

To: Cabinet

Date: 10 February 2021

Report of: Head of Housing Services
Head of Financial Services

Title of Report: Housing Asset Management System Project update and funding request

Summary and recommendations	
Purpose of report:	To present the current status of the Housing and Asset Management System, to describe the plan for completion, and to seek additional funds to achieve project go-live.
Key decision:	No
Cabinet Member:	Cabinet Member for Affordable Housing Cabinet Member for Customer Focused Services
Corporate Priority:	All
Policy Framework:	Council Strategy 2020-24
Recommendations: That Cabinet resolves to:	
<ol style="list-style-type: none"> 1. Endorse the revised go-live plan for the Housing Asset Management System project; 2. Recommend to Council the approval of a capital budget for the additional expenditure of £264,296 required to complete the project; and 3. Note the appendices supplied with this report. 	

Appendices	
Appendix 1	QL Risk Register
Appendix 2	Issues and lessons learned - EXEMPT

Introduction and background

1. The Housing and Asset Management System (HAMS) project was approved in May 2018 and Aareon UK Ltd appointed as supplier. The current approved budget for the project is £2.023m.
2. As part of the contract award, Aareon were to provide a fully integrated, holistic housing management system which covered the main aspects of housing including rents, repairs, assets, tenancy management, anti-social behaviour and case management. Aareon were also required to develop their software to include Choice Based Lettings, Allocations, Homelessness and Housing Options which at the time of the contract award was not within their core system.
3. The project benefits include increased efficiency through re-designing, streamlining and automating of processes and work-flow, the rationalisation of the software applications currently in use, reduction in data-related risk, and lower cost of ownership for the Council. It will also provide enhanced planned maintenance programming and scheduling, better case management and customer care with a mobile workforce across many service areas.
4. Whilst it is OCC that has contracted with Aareon UK Ltd., ODS will also be adopting the system across their range of both housing and non-housing activities, including external commercial contracts and maintenance of non-housing assets and amenities across the city.
5. Additional efficiency and financial benefits to ODS include “real time” dynamic resource scheduling with automated stock movement to site through the new stores supplier contract. Efficiencies within the ODS operation support achievement of the ODS Business Plan and the dividend to OCC.
6. Benefits to customers include secure and improved reporting and access to information on rent accounts, repairs, on-line applications and two-way communications with OCC customers and service areas through a dedicated customer portal.

Current position

7. The original planned go-live date was May 2019. The most recent planned go-live date was 20 October 2020. However, having assessed the progress made and residual risks, a decision was made on 6 October 2020 to halt the go-live and to review progress and the remaining OCC and ODS effort required to complete the project.
8. The highest risk project elements are Housing Needs, driven by residual data issues, and the Finance Interface (Rents and Repairs), where testing and issue resolution is ongoing. The remaining project elements – Incomes, Payments, Tenancy Management, Anti-Social Behaviour Investigation Team & Community Response Team, Tenant Involvement, Right to Buy, Property Services, and Repairs are on track for sign-off and present a low risk to project completion.
9. The go-live delays are attributable to a number of factors, including:
 - a. Delays and issues in earlier stages of the project related to design of the new software having a knock-on effect to later phases of delivery. In particular, this has been manifested with the considerable time colleagues spent on

testing and re-testing elements that did not work and were later deferred, detracting from time on other core activities, and consuming the capacity available to be able to achieve planned progress.

- b. An evolving understanding of essential operating requirements during development of the project, particularly for ODS commercial work, necessitated changes in requirements to the project in order to maximise benefits, leading to insufficient testing time for new elements and late discovery of issues.
- c. Ongoing data quality issues affected project progress as a result of the variety of legacy data sources. Such issues are time-consuming to resolve and depend on the availability of scarce service resources (see d below).
- d. Competing demands of business as usual and project work, exacerbated by the Covid-19 response in early 2020, which saw many key project contributors from OCC and ODS either furloughed or redeployed to other priority tasks, meant that key service resources were constrained during a critical time for the project
- e. The disruptive impact of remote working during the first wave of Covid-19 impacted timelines as colleagues adjusted to new ways of working and acquired the tools they needed to be effective. This included an additional server set-up to run Remote Desktop and access the system efficiently.

Project review

10. The Project Board engaged the ODS PMO Manager in October 2020 to undertake a holistic review of the project. The objective was to achieve a realistic timeline that had buy-in from all stakeholders. To achieve this, the re-plan was approached on two levels:
 - a. Detailed 'from the ground up' review of remaining tasks and open issues to resolve before go-live (concerning both system and business readiness), plus the specific level of effort and resources required.
 - b. Top-down sequencing in context of the wider business calendar (e.g. year-end) and ICT/Business project portfolio.

11. As a result of this exercise, it was concluded that the most suitable date for go-live would be in May 2021. This option has been agreed by the Project Board on the basis that it ensures sufficient time to complete remaining work, and that avoids introducing a major new corporate system during peak periods of activity in the last quarter of the financial year. Critical milestones that must be achieved in order that the plan remains on track are summarised below.

Milestone date	Description
November – February 2020	Complete scenario and interface testing
January - March 2021	Preparations for trial go-live to test go-live procedures
March – May 2021	Refresher training for impacted staff
May 2021	Business go-live

12. Other options considered and discounted included a pre-Christmas go-live, an unrealistic timeline due to volume of remaining work to complete, and a Q4 go-live. The latter option offered no contingency to cope with unforeseen issues or the impact of resourcing conflicts with other projects. As noted above, there would also have been significant operational risk associated with introducing a major new corporate system into business use during a peak year-end financial period.

Financial Implications

13. The approved total budget for this project is £2.023m, authorised by Cabinet on 12 August 2020. This was an increase of £423k on £1.600m, which was to account for increased project team staff costs as a result of delays. This budget is now considered insufficient to cover the additional cost impact of the decision to extend the project timeline once more.

14. The remaining cost to deliver the project is forecast at £421,575. The vast majority of these additional costs are the result of internal council project team costs. Of this amount, £157,279 is already covered by the existing approved budget of £2.023m. Approval is requested for the remainder, an additional £264,296, which will be funded from General Fund in the amount of £80k and the balance of £184,296 from the HRA.

15. It should also be noted that there will be ongoing annual costs for legacy systems that cannot be retired until HAMS go-live. These total £370,382 for 2020/21 and 2021/22 together. This total may reduce through negotiation and application of break clauses. These costs are not applied to the HAMS project budget but are accounted for in ICT services software costs, the savings for which have already been factored into the budget.

16. It should also be noted that the delay has created financial implications for ODS, specifically in relation to expected efficiency savings enabled by deployment of the system, and expected materials savings through implementation of a supply chain contract with Grafton, which cannot go-live until after the deployment. No forecast savings will be achieved in this financial year, and will only be partially realised in 2021/22.

17. Tight project and contractual management will continue to be applied to mitigate financial risk going forward and deliver the most favourable financial end position for the project.

Legal issues

18. The terms of the contract between the Council and Aareon will determine what options are open to the Council should it wish to vary the requirements of the contract and / or extend the term of contract. Such decisions may give rise to

procurement implications. Legal advice will be obtained in respect of these issues and the other issues arising in the report so as to ensure that the Council is acting in accordance with its rights under the terms of contract as well as acting in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

Level of risk

19. Appendix 1 shows the major risks to the project. The most significant risks posed are in relation to resource capacity over the course of the plan, and the risk that further issues could be discovered during remaining testing. Controls have been put in place to monitor both risks and to provide early warning should adverse impacts be identified so that adjustments can be made if required to minimise overall plan impact.

Equalities impact

20.. A full Equalities Impact Assessment was carried out December 2020 and is available in <Y:\qlapp\qlsharepoint>. That EIA is still applicable and applies to this report because it is considered that the proposal in this report does not give rise to any additional implications in relation to the Council's public sector equality duty ("PSED") contained in section 149 of the Equality Act 2010. Accordingly, it is considered that in approving the recommendations of this report, the Council will be acting in compliance with its PSED.

Report author	Suzanne White
Job title	PMO Manager
Service area or department	ODS
Telephone	01865 335 745
e-mail	Suzanne.white@odsgroup.co.uk

Background Papers: None

This page is intentionally left blank