

<b>Subject:</b>	<b>Housing Management IT System Procurement</b>		
<b>Date of Meeting:</b>	<b>14 June 2017- Housing &amp; New Homes Committee 13 July- Policy, Resources &amp; Growth Committee</b>		
<b>Report of:</b>	<b>Executive Director Neighbourhoods, Communities &amp; Housing</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

## FOR GENERAL RELEASE

### 1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 Brighton & Hove City Council (the Council) uses Northgate Open Housing Management System (OHMS) as its main IT system to support and deliver services to council tenants and leaseholders.
- 1.2 The current contract was set up in 1997 and now the council is required to competitively test the market for a new system and to follow a compliant procurement process.
- 1.3 In accordance with Contract Standing Orders (CSOs) a waiver was agreed to extend the current contract to 31 July 2019 to allow a procurement process to be carried out.
- 1.4 This report seeks formal permission for Brighton & Hove City Council to conduct a procurement process and award a new housing management IT system contract for a period of 5 years with an option to extend by 2 years.

### 2. RECOMMENDATIONS:

That Housing & New Homes Committee recommend to Policy, Resources & Growth Committee that:

- 2.1 The Executive Director Neighbourhoods, Communities & Housing is granted delegated authority to:
  - (i) Carry out a procurement of a new housing management IT system for council housing services and;
  - (ii) Award and let a contract with the preferred supplier for a period of 5 years with an option to extend by 2 years.
- 2.2 A budget of £1.200m for a contract for a new housing management IT system, funded by Housing Revenue Account reserves, is approved.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Northgate Open Housing Management System (OHMS) has been the Council's IT system since 1997, supporting services provided to council housing tenants and leaseholders. The current contract is due to expire in July 2019. OHMS has been the primary IT system to deliver housing management services for 20 years. However with advancing technology and changing business needs housing providers are typically reviewing their IT system needs every 5-10 years. The Council's Procurement Team have also advised that the Council is unable to extend the contract any further and a procurement process is necessary to meet legislative requirements and to ensure value for money.
- 3.2 OHMS, together with several peripheral applications, supports day to day operational housing processes and transactions. The other peripheral applications are:

<b>System</b>	<b>Function</b>
Locata	Choice based lettings and homeless case management
APEX	A strategic and operational asset management system
ECINS	Anti Social Behaviour case management and information sharing with the police and other agencies
MCM	Mears IT system to raise and monitor repairs
ICON	The Council's banking system
Civica Financials & Purchasing	The Council's financial system
Authority Financials	The Council's debtors system for raising invoices
Northgate Revenues and Benefits	The Council's revenue and benefits system with an interface for housing benefit payments
IDOX	The Council's document management system e.g. electronic storage of tenancy files

The system has over 400 Council staff users, with the customer online service (COS) portal having over 2,000 tenants and leaseholders accessing online services.

- 3.3 The long term use of OHMS was reviewed by the Council in 2010 when it was decided to continue using the system but to enhance some of its functionality gaps with complementary niche applications.
- 3.4 Housing Committee on 10 September 2014 considered a report on the Housing ICT Business Plan. The report introduced the Housing ICT business plan which

set out the individual ICT projects that were identified as necessary in the short, medium and long term. The action plan reflected the importance of ICT in providing quality services to residents and in giving the right tools to staff to carry out their work. Residents helped shape the actions through a series of recommendations to invest in IT to improve housing services and customer service. One of these recommendations included:

*'While the OHMS (Open Housing Management System) computer system continues to be used, the panel feels it is beneficial to recommend that its service and cost effectiveness is evaluated to determine whether future investment is needed for upgrades to the system to meet service needs. The evaluation could also assess whether consideration needs to be given to the replacement of the housing management ICT system in the longer term'.*

- 3.5 A comprehensive internal review was commissioned by the Housing IT Programme Board in 2016. This review focused on the technical and functional suitability of OHMS to meet current and future business requirements, and to provide value for money
- 3.6 The review highlighted that the OHMS system, although effectively supporting traditional processes, is constrained by a lack of more modern functionality which is typically required by today's social landlord. Technology has advanced significantly since the Council procured OHMS and the social housing landscape continues to change at rapid pace. This has prompted us to consider whether we are getting optimum support from core systems and whether they will provide adequate support as the business diversifies and service delivery is transformed.

### **Procurement approach**

- 3.7 Procurement advice will be sought to ensure that the Council is compliant with both The Public Contracts Regulations 2015 and CSOs as well as establishing a value for money solution to meet the Council's requirements for a housing management system. A fully compliant EU procurement procedure will need to be followed as the estimated value of the contract is over the OJEU threshold for services (currently at £164,176). This will include exploring the use of existing frameworks where available and suitable to the requirements as this can offer a quicker and more streamlined approach. The most likely framework would be the Local Authority Software Agreement Framework (LASA – Framework 1059). The LASA framework includes most of the leading software providers and, if suitable, would allow BHCC to hold a mini-competition with registered and relevant suppliers. Alternatively a typical standard procurement of going out to open market tender could be completed by the Council. A decision on the preferred procurement approach for the contract will be made once a full specification is developed.

### **Investment requirements**

- 3.8 The indicative cost of procuring a new housing management IT system is likely to be approximately £1.200m. This includes the new system and the costs of a project team, estimated at £0.600m, which will be required for 18 months to facilitate the implementation of the new system. Support and maintenance costs of the current OHMS system are already built into the HRA revenue budget.

However, should any additional costs arise with the new system, these will be incorporated as part of the 2018/19 HRA budget setting process,

- 3.9 Expenditure will be required over 2017/18 and 2018/19 financial years and it is necessary to seek early agreement ahead of annual budget setting processes in order to select a preferred supplier and mobilise the contract.

### **Next steps**

- 3.10 If the recommendations are approved at both, the following provisional timescales will apply:

- Summer 2017 Procurement process starts
- January 2018 Contract awarded and contract mobilisation
- January 2018 – July 2019 Implementation phase
- July 2019 Go live

## **4. ANALYSIS & CONSIDERATION OF ANY OPTIONS**

### **4.1 Option 1 – Do nothing**

- This option is not suitable as advice from the Council's Procurement Team is that as we have not tested the market for value for money options for 20 years we need to engage in a compliant procurement process otherwise the council risks receiving a challenge from the market.
- A review of our existing system and current/future needs indicated that OHMS does not meet the demand of a housing service that has evolved significantly since the start of the contract and that is set for further changes in line with other technology advancements.
- OHMS is a legacy system for Northgate and whilst it is currently supported, it is unlikely that this will continue indefinitely presenting a business risk to the Council.
- The continued use of OHMS in its current form in the medium to longer term should be considered a significant risk for the Council given the limited support and premium charged for any work required by Northgate. Additionally, there is little capacity for any enhancements of future development and it is likely that the system will hinder the council in achieving its strategic vision as well as reducing costs and improving efficiency.

### **4.2 Option 2 – Procurement of a new housing management IT system *This is the preferred option***

- The option focuses upon the replacement of OHMS with a modern housing management IT system which includes an integral customer relationship management layer. With this model some of the Council's peripheral applications may still be required but it is more likely that the depth and breadth of functionality of any new system should be able to replace some of these requirements.

- This would provide the option for the Council to procure a system which is more customer centric and designed to support the customer self-service options and mobile working aspirations of a modern organisation.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Resident feedback from various sources, eg the STAR satisfaction survey, has made mention of the need for a more modern IT system that supports both efficient service provision and customer focussed self-service opportunities.
- 5.2 A briefing was circulated to Area Panel representatives for the Special Area Panel on 25 May 2017 to advise them of the request to go out to procurement.
- 5.3 Once a system is procured, council tenants and leaseholders will be invited to work with the Council on the customer online portal to ensure that it provides the functionality and transactions that will be of most value to residents accessing Council information and services online.

## **6. CONCLUSION**

- 6.1 The Council has a requirement to ensure that its systems and software are fit for purpose and that we are able to ensure that resident services are provided as effectively and efficiently as possible.
- 6.2 Procurement of a new system will lead to long term operational efficiencies, improve the customer experience, and make a significant contribution to service delivery that is fit for the future.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### **7.1 Financial Implications:**

Procurement of this new housing management system will enable the service to procure a system which is designed to support more effective staff working and the customer self-service options for housing management. This will reduce management costs for the HRA, thereby improving the value for money of the landlord service. The estimated costs of purchasing and implementing the new Housing Management IT System is £1.200m for which budget approval is being sought at recommendation 2.2 to be met from HRA reserves.

- 7.2 As at 1 April 2017 the HRA general reserves totals £8.058m (subject to audit of 2016/17 annual accounts). A minimum working balance of £3.000m is recommended leaving £5.058m available to use. If £1.200m was used for the new system, this would leave £3.858m of useable reserves.
- 7.3 £0.064m is already built into the HRA revenue budget for annual support and maintenance of the current system. Any additional budget requirements will be included as part of the 2018/19 budget setting process.

*Finance Officer Consulted: Monica Brooks*

*Date: 22/05/17*

7.4 Legal Implications:

7.5 The Council's CSOs require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee prior to inviting expressions of interest from potential bidders.

7.6 The authority of Policy & Resources Committee is required for matters with corporate budgetary implications, such as the award of a contract for a new Housing Management IT system by the Council where it is proposed to use a proportion of HRA reserves.

7.7 The procurement of contracts through framework agreements must comply with all relevant European and UK public procurement legislation as well as the Council's CSOs.

*Lawyer Consulted: Isabella Sidoli      Date: 26.05.17*

7.8 Equalities Implications:

None arising from this report. An Equality Impact Assessment will be carried out to inform the specification for the new system. Primarily, this will ensure the customer facing portal is accessible, that personal and sensitive data are stored in line with legislation and that the new system is able to deliver best practice guidance for example including gender non-binary options in honorifics and gender choices as relevant. The system should also meet equalities requirements for staff users.

7.9 Sustainability Implications:

Procurement of a new system with mobile working capabilities aligns with the council's Sustainability Strategy. A reduction in printing through mobile working will help reduce paperwork. Reduced travel requirements through more effective working will lead to reduced carbon emissions.

Any Other Significant Implications:

7.10 Public Health Implications:

None arising directly from this report.

7.11 Crime & Disorder Implications:

None arising directly from this report.

7.12 Risk and Opportunity Management Implications:

This is a significant change project for the service with substantial costs to procure and implement a new system. This is business critical and any delays in getting a new system implemented will impact service delivery. It provides the service with an opportunity to procure a system that meets our current and future needs, placing the customer at the heart of our IT. It presents an opportunity to reduce the number of systems we use, thus reducing cost and complexity within the service.

7.13 Corporate / Citywide Implications:

This project and transformation programme supports the Corporate Plan principles of public accountability and ensures we are citizen focused. It is also integral to the modernisation agenda and requires strong links to the council's 'Digital First' programme incorporating, for example, My Account, Customer Relationship Management and mobile working technologies.

**SUPPORTING DOCUMENTATION**

<b>Appendices</b>	<b>None</b>
<b>Documents in Members' Rooms</b>	<b>None</b>
<b>Background Documents</b>	<b>None</b>

