

Report of E&H IM&T Team

Report to Director of Environment & Housing

Date: 7th January 2015

Subject: Proposed Housing System Procurement

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: Confidential Information in Appendix A Appendix 1 to this report has been marked as confidential under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The current contracts for the suite of Housing Management solutions have been in place for a long time, up to 20 years in some cases, and as such it is not possible to identify whether they still represent value for money.
2. While the functionality of the current system is considered to be good, it is difficult to establish how it compares with other systems now available on the market.
3. The combined complexity of this suite of applications is probably greater than any other area within the Council, as such to test the market will be difficult and requires a significant amount of directorate and corporate resource.

Recommendations

4. This report is to seek approval from the Director of E & H to undertake a procurement exercise for a suite of Housing Management solutions.
5. On completion of the procurement exercise, the successful supplier will be awarded the new support and maintenance contract for a suite of Housing Management solutions.

1 Purpose of this report

- 1.1 To seek approval for the Council to test the market to identify a suite of Housing Management solutions that will meet the Council's current and long term requirements while also representing value for money.

2 Background Information

- 2.1 The Council currently holds the details of over 90,000 housing assets:

- 57,000 residential social housing properties
- just under 22,000 formerly owned (disposed of) social housing properties
- 6,500 garages
- 6,600 communal areas
- plus the details of other associated assets (gardens, green spaces)

- 2.2 However, these numbers are likely to increase in forthcoming years because of anticipated housing growth in order to help meet housing demand.

- 2.3 As part of the Council's responsibilities as a landlord, we have a clear and obvious need to manage our social housing properties fairly and sustainably, which means:

- managing the existing tenancies and properties, i.e. rents, repairs, arrears management, service charges, voids, right to buy plus new tenancy applications, including those from local citizens experiencing housing crisis.
- managing the physical condition of the properties to a formally defined housing quality standard, accurately targeting future capital improvement works and investment planning options in the most suitable areas.
- managing energy efficiency of our social housing properties, producing energy efficiency certificates.
- managing the running of service and inspection contracts which includes Leeds City Council service contracts for gas appliances, lifts and electrical appliances to ensure their safe operation in line with statutory obligations.
- maintaining an accurate record of any known asbestos contained within social housing properties, its condition and location.
- maintaining an accurate centralised system to ensure all LCC housing stock meet the Regulatory Reform Fire Safety Order 2005 fire safety legislation.
- managing the grounds and local environment surrounding residential social housing to ensure it remains a safe and attractive place to live.

- supporting the channels by which tenants or other interested parties can contact the Council about its social housing provision.
- In order to deliver this work efficiently a number of specialist ICT Systems are used by over 1600 members of staff across the directorate and the Council, these systems currently include: -
 - Orchard Housing – Housing Management System
 - Keystone - Asset Management System
 - Psi2000 Asbestos Management System
 - Psi2000 Fire Management System
 - Locator Plus - Diagnostic tool to assist with the reporting of Council house repairs
 - PSTeam - Contract Management System
 - Paralegal Database
 - Disrepair Database
 - Arena Tracker – Manages Resident Involvement/Tenant Profiling/Satisfaction Surveys
 - Caseworks - Anti-Social Behaviour system

2.4 Each of these systems need to work with each other and several other systems, including the Siebel system used within the contact centre (currently being replaced by the Asidua CCP solution), FMS, Printsmart, and corporate identity and security management tools.

2.5 The support and maintenance contracts for these systems have been in place for between 10 and 20 years and are all due to expire in September 2016 after which a new contract will be required.

3 Main issues

3.1 The duration of time that the current suite of Housing Management solutions have been in use makes it very difficult to establish whether the existing contract still represents good value for money.

3.2 In addition while the available functionality and support for the current systems is considered to be good, it is also difficult to compare the current functionality with that provided by other suppliers.

3.3 As the current suite of Housing Management solutions have been procured from a number of different suppliers, it has frequently proven very time consuming updating separate solutions because of the extensive amount of products, system co-ordination and testing required before major updates to the systems can be

delivered. In addition it is also time consuming undertaking the contract management of numerous support and maintenance contracts.

3.4 The complexity of this suite of applications is probably greater than any other area within the Council, as such any attempt to test the market will be difficult, and require a significant amount of directorate and corporate resource.

3.5 If after testing the market a solution from a different supplier is selected, implementing that system will also require a significant amount of directorate and corporate resource.

4 Corporate Considerations

4.1 There are three options available to the Council in relation to the support and maintenance contracts for a suite of Housing Management solutions. **Option 1 – Tender for a new suite of Housing Management solutions**

4.1.4 This option would involve issuing a formal EU tender to procure a full suite of new Housing Management solutions capable of meeting not only the current requirement but also those requirements anticipated within the next 5 – 10 years.

- This option is the most objective means of assessing the products available on the market, and will provide all the functionality required within a single contract, with a single SLA and contract management plan.
- This option will also enable the Council to appoint a single supplier as a strategic partner to manage the full portfolio of systems in order to ensure they continue to develop in a single cohesive direction.

4.1.5 Option 2 - Extend the current Housing Management support and maintenance contracts

4.1.6 This option will involve negotiating with the current suppliers to agree costs, individual SLAs and contract plans for the support and maintenance of the existing suite of systems going forward.

- This option will be relatively quick and easy to arrange, and will ensure continued support for the existing suite of systems with no significant disruption of service, although some updates to systems and infrastructure will still be required within the foreseeable future.
- This option will also keep the current systems fully up-to-date with all legislative requirements, and will provide the ability to perform upgrades which include bug fixes, emergency fixes and functional updates to the product.
- This option is unlikely to result in any significant cost savings or reduction in the existing contract costs and would not provide the Council with any clarity about how the current suite of application compares with other products currently available on the market.

- This option will also prevent the business from understanding what innovations and developments which have taken place in the market since the last time the market was tested.

4.1.7 Option 3 – Operate the suite of Housing Management systems without a formal support and maintenance contract.

4.1.8 This option will involve the continued use of the existing systems without a formal support and maintenance contract.

- This option will be relatively quick and easy to arrange, it will also reduce the cost of the formal contract to zero. However this will expose the Council to a significant level of risk of system downtime, and malfunction.
- In addition, with no formal support and maintenance contracts in place, when developments or services are required from the suppliers these are likely to be provided at massively inflated costs and with no guarantee of when any work will be delivered.
- In the case of changes required to meet mandatory legislative requirements, with no support and maintenance contract in place there is an added risk of functional failure and system inoperability.
- Overall this option will result in much high operating costs, the suite of Housing Management systems gradually becoming more and more out of date and difficult to maintain, lower levels of reliability and over time the increasing possibility of complete system failure.

4.2 Whilst there are three options available to the Council as detailed above, to ensure Housing Leeds confidence that these systems are delivering best value, the IM&T function recommend Option 1.

5. Consultation and Engagement In 2011 a value for money assessment of the existing contract with Orchard Information Systems and the main Housing Management products was conducted by Housing Services, which included consultation with the various business areas within the Council to canvas their views on the system. The result of this survey was that Housing Services were satisfied with the current systems but in the longer term felt it important to test the market place more thoroughly in order to ensure the Council was receiving value for money.

5.2. The ICT Services Procurement and Sourcing Team have been consulted about the most appropriate procurement channel for this project. As a consequence it was suggested that while a new solution could legitimately be procured through an existing government framework contract, it was recommended that a full EU Tender (OJEU) would not only provide the most open and transparent procurement process, it would also provide the greatest opportunity to test the systems and functionality available on the market.

- 5.3. Once the tender preparation is complete, a full business case will be developed and shared with senior stakeholders for approval and sign off. This will include a detailed breakdown of the different procurement options, the associated costs, risks and value for money, indicative timelines, along with a formal recommendation of how the procurement should proceed. If approval is granted the tender will then be formally issued to the market.
- 5.4. As part of the proposed procurement exercise, stakeholders both within and outside the Council will again be consulted to identify what they currently consider to work well and what additions they would like incorporating into the new solution. This will take various forms including workshops with the different stakeholder groups.
- 5.5. If approval is granted, once the procurement is underway, the intention is to further engage the different stakeholder groups by including them within supplier evaluations, so that the wider user base can see demonstrations of the products and services being proposed by the different tendering suppliers.
- 5.6. The E&H Finance team, Corporate Capital Team and the Strategic Investment Board will also be consulted to confirm how the proposed procurement implementation will be best funded.

6. Equality and Diversity / Cohesion and Integration Any new ICT systems will have to meet the Council's accessibility standards for ICT systems.

- 6.2. Any new solution will also be expected to fully integrate with the Council's new Customer Contact Platform in order provide a consistent and streamlined customer contact experience for both existing tenants and members of the public alike.

7. Council Policies and City Priorities

- 7.1. This procurement is directly relevant to several of the cross-cutting themes which have recently been adopted by the Council. In particular the suite of housing systems will:-

- ensure the Council can effectively manage its estate of residential social housing including new builds resulting from housing growth
- assist tenants in improving the energy efficiency of their homes
- contribute to helping individuals in escaping domestic violence
- contribute to making Leeds a good place to grow old

- 7.2. This procurement is also directly relevant the Council's Smart City agenda.

- 7.3. This report provides evidence that will give confidence that LCC are utilising the best service offerings available in the market place and demonstrates that Housing Leeds work in partnership with Corporate ICT Services to align development priorities and meet best value for the Council.

7.4. Housing Leeds will ensure that the suppliers of the suite of Housing Management solutions continue to provide software that allow of customers to meet all Housing Leeds legislative requirements and meet best value.

8. **Resources and value for money**

8.1 The full procurement process will ensure the Council will undertake a thorough and transparent exercise, to establish a fit for purpose suite of Housing Management solutions that meet business requirement and are in line with Information Governance and legal requirements, whilst establishing value for money.

8.2 Based on the Value for Money Assessment completed in 2011, the overall cost of procuring and implementing a new suite of Housing Systems could be up to £2million. As part of the proposed procurement a full business case will be developed to help define the anticipated costs further.

8.3 The full business case will also identify the level of resource required from the various teams within E&H and within ICT Services.

These include:

- E&H IM&T – Head of IM&T, Application Management, IG and ICT Business Partners.
- ICT - Principal Procurement Officer, Solutions Architect, Project Manager.
- Housing Management - a wide selection of managers and subject matter experts and other business representatives.
- Finance

8.4 The preparation to go out to tender for a full suite of Housing Management solutions should commence immediately and the funding necessary to complete those preparations should be identified and released, so that the process can be completed before the current contract end date of September 2016.

8.5 Once the preparatory work is complete, a full business case will identify the current cost of ownership for the existing suite of Housing Management solutions and use this as a baseline against which the value for money of any new system can be measured. In addition it will identify the detailed scope and nature of the procurement, the anticipated benefits and risks, the expected costs and return on investment, as well as the realistic options currently available.

8.6 The completed business case should then be used to review the proposed procurement in more detail with the senior stakeholders before the decision of whether to proceed with the procurement proper is made.

9. **Legal Implications, Access to Information and Call In**

9.1 The Council's Contract Procedure Rules will be followed in line with Public Contracts Regulations 2006.

10. Risk Management

- 10.1 At present the current suite of Housing Management solutions is stable and meeting the vast majority of the business requirements, therefore there is no immediate risk of the systems failing or their functionality becoming impaired.
- 10.2 Once the procurement exercise begins, the amount of contact with the current suppliers will need to be kept to a minimum in order avoid any suggestion that the Council is treating the incumbent supplier on a preferential basis. This will also prevent any new developments being commissioned or implemented and it will also considerably reduce the amount of influence the Council currently has over the future developmental direction of these products.
- 10.3 The impact on operational services within the directorate will be dependent on the successful supplier and their service offering. If the results of the procurement exercise determines that our suite of Housing Management solutions are to be replaced, prior to the benefits being delivered and realised, due to the setup and configuration of the new systems, there may be significant disruption to the service
- 10.4 The contracts for the suite of Housing Management solutions end in September 2016. The procurement exercise for a suite of systems of this size is likely to take between 9 months and 12 months after-which setup, configuration and implementation will be undertaken.
- 10.5 In the event of a new supplier being selected to replace the incumbent supplier, there may not be sufficient time to implement the new system before the current contract comes to an end, in which case there may be the requirement for an extension to parts of the current support and maintenance contract to bridge the gap.

11. Conclusions

- 11.1 While the current suite of products used to manage the Council's social housing function is still broadly fit for purpose, there is no realistic way short of conducting a procurement exercise to verify that this contract still represents value for money.
- 11.2 As the current contracts have all been in place for over ten years, this would also be an ideal opportunity to engage with the wider user base in order to explore and capture a picture of the medium to long term aspirations of the directorate in relation to its social housing function and the changing environment in which the Council is operating. In particular this would enable the directorate and the new Housing Leeds function to reflect the changing requirements resulting from the re-integration of the ALMOs and align service with the new Smart City Agenda.
- 11.3 This process is likely to be a resource intensive exercise which will probably take at least 12 months to complete, not including the time it will take to implement a new solution in the event of a new supplier being awarded the contract.

12. Recommendations

- 12.1 This report is to seek approval from the Director of E & H to undertake a procurement exercise for a suite of Housing Management solutions.

12.2 On completion of the procurement exercise the successful supplier will be awarded the new support and maintenance contract for a suite of Housing Management solutions.

13. Background documents

13.1 Appendix A (This holds confidential contract information therefore should not be published)