Melton Borough Council

Helping people | Shaping places

Council
Date: 26 February 2020

Report of:	Director for Growth & Regeneration
Cabinet Member	Portfolio Holder for Housing & Communities

HOUSING IMPROVEMENT PLAN – IT SYSTEM INVESTMENT AND INTEGRATION PROJECT

1.0	**Summary:**

1.1 In November 2019 the Council approved a comprehensive and ambitious Housing Improvement Plan. Within this plan, improvements in IT systems were identified as key components of ensuring sufficient grip of data and effective customer processes. This report sets out proposals to address these issues and to enable the Council to make an informed decision on the need to upgrade and extend the contract for the Housing Management system. In addition, adopting these proposals would involve moving the system to a hosted service and provide ongoing IT security and compliance for our housing stock assets and tenants, in line with Melton's IT roadmap and Digital Transformation Strategy.

1.2 The delivery of the hosted Northgate products through on-site and remote working practices using mobile technology will enable the Council to digitalise its current process with devices such as smart phones or tablets. These front-end technologies include mobile apps and web apps, that allow users the flexibility of accessing and recording information that synchronises securely with the Council's back-office systems.

1.3 The Council's current contract is renewed on a rolling annual basis but the current version of the software is deemed inadequate for the Council's needs going forward. Consequently, the Council needs to make rapid improvements whilst retaining continuity and understanding of the current system within the service areas. It is therefore considered preferable to directly award a new contract to the existing supplier through a framework. Awarding a contract through the framework to the existing supplier will enable the council to work with an upgraded version of the software as well as provide additional benefits going forward. Members should be aware that a decision needs to be made by the end of February 2020 in order for a Contract to be put in place, and also to achieve the best possible price and deliver associated efficiencies**.**

2.0	**Recommendations**

That Council:

2.1 **Approves the use of the CCS Framework for a Housing Management System subject to the solution offered by Northgate Public Services meeting the**

Council's requirements;

2.2 **Approves the addition of £237k to the 2020-21 capital programmes (£143k to be funded from the HRA Regeneration & Development reserve and £94k from Capital Receipts);**

2.3 **Approves £7,500 one off revenue costs to be added to the 2020-21 revenue budgets (£4,470 to be funded from the HRA Regeneration & Development reserve and £3,030 from the Flexible Homelessness Support grant;**

2.4 **Approves ongoing annual revenue costs of £93,822 for the new contract from 2020-21 be added into the revenue budget. £74,492 to be funded from the HRA Regeneration & Development Reserve and the remaining general fund element to be funded by the Homelessness Support Grant with virements to be completed in line with the Financial Procedure Rules;**

2.5 **Delegates authority to call off and award the Contract to the Chief Executive.**

3.0 Report Detail

3.1 **Background Information**

In November 2019 the Council approved a substantial Housing Improvement Plan; responding to issues identified within the housing service and specifically related to compliance with obligations in relation to landlord Health and Safety.

As part of establishing a baseline position in relation to the gaps identified, it became apparent that there were fundamental data integrity, compliance and integration issues within the current IT systems. In addition, the current version of the Housing application was de-supported in March 2019, and the contract with the existing supplier is due to cease on 31st March 2020. If the Council takes no action the contract will rollover for another twelve months, with indexation applied. This is an option but it would not represent good value, nor would it enable the required progress to be made in terms of addressing the data integrity and integration issues for another twelve months. This would be incompatible with the expectations created through the Housing Improvement Plan.

3.2 **Business processes and technologies which are not operating efficiently**

The Council currently uses Northgate software which is hosted on a server in the Council's data centre maintained by the Council's ICT provider. The software in place is as follows:

- Core Housing system incorporating Estates management, voids, repairs and allocations
- Revenues and benefits - Council Tax, Council Tax Benefits, Housing Benefits, NNDR
- Codeman for Asset Management

A central and accessible database is required to ensure there is sufficient control and coordination of information in relation to the location, condition, compliance, works and repairs log, valuations, service charges and tenancy history. As part of the HIP Programme, one of the major projects due to start in April 2020 and run to March 2022, is the housing stock condition survey which supports decent homes and which also drives the capital programme. The ability to accurately build question surveys to

provide criteria to contractors through the tender process or via a framework will be absolutely paramount. Planned maintenance which covers regulatory and legislation requirements will be a fundamental requirement demonstrating our compliance. The current software provision does not support this ability.

In respect of Choice Based Lettings and Homelessness, the current software provided by Civica (Abritas), is running on an annual contract with indexation. It is not providing the Housing & Communities department with the functionality they need, especially in terms of the housing needs service, from initial contact through to tenancy management. It also does not provide an efficient case management system for homelessness nor an efficient letting service, based on the current technology.

3.3   **Impacts on the business**

Data Integrity
The data residing in the current Asset Management system (Codeman) does not match the data in its entirety in the live Housing application.

Synchronisation between Northgate Housing and Codeman is not available and therefore the records are not integrated and/or identical across both systems. This has caused an issue with Property numbers being input into different columns in Codeman. Some property blocks start with an 'A' and others start with a 'P' in Codeman. The Council has an opportunity to sort out the data as part of the upgrade of the software being proposed in this report. Data cleansing will take place with assistance from the proposed supplier to ensure we have accurate property reference numbers going forward.

3.4   **System Configuration Issues**
The Planned Maintenance Program area and the Housing Stock Surveys area do not function correctly in the current version of the software. In order to ensure that Decent Homes reporting is simpler and accurate going forward, some areas of the system need to be updated. This will also include Voids as data is currently held in spreadsheets. Having the ability to record information in the Housing system will increase visibility of our voids properties and allow the Council to record compliancy information against them.

3.5   **System Functionality Deficits**
The current version of the Asset Management system which the Council has is not capable of recording compliance information for Fire Risk, Legionella and Asbestos information. The Council has created simple forms to capture Electrical information but do not have the capacity to enter historical data as the system is not capable of this. Northgate PS have no plans to develop this version of software as it has now been superseded by a new Strategic Asset Management solution.

3.6   **Options Available**

Option 1 – *DO NOTHING*
If the Council decide on this option, its current systems will remain non-compliant in terms of hardware platforms and asset management compliance data recording in line with statutory obligations. The systems will also remain unintegrated and the Council will have limited ability to make the required improvements to the issues set out above. This will impede the required progress as set out in the Housing Improvement Plan. The costs currently offered on a 5 year extended contract will not be applicable. Contractual costs will go up with indexation and 3rd party costs to support and

maintain our Oracle database environments will remain with our corporate ICT supplier Sopra Steria, including the attraction of additional costs where Sopra Steria do not have the application and database skill set and knowledge. The current application versions cannot be migrated to a secure and compliant environment and therefore it is likely the Council would lose accreditation to Public Services Network.

The Public Services Network provides:

- confidence the services they use over the network will work without problems
- assurance that their data is protected in accordance with suppliers' commitments
- the promise that if things do go wrong they can be quickly put right.

The Do Nothing option as outlined above still results in a significant cost of £343k over a 5 year period for continued maintenance and support along with indexation of current agreement.

3.7 **Option 2 – *EXTEND CURRENT ON PREMISE SOLUTION***

Upgrade the current Housing solution to the next application release after May 2020. This is due to the Revenues and Benefits team requiring the existing, non-compliant version to remain unchanged until after financial year end and the main billing period. The upgrade will not however address the integration issue with Codeman. Codeman will still need to be replaced as it doesn't have the functionality to support the HIP Compliancy or capital programme. It can also only hold current record data, i.e. no history, and thus it has no audit trail. Reliance on the corporate ICT contractor to upgrade our servers and applications will remain, with no release management programme and thus, this will remain the Council's responsibility to request it.

When linking software to our other suppliers such as the new digital customer service platform (IEG4) system the council will need to use external support including the corporate ICT contractor to configure the necessary interfaces which could be expensive and time consuming. The council's ICT strategy has established a commitment to move away from on premise server hosted software held on site and move to offsite hosted/cloud based solutions.

In addition to the costs of doing nothing there would be additional costs for replacing the Codeman System plus associated integration costs and consultancy would require a further £206k bringing the total cost for option 2 to circa £549k.

3.8 **Option 3 – *INVEST IN HOSTED PROVISION***

A hosted provision would allow the Council to utilise the seamless integration across all housing software and have one single point of data entry. This means Housing, including the Assets Team and People & Communities will enter everything once only, it's fully browser-based, device-responsive and cloud-ready, none of which applies to Codeman or the current housing solution.

This option gives the Council the most reliant, secure and robust solution going forwards to deliver the Compliancy & Capital Programme. It is also delivers against the Council's roadmap to use Cloud-ready technology instead of onerous on-premise solutions which requires hardware and software to be continuously maintained and upgraded by the ICT Partnership. This should reduce ICT support costs when the contract is next considered.

In addition, being 'cloud-ready', its backend architecture and infrastructure will

offer better interface capability to other software vendors, i.e., IEG4 (CRM) and the cloud replacement finance system.

3.9   **Recommended Option**

Option 3 will give the Council the best value for money and transfers the risks currently inherent with the on premise software and an outsourced ICT supplier. The Council will not have to wait for "order of priority" upgrades for hardware and software, specifically in terms of new functionality and upgrading backend architecture to remain on compliant platforms. This is the current issue with the on premise solution.

It should also be noted that the majority of the systems currently being replaced at the Council are Cloud based; and therefore moving to a hosted services platform would allow cross platform integration and be far more streamlined.

The CCS Data and Application Solutions (DAS) Framework is designed to provide software-led solutions across a number of enterprise and sector specific lots whilst also offering an EU compliant and regulated route to market for public sector organisations.

There are 7 suppliers on the Framework. Officers have checked the Data and Application Solutions Framework Agreement RM3821 and are satisfied that only Northgate Public Services can meet the specification requirements of the Council.

From a procurement perspective, if there is no appropriate offering on the eMarketplace, the Council can approach the current supplier to establish whether a solution can be provided which meets the Council's needs. The Council has approached the current supplier who has confirmed they are able to offer a solution to meet the Council's needs.

Continuing to use the existing system will reduce data migration risks, loss of competence and capability amongst staff (who are comfortable with the current systems) and will reduce the risk of disruption during implementation as the hosted platform solution can be implemented alongside the existing system. The existing Northgate contract expires on 31st March 2020 so this decision is time sensitive and a working solution is available from the CCS Framework which complies with the Council's procurement obligations. This aligns to the criteria set out in Lot 2A of the Commercial Framework Agreement.

This report therefore proposes the use of this framework agreement and make a direct award to the current supplier who is able to offer a bespoke new solution for the Council. It is proposed that the contract be let initially for 5 years with the option to extend for a further 2 periods of 1 year each. Using this route negates the need to undertake an open procurement exercise and will facilitate a quicker implementation whilst also maintaining continuity of supplier and services.

3.10   **Proposal Details**
        The proposal to directly award to the existing supplier, Northgate, would see the IT systems associated with the Housing (Estates & Voids), Lettings & Homelessness, Asset Management for Compliance, plus Revenues & Benefits software, move to a single hosted service platform using Northgate (the existing supplier) as the single supplier.

3.11   The software proposed comprises upgrades to the existing suite of Northgate software

(those areas outlined in Section 3.2) of this report, and the addition of the following software:

- Homelessness
- Choice Based Lettings
- My Repairs and Appointments
- SMS Communication Suite (to interact better with our tenants)
- Strategic Asset Management for Electric, Gas, Asbestos, Legionella, Energy
- Planning Maintenance and Housing Stock Surveys
- Mobile Communications for better interaction with our Contractors
- Audit module for tracking compliancy and security of data
- Dashboard and reporting information to illustrate better visibility of our records

3.12   The new Northgate Public Services [NPS] solution software would provide a more user friendly, efficient and effective service both internally and externally to customers and tenants, and full integration to the NPS Housing system through Estates Management. It would also integrate the Voids process which is currently undergoing a full business process review utilising the Systems Thinking Methodology

3.13   The functions available through NPS will allow the Housing Asset Management Team, the Housing Repairs Team and Tenancy Management to modernise and digitalise current processes and procedures inline in Melton's ICT roadmap and Digital Transformation Strategy.

3.14   Council staff are already using the existing Northgate product and therefore the learning curve will not be as steep as introducing a new system, and thus it will provide 'quicker time to value' for the Council. The implementation will take a phased approach and be operational within 6-9 months.

4.0	**Consultation and Feedback**

4.1   The full business case was considered by the Senior Leadership Team on 4th February 2020.

4.2   Previously discussed at the HIP Programme Board meetings chaired by the Leader.

4.3   Welland Procurement have been consulted

5.0	**Next Steps**

5.1   If the recommendation is approved, the Council will continue to work with with Northgate Public Services [NPS] and when satisfied that the solution offered is able to meet the Council's requirements will award the contract via a Direct Award by calling off the Crown Commercial Services Data & Application Solutions (DAS) framework (Reference number RM3821).

5.2   Moving to implementation the housing aspects of the software will be implemented first to address the data integrity issues affecting the HIP programme. Following this the other areas will be implemented approximately 6 months into the new financial year.

6.0	**Financial Implications**

6.1   **Summary overview**
This project is additional to the capital programme for 2020-21 presented in the Capital Programme report which will be considered by members. The new system

will need new investment from the Council with the figures and comparison to current budget and the do nothing option are outlined in the exempt Appendix A which covers the costs for 5 years based on the proposed initial contract term.

6.2 **HRA**

The Housing Improvement Plan has identified the need for a new housing system, however the full cost implications had not been finalised. Therefore the required capital investment of £143,101, the one off revenue investment of £4,469 and additional annual revenue investment over the 5 years of the contract of £74,492pa could be funded under delegation from the Regeneration & Development Reserve. The impact on the reserves over the 3 year period of the interim HRA business plan would need to be reassessed as a result however this is affordable within the current projections.

6.3 **General Fund**

New capital investment required of £93,440. There is funding from the Homelessness Support Grant within the Homelessness budget to purchase a new homelessness system, therefore it would have been appropriate that the £27,450 for this module is paid for from this source, however, rather than using revenue resources for capital expenditure, it is proposed that all capital costs are funded from capital receipts and the Homelessness Grant funding is used towards the additional annual and one-off revenue expenditure requirements, with future budgets from 2021/22 set to accommodate them. However it should be noted that the impact in 2020/21 would be a part year.

6.4 The modules would not all become live immediately with the housing elements being prioritised, so general fund revenue cost implications in year 1 would be reduced in line with this profile

7.0 Legal and Governance Implications:

7.1 The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (contract) Act 1997, s1). The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Procedure Rules.

7.2 The Council's Contract Procedure Rules, Chapter 3, Part 7 at paragraph 7 permits a contract of any value to be procured via a framework agreement or DPS, compliance with these Rules and relevant national and EU law is achieved through compliance with the framework agreement/DPS terms and conditions.

7.3 The Senior Leadership Team must ensure that Value for Money is achieved in all procurements.

7.4 The contract award must be approved by a member of the Senior Leadership Team.

7.5 The contract must be signed by a member of the Senior Leadership Team.

7.6 The resultant contract must be added to the Council's Contract Register to ensure compliance with Transparency Regulations. The Officer is responsible for the subsequent storage and safe keeping of the signed contract.

7.7 Where the contract is valued over £25,000 an award notice is required on Contracts

Finder, Welland Procurement is responsible for such award notices.

7.8   If the above criteria is satisfied, using a framework agreement will reduce the risk of challenge for the Authority

| 8.0 | **Equality and Safeguarding Implications:** |
8.1   There are no direct equality or safeguarding issues arising from this report

| 9.0 | **Community Safety Implications:** |
9.1   There are no direct links to community safety arising from this report

| 10.0 | **Other Implications** |
10.1   No other implications have been identified.

| 11.0 | **Risk & Mitigation:** |
11.1   Delaying or not proceeding with the implementation of this solution would be detrimental to maintaining integrated and compliant records. It would ultimately cost more should the Council go out to open procurement, and require staff to learn a brand new system. Data cleansing and migration of records would also become far more complex; and parallel running of the old and new system would require far more resource. There will also be competing resources as the new Customer Engagement System (IEG4), which is a new product, is being implemented this year.

11.2

LIKELIHOOD			Negligible 1	Marginal 2	Critical 3	Catastrophic 4
A	Very High				1	4,5
B	High				2,3	
C	Significant					
D	Low					
E	Very Low					
F	Almost Impossible					

IMPACT

Risk No	Risk Description
1	Lack of integration between systems causing compliancy issues with Regulatory bodies
2	The Council signs a new contract for the on-premise solution which is then delayed by current IT outsource arrangements and year end billing
3	The Council's annual contract will expire in March 2020 and roll forward with higher costs
4.	Open procurement protracts and delays investment decisions, making current systems more vulnerable and out of support
5	Staff struggle to implement new solutions due to competing resources across new products and steep learning curve in understanding configuration and data migration complexities

Background Papers:

Business case: HIP Programme – IT systems and Integration Project
Please see link to the Housing Improvement Plan report, appendix and minutes (published to our website). These are at item CO42.

CO42 - Housing Improvement Plan - Council 4 November 2019

Appendices
Exempt Appendix A

Report Timeline:	**Dated:** *(initials and date)*
Equalities Check & Challenge	N/A
SLT Sign off	29.01.2020
Previously Considered by Cabinet	N/A
Legal Sign Off	20.02.2020 [KS]
Director Approval	20.02.20
Chief Finance Officer Sign Off	16.02.20
Deputy Monitoring Officer Sign Off	20.02.20
Consultation with Portfolio Holder	N/A

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