

Decision Maker: Executive

Date: 14th January 2015

Decision Type: Non-Urgent Executive Non-Key

Title: GATEWAY REVIEW OF HOUSING IT SYSTEMS

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Ward: Boroughwide

1. Reason for report

- 1.1 Contracts with the LBB Housing systems software suppliers, Northgate and Home Connections, expire in March 2016. Officers have completed a gateway review of the current and future system requirements and have surveyed the market to understand what alternative systems are available. This report summarises the conclusions of the gateway report and sets out recommendations for going forward.

2. **RECOMMENDATIONS**

The Executive is asked to agree that:

- 2.1 Officers proceed to procure a fully integrated Housing IT system from a framework developed by Crown Commercial Services.
- 2.2 The capital funding bid is approved to procure and implement the new Housing IT system to facilitate the savings set out in appendix 2b of this report.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council. Supporting independence.
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Financial

1. Cost of proposal: Estimated cost Investment in new IT between £70k and £200k one off cost.
 2. Ongoing costs: Recurring cost. Licence and upgrade costs anticipated reduction from current expenditure of £114, 870.
 3. Budget head/performance centre: Operational Budget Housing Needs - 744 010 1903
 4. Total current budget for this head: £76,890
 5. Source of funding: Revenue Support Grant plus Capital funding for initial investment
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Staff

1. Number of staff (current and additional): Project management officer to oversee implementation
 2. If from existing staff resources, number of staff hours: Existing staff will be involved in testing and implementation
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Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 12,000 people per year are processed using the Housing IT systems.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 This report sets out the high level conclusions and recommendations of a detailed Gateway report of Housing Information Technology requirements.
- 3.2 The Council currently operates the housing services using systems purchased from different suppliers at different times. The main systems are set out in a list below and in a diagram in Appendix 1:
- a Case Management system with a rents module.
 - a Choice Based Lettings system
 - an online housing application form
 - a document management system
 - monitoring and statutory reporting
 - software, to produce letters and reports and provide scanning capability.
 - interfaces have been developed to link the systems above with Housing Benefits, Capita and Liberata
- 3.3 The integration, of these systems and the software currently in use is both complex and expensive to maintain. Every individual upgrade of one system impacts on all the others and on the interfaces which have been developed. Typically there are 3-4 upgrades required every year and additional upgrades are required if a major IT software system such as Oracle is upgraded. In Section 2 of the Gateway review officers identified significant issues and risks with the current housing systems.
- 3.4 When the existing solutions were purchased many of them were extremely innovative and allowed the department to increase efficiency, however IT providers have continued to develop information technology which means that systems which are both more sophisticated in their scope and simpler to maintain are now available. An opportunity to replace the existing complex and outdated arrangements arises with the expiry of current contracts in March 2016.
- 3.5 Members receive regular reports outlining the actions being taken in order to meet the increased problem of homelessness in Bromley. This work involves managing a range of temporary accommodation options. The division is working with a range of providers, both RSLs and private sector landlords to secure temporary accommodation and private sector housing solutions. To ensure the effective use of these properties and to reduce any financial risk to the Council it is necessary to invest in streamlined and appropriately secure systems.
- 3.6 Officers identified the key IT requirements which would support the range of work being undertaken by the housing department. These are set out in Appendix 2a. This enabled officers to undertake soft market testing both with our current providers and others in the market place. A detailed technical specification will be completed prior to the formal commencement of procurement exercise.
- 3.7 The Council's Core Operating Principles set out guidelines for information and communication technology. These principles are also reflected in the Council's IT strategy. These considerations are set out below and have been considered in the recommendations. Information systems should:
- Be reliable, versatile and support modern ways of working
 - Support automation of processes, wherever cost effective
 - Create a knowledge based organisation
 - Optimise customer service

- Support rather than define business requirements and management principles
 - Be able to operate across organisational boundaries
- 3.8 The Council is adopting a customer self-service as far as possible. The existing choice based letting system is the only part of the housing system that currently allows self-service, but the newly developed solutions enable customers to manage their own registrations which automatically reduces the administrative burden on a Housing Department.
- 3.9 During the soft market appraisal of systems on the market potential efficiencies were identified which could lead to both cashable and non-cashable savings. These are set out below:
- An fully integrated solution would provide significant benefits in terms of reduction of IT support and staff costs. Integration would also lead to other benefits for Housing staff including ease of reporting across all data, processes completed across all parts of the system in one transaction, one system for staff training.
 - With the increased use of private sector landlords, it is critical that housing systems can provide secure and appropriate access for third parties, so they can effectively use London Borough of Bromley Housing systems. To underwrite financial risks it is also critical that third party access to housing systems is fit for purpose according to accepted IT good practice.
 - An externally managed service where the product upgrades are managed on behalf of the Council is required.
 - The solution should be hosted and supported independently of the Council, and preferably in an externally hosted environment so that future changes in commissioning can be managed with less risk.
 - It is critical that systems can cater for the growing trend in providing online services to customers. A review of housing systems would ensure our systems are able to accommodate these trends, in terms of functionality and standards.
- 3.10 Procurement of any new IT system is usually a complex and highly technical exercise as it requires officer resources with IT skills as well as officers with a comprehensive knowledge of the business requirements and procurement experts. The government recognised that procurement of IT systems is a key activity within the public sector and accordingly has through Crown Commercial Services set up 2 frameworks for IT services, both of which include housing systems.
- 3.11 Procuring from a framework would significantly reduce the time required to procure a system, leaving more time for the planning and implementation by the expiry of the current contracts. A detailed specification of the IT services will be completed and used to determine whether or not it will be possible to achieve best value by purchasing directly or whether it will be necessary to run a mini competition from the framework.
- 3.12 A detailed appraisal of the tasks and resources required for implementation has also been considered as part of the gateway review. The current systems may have to be retained in read only mode for reference. The associated costs including and roles and responsibilities to support these systems, need to be agreed.
- 3.13 Liberata currently manage the LBB nightly paid rent accounts for some of the temporary accommodation used. Liberata use the housing IT system, via custom made interfaces to the Housing Benefit and LBB cash systems. Early discussions will take place with Liberata so they are aware of the implications of a change of systems. The new system will provide automated systems which will securely replace current cumbersome processes, particularly

manual processing of invoices. Streamlining of back office systems is a key consideration for the Council as it reduces in size.

- 3.14 Through the soft market testing Officers spoke to a range of system suppliers who delivered all or most of the functionality the Council requires . Some suppliers are long term providers of comprehensive systems to stock holding Councils, whilst others have developed their comprehensive system from an initial development of one aspect of the requirement, for example from a choice based lettings system.
- 3.15 Officers will be making a bid to the capital fund for the costs of purchasing and implementing the new system. Providers consulted as part of the soft market testing gave indicative costs of purchasing and implementing a fully integrated housing IT solution range from £70k to £200k. These costs were estimated on the basis of the high level specification. A more precise cost can only be given on completion of a detailed specification.
- 3.16 The current cost of annual maintenance licences for the housing systems is £70,695 plus per annum. In addition the annual costs of upgrading the systems are @ £25,000. Every year the division also incurs project management costs of approximately £50k to support the upgrades and ensure that the system is fit for purpose. The licence costs of each potential product are calculated differently, but from the soft market testing we concluded that there will be a year on year saving on this with a new system. Providers approaches to upgrades vary, but generally the integrated systems did not make additional charges for upgrades as the cost of these was included with the licence fee. Indications are that the new products are more flexible and enable minor changes to be made in house.
- 3.17 The high level timescales for implementation are shown below. This indicates the new system may not be in place by the time the current contracts expire. If a short extension of the current contract is required this will be requested when the contract award is reported. Implementation of the new system will depend heavily on the availability of staff resources from the Housing Division.

BUSINESS CASE	January 2015
CAPITAL BID	January 2015
TENDERING PROCESS	February to August 2015
IMPLEMENTATION	September 2015 –July 2016

- 3.18 The Council receives financial contributions towards the cost of running the Allocations and Choice Based Letting scheme IT system from Registered Social landlords. This income includes a contribution towards both the staffing and IT costs. This income will be retained when the system is changed and could be increased if additional RSLs or private landlords start to use the system. The income stream could be increased if additional providers wish to use the Council's system in a similar way.

4 POLICY IMPLICATIONS

- 4.1 Investment in a new IT system will support the Council in delivering the objectives of Supporting Independence and Excellent Council which are key priorities in Building a Better Bromley.

5 FINANCIAL IMPLICATIONS

- 5.1 Soft market testing suggests that the cost of purchasing a new system with all modules integrated will be between £70k and £200k. There will be additional costs of implementation and the structure of this varies between the different products available.

- 5.2 The current cost of annual maintenance licences for the housing systems is £70,695 per annum. In addition there are costs in upgrading the systems of £25,000.
- 5.3 Every year the division also incurs additional costs in maintaining the current system and associated processes of approximately £50k. A major server upgrade is also required in 2016/17 if the existing system is maintained which will be an additional £50K plus project management costs.
- 5.4 The annual upgrade and maintenance costs exceed the current allocated budget placing a year on year addition budget pressure to maintain a basic system which meets statutory requirements.
- 5.5 New models do not require extensive annual upgrades. Indicative costs of licences for new integrated systems are 20% of system cost which could lead to an annual reduction in the licence costs per annum.
- 5.6 The investment of capital funding in an integrated housing IT system will also lead to significant efficiencies in working practices because processes can be automated and streamlined.
- 5.7 Income recovered from RSLs who use the IT system for Choice Based Lettings may increase if new providers come on board when the new system is implemented.

8 LEGAL IMPLICATIONS

- 8.1 This report recommends that procurement of the replacement system is undertaken via a framework set up by the Crown Commercial Services. Clause 3.4 of the corporate procurement rules state;

“In seeking to demonstrate *Value for Money*, the Head of Procurement must be consulted and the agreement of the Finance Director obtained *prior* to commencing any *Procurement* process using the Office of Government Commerce (OGC) Buying Solutions or similar *Central Purchasing Organisation Contracts*.”

- 8.2 The benefits to the Council of using the Crown Commercial Services framework are:
- The procurement process has already been undertaken in accordance with EU Regulations
 - Contractors have already agreed to a standard set of terms and conditions
 - Obtain the best value solutions on commonly purchased goods and services.
 - Deliver savings thereby making a substantial contribution to local government efficiency targets.
 - Save time and effort by accessing established, compliant framework agreements under the Public Contract Regulations 2006.
- 8.3 The procurement landscape is changing fast and for local government this means:
- Using existing frameworks to leverage even better procurement solutions and value for money
 - Avoiding duplication of effort.
 - Reducing procurement costs.
 - Making it easier and more cost effective for suppliers to deal with local government.
 - Concentrating on outcomes not processes.

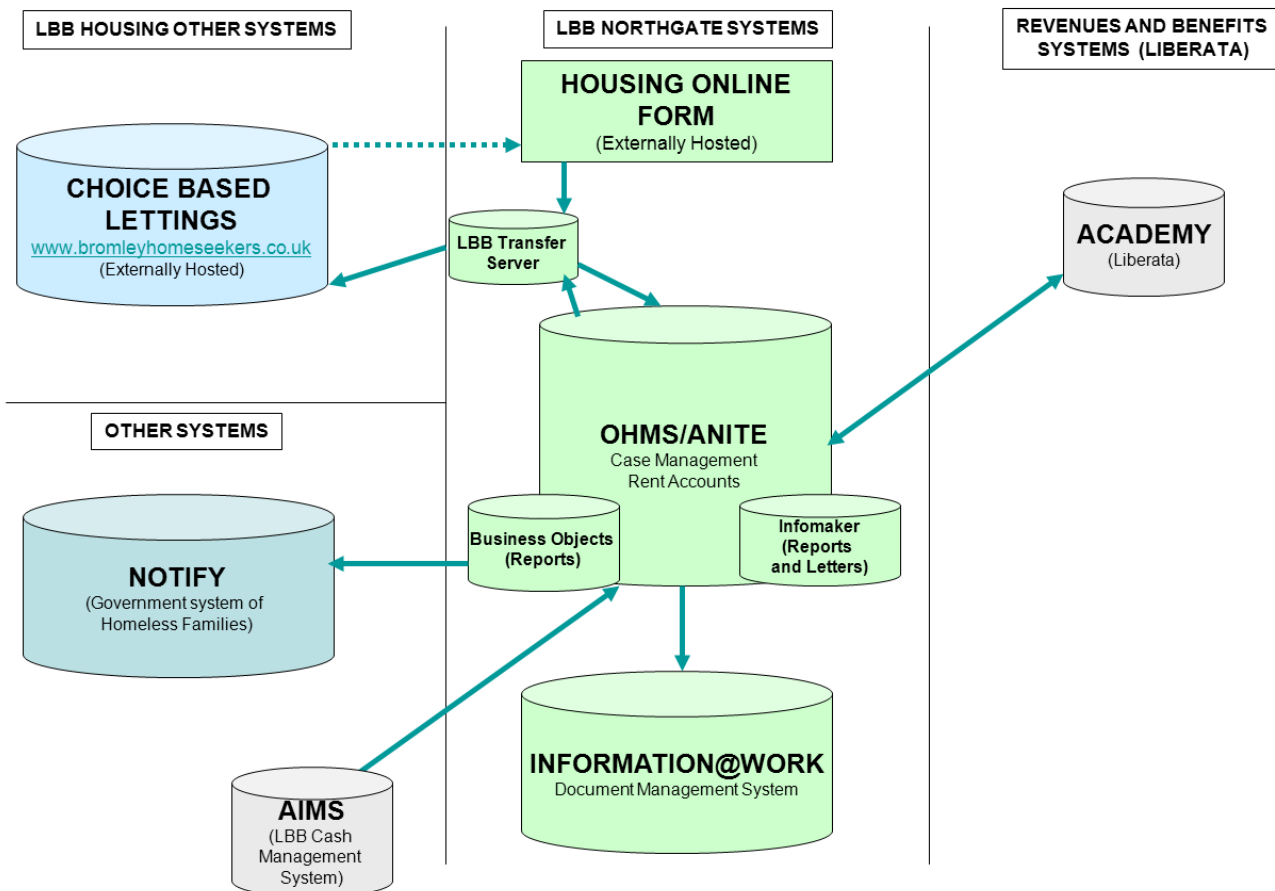
9 PERSONNEL IMPLICATIONS

- 9.1 Retendering of the contract will not have any implications for housing staff.
- 9.2. Housing staff and additional project resources will be required during the implementation stages of the project.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	Gateway Review of Housing IT Systems.

SYSTEMS OVERVIEW – LBB HOUSING SYSTEMS

June 2014



APPENDIX 2a

Housing Advice & Options
Homelessness
Housing Register including automatic assessment following the current Housing Scheme (Legal and Local Housing Scheme Requirements)
Mutual Exchange
Accessible Housing Register
Workflow and Case Management
Online Forms e.g. Housing Register
Choice Based Lettings
Allocations
Repairs and Maintenance
Void Management
Rents
Contact Management/CRM
Document Management System
Online customer enquiries e.g. view Rent accounts, applications, provide Change of Circumstances
Interfaces including: <ul style="list-style-type: none">- From Cash systems- To and From Housing Benefit Systems- Payments to Providers- Document Management System- Microsoft Outlook- Geographical Information Systems
Reporting
Customer Summary
Letters (Word Integration)
SMS/WIM/Email
e-government Requirements
Mobile Working for Staff
Mobile Apps for Customers
Ability to allow systems to be securely used by various Partner Organisations
Retention functionality to keep in line with Data Protection Act

Appendix 2b: New housing IT system:

Implementation costs:

	2015/16 (early start)	2016/17	2017/18	TOTAL
	£000	£000	£000	£000
Consultants' Fees	5	5		10
Purchase and implementation of new system	75	75		150
Project Management	35	31		66
Interfaces/infrastructure		5		5
Mobile working hardware		3.7		3.7
Scanning software		5		5
Cost of maintaining read only historic records		5	10	15
Training		5		5
Sub-total	115	134.7	10	259.7
Testing and frontline implementation – Housing Needs – (housing advice, homelessness, temporary accommodation housing register & allocation modules)	15	15		30
Testing and implementation – Liberata & Exchequer services (rent accounts)	21	22		43
Total	151	171.7	10	332.7

The estimate is cautious and based on a soft market testing exercise including a contingency. In order to procure a new system a detailed technical specification will be written .

Partner contributions:

e.g. Government grants, other local authorities, private sector, other (please specify)	2015/16 (early start)	2016/17	TOTAL
	£000	£000	£000
RSL contribution*	20	20	40

*In addition to existing income. RSLs will also meet any individual project management or implementation costs.

Savings arising from implementation in revenue running costs:

	2016/17	2017/18	2018/19	TOTAL
	£000	£000	£000	£000
Savings from streamlined processes and reduced administrative tasks.	10	60		70
Reduction in annual maintenance		10	5	15
TOTAL	10	70	5	85

There are also likely to be additional efficiencies achieved in terms of the resources required from Performance and Information and Liberata rent account management as a result of increased automation of processes and tasks within a new IT system. These will be able to be reviewed against the new system abilities once implementation is underway.

The estimated savings against annual maintenance is a conservative estimate based on initial soft market testing.