

Report of: Dylan Owen, Application Manager, Shared Services and Housing Hub

Report to: Chief Officer, Housing Management Leeds, Resources and Housing

Date: 27th August 2018

Subject: Seeking approval to invoke Contract Procedure Rule 21 and extend the Arrangement with Orchard Housing Systems from 01/01/2019 to 31/12/2019.

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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: 1 & 2	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The current Contract (LCCITS100031 - DN200088 (CONTRACT-AARE-QZNB5G)) with Orchard Information Systems commenced on 1st May 2016 and runs until 31st December 2018. That Contract provides both parties with an option to extend for two further 6 month periods under the same Terms and Conditions.
2. The Director of Environment and Housing made a decision (D42039) on 6th February 2015 to commence a procurement exercise to seek a replacement of the Council's current housing management systems.
3. It was anticipated that the procurement of a replacement system or systems will commence in the February 2016 and that the transition to the new contract, following procurement, will take approximately two years.
4. The related design and implementation of the newly procured solution is taking longer than originally expected. This is due to the complexity and size of the change being implemented.
5. Parts of the new solution are already live. Others will be going live late summer and early autumn 2018. However, it is anticipated that the final solution will not be fully implemented and live until at least mid-2019.
6. It is also advised that we retain the current systems during the transition phase. This is due to the complexities of the databases and the information therein. Retaining current systems will not only ensure that we have business continuity, it will enable more effective data migration and implementation of the replacement system.

7. In the circumstances, it will be necessary to maintain and support the current systems until the procurement of, and transition to, the replacement system has been carried out.
8. This report seeks approval to extend the existing Contract with Orchard Information Systems from 1st January 2019 to 31st December 2020. Thus utilising both available 6 month options to extend.
9. The value of this extension is £237,985.51 as such is a Significant Operational Decision.

Recommendations

The Chief Officer of Housing Management, Resources and Housing:

- Approve the extension for 12 months of our contract with Orchard Information (LCCITS100031 - DN200088 (CONTRACT-AARE-QZNB5G) on the grounds that the current systems is proprietary in nature meaning the maintenance and support services can only be carried out by this contractor during the ongoing implementation process, and
- Approve entering into the new contract on the same terms and conditions as the existing contract.
- It is anticipated that the value of all the above contract extension will be in the region of £237,985.51.

1 Purpose of this report

- 1.1 To seek approval to extend our contract Orchard Information Systems (LCCITS100031 - DN200088 (CONTRACT-AARE-QZNB5G)) for two periods of six months in accordance with Council Terms and Conditions.

2 Background information

- 2.1 The software systems supporting the management by Housing Leeds of the Council's housing assets have been in place for a considerable number of years. Whilst these systems continue to meet the functional requirements of Housing Leeds, they are difficult to maintain in a complex technical environment and may no longer deliver best value for money. A decision was taken on February 2015, therefore, by the Director of Environment and Housing to approve a procurement exercise for a suite of Housing Management solutions which would deliver operational efficiencies and support the vision of the Service.

This procurement has taken place and the design and implementation of the solution is now being carried out by Civica UK Ltd. Due to the complexities and size of this project, the original time scales estimated for delivery are unachievable. It is now understood that the implementation will not be completed to meet business needs until mid-2019.

It is essential to maintain the current solution with Orchard Information Systems at a contract value of £237,985.51 per annum on an interim basis until the replacement system has been signed off as operational by the business areas concerned.

Using the available extensions and extending the current Agreement by 2 x 6 months until 31st December 2019 at a reduced rate of £237,985.51 per annum will result in an estimated total contracted spend of £756k for this service under this Contract.

The current contract held with Orchard Information Systems is under reference:

LCCITS100031 - DN200088 (CONTRACT-AARE-QZNB5G)

It is expected that the no further development of this system is anticipated following the extension or renewal of this contract and therefore no additional expenditure will be incurred.

Further details of the contracted services and their costs are provided in confidential Appendices 1 & 2.

The contract costs will be met, as they are currently, on an on-going basis from revenue budgets.

3 Main issues

- 3.1 A decision to procure a replacement housing management solution has already been taken. This procurement was completed and Civica UK Ltd were selected as the preferred supplier of the replacement system.
- 3.2 The design and implementation phase of this system replacement started in 2016. Due to the complexities of the design, revision of the delivery timescales has proven necessary. This is to ensure that an effective final solution is delivered that will meet the needs of the business over the coming years.
- 3.3 The Senior Project Manager on the Housing IT solution has asked that Leeds City Council retains the support and maintenance services of its current housing IT systems until December 2019. This is to ensure business continuity whilst the replacement systems continue to be designed, developed and implemented.

- 3.4 It is essential to maintain the current solution on an interim basis until the replacement system can be implemented. As the various existing housing management systems sit within a complex technical environment, it would not be possible to seek a short term replacement solution as these could not operate on a standalone basis and it would require considerable technical work and cost to develop interfaces with a core system which is to be replaced anyway.
- 3.6 As it is proposed to extend the current Contract with Orchard Information Systems the terms and conditions of the existing contracts will be unchanged. As the above contract has been in place for some time without contractual issues, it is deemed that this course of action carries little risk for the Council. In the event that suppliers seek to substantially amend the existing terms and conditions, then these will be referred back to PPPU for re-approval in accordance with CPR12 which states that where the Council's terms and conditions are not suitable and other terms and conditions are proposed, those terms and conditions must be formally approved in writing by the PPPU/PU before they can be accepted. This course of action has been discussed and agreed with PPPU.

Consequences if the proposed action is not approved

- 3.7 Not supporting the current system until a new contract is established and services can be transitioned to the new solution would present a considerable risk to the Council (see 4.6 below).

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Appropriate consultation was taken with regard to the decision to commence the procurement of a new housing management solution. As this decision is a consequence of the original decision to procure, it is believed that the initial consultation with the relevant stakeholders is sufficient for the purposes of this consequential decision.
- 4.1.2 Additional consultation has taken place with PPPU internal governance matters and the legal position with regard to the renewal of the existing support contracts.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 Equality, Diversity, Cohesion and Integration Screening was undertaken in respect of the decision to commence the procurement of a new housing management solution. It was determined that there was no specific Equality, Diversity, Cohesion and Integration impact. This applies equally to this consequential decision to renew the existing housing systems support contracts

4.3 Council policies and city priorities

- 4.3.1 This Contract is directly relevant to several of the cross-cutting themes which have 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

4.4 Resources and value for money

4.4.1 As a procurement exercise has already been undertaken to replace the current housing management systems, it represents value for money to continue the support of the current systems rather than risk severe disruption to services by not doing so whilst implementing the new replacement.

4.5 Legal implications, access to information and call in

4.5.1 The decision is a Significant Operational Decision due to the value of the proposed extension to this contract.

4.5.2 This is consequence of a previous key decision and as a result is a significant operational decision and therefore not available for call in

4.5.5 These comments should be noted by the Chief Officer of Housing Management, Resources and Housing in making the final decision as to the award of these contracts being the best course of action for the Council and should be satisfied that doing so represents best value for the Council.

4.6 Risk management

4.6.1 There is a considerable risk to the Council of severe disruption to current services and consequently of significant reputational damage if the current housing systems are not supported through procurement and transition to a new contract.

4.6.2 There is a risk that the phased implementation of a new system due to its complexity may go beyond the planned two year period. Sufficient flexibility to extend support of the current systems beyond the phased transition period should be built into the renewed support contracts.

4.6.3 As highlighted at paragraph 4.5 above, there may be a risk of challenge from other potential providers who have not been given an opportunity to tender for this work. However, given the complex technical environment in which the software applications have to work and the fact that the Council is undertaking a procurement exercise to replace the current systems anyway, it is considered that the risk is low.

5 Conclusions

5.1 There is too great a risk to housing services in not supporting the current housing management systems until a new solution can be procured and implemented.

5.2 Contracts for support of the current housing management systems should be renewed for an interim period as required to ensure continuity of the service during the phased implementation of the replacement system potentially up to the end of December 2019.

5.3 Our current Contract that ends on 31st December 2018 has two six month options to extend available. Using both of these options would extend the current agreement on the same Terms and Conditions until 31st December 2019.

6 Recommendations

6.1 The Chief Officer of Housing Management, Resources and Housing:

- Approve the extension for 12 months of our contract with Orchard Information (LCCITS100031 - DN200088 (CONTRACT-AARE-QZNB5G) on the grounds that the current systems is proprietary in nature meaning the maintenance and support services can only be carried out by this contractor during the ongoing implementation process, and
- Approve entering into the new contract on the same terms and conditions as the existing contract.

- It is anticipated that the value of all the above contract extension will be in the region of £237,985.51.

7 Background documents

7.1 None