Housing Sub-Committee - 7 September 2017
Adults and Children's Committee - 21 September 2017
Housing Management Solutions Capital Funding
Deputy Chief Executive

Purpose
The purpose of this report is to provision Housing Revenue Account (HRA) capital funding to re-commission a housing software solution and support the associated service transformation.

Recommendations of the Housing Sub-Committee
To resolve that -
1. the project proposals set out in the report are approved, including the project management approach in paragraphs 8-13; and
2. the Treasury Committee (at its meeting on 5 October 2017) is recommended to approve a capital funding bid as follows:
   - provision of £750k capital funds (over the financial years 2017/18 and 2018/19 with 90% coming from the HRA and remaining 10% from the General Fund) with a further 20% contingency fund (should this be found to be necessary, ie a further £150k), be approved for the project support, recommissioning, delivery and implementation of a housing software solution and associated transformation to support the solution.

Key Points and Context
A. The Housing Sub-Committee considered the following report at its meeting on 7 September and asked that the report be referred to this Committee to recommend the Treasury Committee to approve capital funding to recommission a housing software solution as set out in the report.

B. The Council’s Housing Service relies on having key ICT systems to deliver its aims and objectives efficiently and effectively. The current Universal Housing system, provided through Civica, is the main application used by Housing to deliver its services to residents and tenants.

C. The current system was commissioned 7 years ago and recently the contract was extended for a further year, up to the end of March 2018. RBK is required to recommission a solution and will follow the Council's re-commissioning process as well as any external regulatory and legal compliance. Any further extension or direct award would be at greater risk to the Council, as this has already been done once and the values would put it in excess of the OJEU/PCR thresholds, with any challenge to the contract decision likely to be upheld by the courts.

D. The opportunity to recommission a new ICT system solution also enables the Housing Service not only to take advantage of new technologies and methods of working, but also enable the service to become more effective and efficient.
E. The capital investment requested in this paper will enable the necessary budget to support the purchase of software, resources and materials to deliver the project and contribute to the transformation of the Housing Service.

F. The capital investment requested is estimated based on the previous implementation of the current system. Both the Project Board and the Project Manager will seek to minimise spend and be diligent and effective with the funds available.

G. There will be revenue implications for the delivery of this project but it is expected that this will be managed through existing revenue budgets.

H. The project, through its Project Manager, has reviewed and taken advice on the previous implementation of the current system and will address any lessons learnt to put appropriate measures in place.

I. A large portion of the funding will be in implementation costs attributed to RBK and supplier costs. The supplier’s costs will be determined by the market in response to the tender documents. This is currently only an estimate. The Project Manager may bring a revised Capital Funding Report once the final bidder is known should there be a variance in financial requirements.

Proposal and Options

1. Discussions have taken place with LB Sutton and their ALMO (Sutton Housing Partnership - SHP - who are currently responsible for procuring the housing system there) regarding undertaking joint re-commissioning and delivery. Whilst there may be savings and benefits from a joint procurement approach, this would not be possible within the current RBK timeline of March 2018. However, it remains the intention of both councils to work closely together in order to ensure that, as far as possible, SHP’s requirements are included in the tender specification and that Sutton is able to take advantage of this procurement, should they wish to do so. It should be noted that Sutton is on a different operating system and level of service maturity to Kingston. An options appraisal was undertaken jointly with SHP and both came to the conclusion that collaborating, not undertaking a joint procurement, was the best route.

Consultations

2. The project will seek to involve residents at key stages of the project and will set up a Residents’ Panel to inform and advise the project. This will be in particular the area of customer digital engagement and how services can be offered digitally. Due consideration will be given to equalities and its impact when changing service models.

3. There will also be broad consultation and participation throughout the commissioning process and in delivery, in particular with ICT, to assist in successful project delivery.
Timescales

4. The Project Team is seeking timely approvals to ensure the project can be successfully delivered to schedule.

5. The indicative timetable for the re-commissioning is set out here:

<table>
<thead>
<tr>
<th>Item</th>
<th>Timescale</th>
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<tbody>
<tr>
<td>Scoping and Specification writing. Publish Invitation to Tender</td>
<td>August - October 2017</td>
</tr>
<tr>
<td>Live Tender</td>
<td>November 2017</td>
</tr>
<tr>
<td>Evaluation of Tenders</td>
<td>January 2018</td>
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<tr>
<td>Award Submission</td>
<td>February 2018</td>
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<tr>
<td>Mobilisation</td>
<td>6 months (ref para 7) below</td>
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6. It is expected that the initial phase of delivery for the solution will be April 2018. However, this timescale may be aggressive and will rely on specialist advice from the chosen supplier as well as being informed by their timescales for delivery.

7. Should elected Members require any changes or additions to the proposals such that they cannot be agreed at the recommended committee meetings in the October 2017 cycle, officers would request delegated authority to make such changes, in consultation with the relevant Members, in order that action can be taken to meet the procurement timetable.

Resource Implications

8. Project governance, Contract Standing Orders and best practice will be applied to successfully deliver the commissioning of the project.

9. This project is estimated to cost £0.75m in capital resources, with an additional contingency of 20% requested on top of this, bringing the total budget to £0.9m. The nature of this project is such that an element of this cost will be attributable to the General Fund (GF) capital programme but with the majority being a cost to the Housing Revenue Account (HRA). The exact split has not currently been determined, but it is currently estimated that around 10% will be GF and 90% HRA, reflecting the properties within and outside the HRA’s scope of responsibility.

10. The resources for the HRA part of the project will be identified from within existing budgets for other projects with some available funding from the HRA contingency capital budget. The GF element is to be sourced from the Technology Investment Fund budget.

11. The capital funds will be managed by the Housing Service Manager (Policy, Service Development and Partnership) in consultation with the Project Manager. Regular reporting will be made to the Project Board of forecast and actual spend and any variance set against the amount approved in this report. This will be included within the capital budget monitoring processes and reporting through to
Treasury Committee on a quarterly basis. A separate cost centre will be established to manage project spend.

12. As part of the project a number of project personnel will be required to successfully deliver the project, to include: Commissioning; Finance Business Partners; ICT business Partners analysts; technical, and housing expertise. The capital costs being requested will cover all costs associated with the project to support the delivery of the ICT system solution and any third party expenditure and specialist personnel. This will be reflected in the project planning, resources and costs, in particular the move to a digital service. There are financial risks associated highlighted in paragraph 17.

13. It will be necessary to commission other teams, such as risk and audit, to provide expertise and knowledge to support the project along with providing robust controls to enable successful delivery. Legal advice and support will be commissioned from the South London Legal Partnership (SLLP), particularly in light of the contractual complexities for this scale of ICT support system.

Legal Implications

14. The current contract for the provision of a Housing Management System expires in April 2018. The Council is required by the Public Contracts Regulations 2015 (PCR) to procure a housing management system from April 2018.

15. In the event of any change in the manner of service provision, the client department may have a duty to consult service users.

16. Legal advice will continue to be sought from SLLP, with regards to PCR, issuing service specific contract terms and conditions that are appropriate to the services under procurement.

Risk Assessment

17. There is a risk that the budget requested in this paper may be insufficient to deliver the required solution. This is, in part, the way in which the current solution has been implemented and a number of issues, in particular data quality remediation, will be required to migrate to any new system. The level of change and investment, as well as aligning to new housing service models and standards, could be significant. A portion of the cost will be determined by supplier proposals, which will largely be dictated by market forces and RBK’s requirements.

18. There is also a significant risk that the complete solution will not be delivered within this financial year and would therefore be delivered in financial year 2018/19. Whilst there will be continuous improvement to the solution beyond initial delivery, the initial assessment undertaken by the newly appointed Project Manager is that this risk warrants serious attention. The delivery timescales are also largely dependent on the chosen supplier and commitments made in the final contract.

19. There is a risk that the market or a single supplier is not able to provide the complete solution covering all elements, including: a housing management system; document management; mobile capability; data requirements, and the customer digital experience. The tender documents will set out the criteria and evaluation for all suppliers.
20. During the period of implementation, the Housing Service is undergoing a period of transformational change and redefining a 2-5 year vision. Both factors are strongly interconnected but there is a risk that any system implementation may need to be revisited should the vision and strategy change during the implementation phase in 2018.

Equality Impact Assessment

21. The source A relevance form has been completed for the procurement and determined that a full Equality Impact Assessment is not required. This will be kept on file as part of the project audit trail.

Environmental, Road Network and Air Quality Implications

22. The project is seeking to leverage innovative technology and methods of working into the service to reduce resident travel time moving to digital engagement and online self service. In addition, we are seeking ways to improve methods of mobile working by employees to reduce travel time and carbon consumption. These new methods will reduce the impact on resources used and the environment. As further work progresses in the project and the type of solution is delivered, the Project Manager will be able to provide further statistics and measures.

Background papers - held by the report author, Robert Johnson, Service Manager, Policy, Service Development and Partnership, robert.johnson@kingston.gov.uk
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- None other than those referred to in this report.