access funding sources, find cost effective premises, back office support, and ensure they comply with regulations and planning requirements.

- 3.3 The attached draft Digital Strategy at Schedule 1 sets out how the implementation of a digital council and digital place approach will support the delivery of our Brent 2020 priorities.
- 3.4 The attached draft Outline Business Case (OBC) at Schedule 2 sets out the potential costs and initial savings for the proposed programme, alongside some priority projects and technology investments.

- 3.5 Costs and savings set out in the OBC have been derived from internal consultation with service areas, external technology cost information from third parties and drawing on benchmarks and indicators of costs and savings from other London boroughs undertaking similar programmes.
- 3.6 In consultation with Council colleagues, the appetite for taking on such a programme appears high, although there is a recognition of capacity needed to drive and support change. This reflected in the OBC.
- 3.7 The overall investment required is estimated to be £5.6m over the programme period (assuming a programme that runs from July 2017 through to March 2020). Based on work carried out on the OBC to date, cumulative savings are forecast at £3.7m net of costs, after Year 5 (2021/22) with payback within three years and an estimated recurring saving of £2.6m after 21/22 (based upon both new and enabling savings).
- 3.8 An assessment of phase 1 projects to be included in the digital programme has been undertaken and the proposed programme will support services across the Council to deliver agreed savings within the medium term financial plan. These are referred to as enabling savings within the OBC.
- 3.9 Work with services will be undertaken in 2017/18 to determine where the new CRM technology stack can drive improved customer experience and better outcomes whilst delivering new savings. The new projects will be added to the programme as they are defined with new savings feeding into the medium term financial planning process.
- 3.10 The work undertaken to develop the Digital Strategy and OBC has been aligned with the Housing Management transformation programme. In this case, the assessment of savings is also based on implementing the Microsoft Dynamics CRM system to enhance tenant case management, estates management and customer engagement from June 2017.
- 3.11 Housing Operations (currently delivered by BHP) has an urgent need to deploy a CRM system to address some longstanding gaps in its IT infrastructure, which are having a direct impact on the customer experience. A Transformation Programme has been underway since January 2017 to implement a new operating model to take this forward. If a decision is taken to select MS Dynamics 365 as the corporate CRM, it is proposed that this project is fast tracked for Housing Operations by procuring MS Dynamics 365 licences through either a mini-competition under a suitable framework or alternatively through varying one of the Council's existing contracts to include such requirement where this is legally permissible and is considered advantageous. Additionally it is proposed to conduct a framework procurement for a CRM development partner. The initial deployment of MS Dynamics 365 will then be in Housing so that the above business objectives can be met within planned timescales. In order to ensure the project is implemented as quickly as possible, delegated authority is sought to award the CRM development contract. For the same reason delegated authority is sought to award the contract for MS Dynamics 365 licences where procured through a framework or else to vary one of the Council's existing contracts to include the procurement of licences.
- 3.12 The timescale for delivering the corporate programme is assumed to be from July 2017 to March 2020 with the Housing element by June 2018.

4 Governance

- 4.1 The digital programme is part of the overall Brent 2020 programme and will be overseen by the Digital Board, reporting regularly on delivery to the Brent 2020 Programme Board and on to Policy Coordination Group.

5 Appraisal

5.1 An assessment of costs and savings has been undertaken for this outline business case based upon the following:

- **Cost of the programme and the proposed digital services resources** – The programme is assumed to be temporary to March 2020. Initial costs for programme support and technical resource to implement the programme are included in the OBC. The change resources have been kept to a minimum within the OBC with this support primarily being provided by the Transformation Team in the Chief Executive's department, working closely with the Service Improvement team in Customer Services. As the programme picks up pace, it may be necessary to bring in more resource at key stages.
- **Cost of technology enablement** such as Dynamics licence and support, integration, technology implementation support and data analytics/data security tools.
- **Savings and income** – based upon the assumptions for headcount, third party savings, new revenue streams and cost avoidance/demand management.

5.2 The table below summarises the cost benefit analysis across the above areas over the programme period.

Digital Programme - Cost Benefit Analysis						
Investment	17/18	18/19	19/20	20/21	21/22	Total
Programme Resources	£192	£769	£769	£0	£0	£1,730
Technology Enablement	£1,950	£1,350	£550	£0	£0	£3,850
TOTAL COSTS	£2,142	£2,119	£1,319	£0	£0	£5,580
Savings/Income	17/18	18/19	19/20	20/21	21/22	Total
Digital Savings (New)	£0	£30	£330	£330	£330	£1,020
Digital Savings (Enabling)	£0	£1,832	£2,222	£2,022	£2,272	£8,348
TOTAL SAVINGS/INCOME	£0	£1,862	£2,552	£2,352	£2,602	£9,368
Annual Profile	£(2,142)	£(257)	£1,234	£2,352	£2,602	£3,788

5.3 The cost of the proposed early implementation of Microsoft Dynamics CRM, prioritising Housing Operations, is covered within the overall housing transformation budget.

6 Financial Implications

- 6.1 The £5.6m investment referred to in paragraph 5.2 will be funded by the capital programme where it is currently proposed that the expenditure will be financed through borrowing. As part of the financial benefits relate to the ring fenced Housing Revenue Account, it is anticipated that the HRA will make a proportionate contribution to the financing costs in relation to proposed borrowing.
- 6.2 The full year enabling savings of £2.3m from 2021/22 have already been accounted for in existing service area budgets. The investment in the digital strategy will support and enable services in delivering their savings and therefore no substantial further savings are assumed in the business case. The £0.3m of new savings relates to the rationalisation of systems and their licensing costs as the CRM is built to replace existing applications.

7 Legal Implications

- 7.1 A range of contracts for systems and support will be required to deliver the Digital Programme. Where such contracts have an estimated value over the term of the contract in excess of £500k, Cabinet approval to tender and award will be required.
- 7.2 Officers are proposing to procure the Microsoft Dynamics 365 platform either through the use of a framework agreement or through varying an existing Council contract. Additionally, Officers are proposing to commission and procure a CRM Developer through a framework agreement.
- 7.3 The estimated value of the proposed call off Contract for a CRM Developer is higher than the EU threshold for Services and the award of the contract is therefore governed by the Public Procurement Regulations 2015 (the "Procurement Regulations"). The procurement is subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations. The estimated value of the proposed call off Contract for the Microsoft Dynamics 365 licences is higher than the EU threshold for Supplies and the award of the contract is similarly governed by the Procurement Regulations. The procurement of such licences is subject to the Council's own Standing Orders in respect of Medium Value contracts and Financial Regulations.
- 7.4 The intention is to use an appropriate framework to procure the CRM Developer, which is also one of the options for the procurement of Microsoft Dynamics 365 licences. The Procurement Regulations allow the use of framework agreements and prescribe rules and controls for their procurement. Contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full EU process. Call offs under the framework need to be carried out in accordance with the framework rules, to include using evaluation criteria specified in the framework and utilising the terms and conditions set out in the framework.
- 7.5 The Council's Contract Standing Orders state that no formal tendering procedures apply where contracts are called off under a framework agreement established by another contracting authority, where call off under the framework agreement is approved by the relevant Chief Officer and provided that the Chief Legal Officer has advised that participation in the framework is legally permissible. The Chief Legal Officer will therefore need to review any proposed framework and confirm that participation in the Framework is legally permissible.
- 7.6 The award of the proposed call off contract for a CRM developer is subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations. This ordinarily requires Officers to report back to Cabinet once the tendering process is

undertaken seeking authority to award. For the reasons detailed in paragraph 3.11, delegated authority is however sought to award the contract.

- 7.7 Should it be considered advantageous to vary one of the Council's existing contracts to include the procurement of Microsoft Dynamics 365 licences, this may only be done where legally permissible in accordance with the Procurement Regulations. Officers powers to vary contracts is limited and delegated authority is therefore sought to permit such variation where considered advantageous and legally permissible.

8 Equality Implications

- 8.1 The proposals in this report have been subject to screening and officers believe that there are no equality implications but this will be kept under review. There are likely to be considerations about accessibility of digital services for all customer groups.

9 Staffing/Accommodation Implications (if appropriate)

- 9.1 The proposed Digital Programme team will be a temporary resource, including specialist technical staff led by a Head of Digital Programme and supported by two programme management roles. Other resource to support the programme will come from the Transformation Team within Performance, Policy & Partnerships, which is currently being put in place.
- 9.2 The team will work closely with colleagues in Digital Services and Customer Services, as well as with colleagues from across the Council on specific initiatives. Staff resource from within services will also be required to develop and deliver projects in their areas.
- 9.3 It is proposed that the programme team report via the Transformation Team within the Chief Executive's Department.

Background Papers

1. Brent's Digital Strategy (attached)
2. Digital Programme Business Case (attached)
3. Financial Model for Digital OBC (available)
4. Digital Council Report – Jan-17
5. Digital Economy Position Paper – Jan-17
6. Brent 2020 Vision

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