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CITY
COUNCIL

To:	**City Executive Board**
Date:	**20 June 2017**
Report of:	**Head of Business Improvement**
	Head of Housing and Property
Title of Report:	**Replacement of Housing Computer Systems**

Summary and recommendations	
Purpose of report:	To seek approval for an increase in the budget to extend the scope of the project and achieve additional longer term savings.
Key decision:	Yes
Executive Board Members:	Cllr Susan Brown, Board Member for Customer and Corporate Services
	Cllr Mike Rowley, Board Member for Housing
Corporate Priority:	An efficient and effective Council
Policy Framework:	none
Recommendations: That the City Executive Board resolves to:	
1. **Approve** the increased budget for the tendering of the Council's replacement housing ICT systems to £1.0 million;	
2. **Grant project approval** for the scheme and;	
3. **Delegate authority** to the Executive Director, Organisational Development and Corporate Services to award the contract for the new Housing IT System(s) on the basis of the most economically advantageous bid.	

Appendices	
Appendix 1	Project Budget
Appendix 2	Risk Matrix

Background

1. In 2014 the Council commissioned the National Computer Centre (NCC) to carry out a major review of its software systems and make recommendations for potential rationalisation and efficiencies.

2. The NCC Applications Rationalisation Report identified as a priority the need to retender the Council's housing related systems:

   - Northgate Housing for housing management – rents, voids, leaseholders
   - Civica Servitor for housing repairs, job costing and traded services

3. The report resulted in an ICT Strategy approved by the City Executive Board on 11th June 2015 which included a commitment to retender all IT systems as and when contract periods were due to expire. A programme was then put in place to retender major systems over a four-year period, including housing-related systems.

4. The NCC report suggested a draft budget of £600k for the retender of Northgate and Servitor to include new licenses, implementation, project resource and backfilling of key staff.

5. In February 2016, the City Executive Board gave project approval to go to tender and procure a new housing management system and delegated authority to the Executive Director, Organisational Development and Corporate Services to award the contract.

6. Following the appointment of a Project Manager and establishment of a project team, a review of current processes and system issues across all housing-related systems and a soft market testing exercise were undertaken to help inform the procurement process.

Current Process and System Issues

7. The review of process and system issues has revealed extensive use of offline processes and documents, inconsistent utilisation of systems, a lack of integration as well as core functionality not having been implemented. There is no single view of the customer and key functionality such as workflow is not being exploited.

8. Historically the City Council customised the Northgate Housing system which has created subsequent difficulties in upgrading the system and resulted in services not being able to take full advantage of new functionality provided by more recent software releases.

9. Changes to the underlying technology platform and the historic customisation of the application by the Council mean that current data structures cannot easily be adapted to work with the latest version of the application. The difficulties in upgrading Northgate prevent the Council from making use of the latest technological advances that could bring about a transformation of processes and practices that could reap significant efficiencies and improvements for the benefit of customers.

10. Servitor is central to the day to day operations of Direct Services and considerable investment has been made to improve the solution and make use of developments in mobile technology and scheduling tools. The solution is also central to the management and job costing of a wide range of traded services. However, if

Servitor is to be retained as one of the Councils systems, it needs to be upgraded as it is not offering the benefits of recent technological advances.

11. As shown in Table 1 below there is a high total cost of ownership and the complex installation of these key software applications is also restricting OCC's ability to be agile and respond to changing market conditions.

Soft Market Testing

12. The soft market testing process involved the creation of a Prior Information Notice (PIN) which was published on a procurement portal. The PIN was designed to highlight to any interested suppliers the main areas that we wished to see demonstrated. These ranged from core functionality such as workflow, reporting and interfaces, through to main business areas such as income maximisation, lettings and asset management. We also wanted to see what the suppliers were offering in terms of mobile technology and self-service portals.

13. A number of Housing and Asset Management software suppliers expressed interest in participating in the soft market testing exercise and six were invited to demonstrate their products. The suppliers included Aareon, Capita, Civica, MIS, Northgate and Orchard.

14. All of the sessions were very well attended with over 12 different teams across the Council being represented at each event. The level of engagement was very high, with high quality feedback being received from those people that were in attendance. In summary the core functionality of the housing systems of all the providers is good and will, if implemented correctly, certainly improve current working practices.

15. To ensure that the Council's requirements are future proofed we have extended the scope of the original project brief from housing systems to consider other applications that are currently not fit for purpose or are not being fully utilised. For instance on the asset management front it became very apparent that the current application, Codeman (also mentioned in the NCC Review document) is not fit for purpose and should be replaced as part of this exercise.

16. The key messages from the soft market testing exercise were that major improvements and benefits could be achieved by adopting a system that is well designed and easy to use, backed up by the application of workflow, mobile technology, self-service portals, improved reporting and a replacement for the asset management system.

Benefits of Integrated Housing-Related Systems

17. The ambition is to exploit the Council's use of technology to streamline and improve service delivery, reduce costs and increase standardisation. There are significant benefits to be achieved from the use of a single housing and asset management system which include;

- The development and implementation of a consistent set of business processes, enabling staff to quickly and easily access the information they need to do their jobs, providing a more efficient service to tenants.

- Provision of a customer database providing officers with a complete view of the information the council holds on the customer relating to the tenancy, housing applications, arrears levels, outstanding repairs and current complaints etc., as well as a comprehensive list of all of the contacts that have occurred between OCC and the customer.

- A consistent well designed system and single dataset for OCC operational and management purposes.

- Maintaining or enhancing the extent to which OCC is able to meet its current and future business requirements.

- System scalability to extend into new areas of business.

- The stability of working with a single system for which there is a clear technical and business plan.

- Business Transformation – to include extensions and improvements to customer service, operational capability and other associated efficiencies to include;

    - **Intelligent Workflow** – this will enable staff to become more effective by assigning work to the appropriate team or person, ensuring tasks remain visible to other teams, automating processes, minimising delays and reducing the need for manual intervention. This will reduce errors and improve accuracy. The dynamic nature of the system means that as officers input information, the priorities and actions required will change.

    - **Asset Management** – the system will display information held on properties and components so that we are fully informed and up to date when planning and commissioning work. This will improve our knowledge and understanding of our property, its components and allow better planning of replacement cycles, thereby protecting value and income streams as well as ensuring service quality and value for money.

    - **Web based customer service** – tenants (customers) will be able to securely access a full range of requests from details about rent transactions to the ability to ask for repairs on a 24/7 basis at their convenience. This reduces the need for calls to the contact centre and will improve on the current limited tenants' portal in terms of the customer experience.

    - **Mobile and remote access** - a corporate mobile solution will enable more services to be delivered by officers whilst they are out of the office with customers in their homes. This will increase accessibility to the Council's services, as well as delivering significant efficiencies in working practices. Currently the council's ability to do this is limited in the range of devices available and the software being accessed.

      A wider availability of mobile devices such as PDA's, tablets, mobile phones and laptops coupled with integration to a range of applications and software will make it easier for staff to collaborate and access data from any location and reduce travel time making more efficient use of resources. The use of `smart` devices will improve our services by capturing time and GPS information, using the camera to capture images and bar codes and using the touch screen to collect signatures.

    - **Reporting** - a single database, coupled with powerful reporting tools will improve the production of useful business intelligence, which will improve the council's ability to plan service development.

Financial Implications

Current licensing, maintenance and administration costs

18. Table 1 below demonstrates the external cost over the past three years of the applications that are due to be retired as a consequence of implementing the new Housing and Asset Management system.

Table 1 - IT Expenditure on IT Housing System related Suppliers

Calendar Years	2015 £	2016 £	2017 £	Total £
Northgate Housing				
S&M[1]	68,796	69,160	70,249	208,205
D&A[2]	52,999	33,073	33,289	119,361
Total	**121,796**	**102,232**	**103,538**	**327,566**
Civica / Servitor				
S&M[1]	109,802	99,040	102,160	311,003
D&A[2]	277,434	203,348	34,473	515,255
Total	**387,236**	**302,388**	**136,633**	**826,258**
Sapuk / Business Objects	6,296	6,296	6,296	18,889
Abritas	17,572	17,946	19,841	55,358
Mobysoft		58,362	49,220	107,582
	532,900	487,225	315,528	1,335,653
S&M[1] Grand Total	**202,467**	**250,804**	**247,766**	**701,037**
D&A[2] Grand Total	**330,433**	**236,420**	**67,762**	**634,616**
All IT: Grand Total	**532,900**	**487,225**	**315,528**	**1,335,653**

19. It is anticipated that the Support and Maintenance (S&M) costs of the new system will be circa £50k per annum. When compared to the S&M costs for 2017 of £248k this should yield an annual saving of circa £200k.

20. Whilst there will be some external software development / admin / upgrade costs post Go Live, if the new implementation is well managed and well-resourced these costs should be closer to a third of the current annual average spend of over £250k (the £635k Development and Administration costs in Table 1 represent less than 2.5 years of expenditure) – a more reasonable figure to budget for in the future would be closer to £80k per annum – giving a further annual saving of £170k.

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[1] Support & Maintenance
[2] Development & Administration

21. Across both Support and Maintenance and Development and Administration costs the annual savings based on current spend would be in the region of £370k per annum.

22. The project outcomes will be monitored post-implementation through the corporate Programme Management Office (PMO) to ensure that the expected benefits are realised.

Project Budget

23. The original Housing System Replacement budget of £600k, as reported in the CEB paper of February 2016 and included within the Capital Programme, was very much a broad estimate for replacement of the core system.

24. The results of the soft market testing exercise highlighted the need for a robust approach to project implementation and provided a more thorough understanding of the Council's requirements as well as an indicative cost to realise the full benefits of this investment opportunity.

25. A key element of the project implementation plan will be the creation of a high quality training programme aimed at ensuring existing staff are fully trained on the new processes and methods of working. These high standards will be maintained and extended to new staff with the creation of a more resilient Application Support team working alongside a number of system `champions` embedded within the business. It will be their task to routinely deliver training on any changes to the newly implemented systems.

26. A comprehensive Communications Plan will be produced to make sure that during the implementation, and particularly at `Go Live`, staff and customers are kept well informed of any changes to policies and processes that the new system will bring.

27. Due to the investment required to replace the core modules of the housing and asset management system plus the inclusion of the business transformational requirements this has increased the cost and extended the original scope of the project. It is recommended that the budget is increased from £600k to £1.0 Million - this is based on a 15 month implementation starting in September 2017. A summary of the proposed revised budget is shown in Table 2 below:

Table 2.	Core Housing £	Workflow £	Asset Management £	Portal £	Mobile £	Reporting £	Revised Budget £
Core Project Team	404273						**404273**
Business Transformation		50955	30986	25478	0	25478	**132896**
Sub-Total	404273	50955	30986	25478	0	25478	**537169**
Software, licencing and implementation costs	196013	0	30407	16930	197545	21720	**462615**

| Total | 600286 | 50955 | 61393 | 42408 | 197545 | 47198 | 999784 |

28. Further details of the budget are shown in Appendix 1 to this report.

29. Funding of the original estimate of £600k was split equally between the Housing Revenue Account (HRA) and General Fund.

30. Since the system benefits both these areas of the Council, funding for the additional £400k would similarly be split 50/50 between the General Fund and the HRA. The funding could be derived from underspends in the Council's revenue budget for 2016-17.

31. Further reference to this is detailed in the '2016-17 Outturn report' which is elsewhere on the City Executive Board agenda.

Procurement Process

32. The Council has yet to decide on the route to market, it will either be via Open competition (open or restricted procedure) or the Crown Commercial Services Local Authority Software Applications (LASA) framework. A detailed specification and tender document is currently being prepared.

33. The City Executive Board is asked to delegate authority to award the new contract(s) to the Executive Director Organisational Development and Corporate Services.

Legal Issues

34. The procurement of new housing IT system(s) will be carried out in accordance with the Public Procurement Regulations 2015.

Risk Implications

35. The updated risks associated with this project are shown in Appendix 2.

Environmental Impact

36. The strategy is to make extensive use of mobile technology and a more mobile workforce - coupled with more efficient processes aided by the use of workflow this will mean less paper and less travel having a positive impact on the Council's environmental footprint.

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Background Papers: None