

## READING BOROUGH COUNCIL

### REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH & NEIGHBOURHOODS

|                         |  |                   |                                    |
|-------------------------|--|-------------------|------------------------------------|
| <b>TO:</b>              | <b>POLICY COMMITTEE</b>                                |                   |                                    |
| <b>DATE:</b>            | <b>3 AUGUST 2020</b>                                   |                   |                                    |
| <b>TITLE:</b>           | <b>CONTRACT AWARD - NORTHGATE NPS HOUSING</b>          |                   |                                    |
| <b>LEAD COUNCILLOR:</b> | <b>JOHN ENNIS</b>                                      | <b>PORTFOLIO:</b> | <b>HOUSING</b>                     |
| <b>SERVICE:</b>         | <b>HOUSING &amp; NEIGHBOURHOODS</b>                    | <b>WARDS:</b>     | <b>BOROUGHWIDE</b>                 |
| <b>LEAD OFFICER:</b>    | <b>ZELDA WOLFLE</b>                                    | <b>TEL:</b>       | <b>0118 937 2285</b>               |
| <b>JOB TITLE:</b>       | <b>ASSISTANT DIRECTOR OF HOUSING &amp; COMMUNITIES</b> | <b>E-MAIL:</b>    | <b>Zelda.wolfle@reading.gov.uk</b> |

#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report is seeking expenditure approval and delegated authority for the award of a five year contract with a possible 2 year extension for software licences, support and maintenance and hosting of the Northgate NPS Housing IT system.
- 1.2 The following documents are attached to the report:
  - Appendix 1 - Equality Impact Assessment
  - Appendix 2 - Data Privacy Impact Assessment
  - Appendix 3 - Housing Systems Blueprint report

#### 2. RECOMMENDED ACTION

- 2.1 That Policy Committee grant delegated authority to the Assistant Director of Housing & Communities and the Chief Digital Information Officer in consultation with the Lead Councillor for Housing to approve the award of a contract to Northgate Public Services Housing (UK) Limited for a period of five years from the commencement date for the provision of an upgraded cloud Northgate Housing system delivered as SaaS (software as a service)
- 2.2 That Policy Committee approve expenditure of £1,137,640 over 5 years.

#### 3. POLICY CONTEXT

- 3.1 The Councils current Housing IT system Ohms enables the team to deliver frontline Services to residents of the borough however the system is ageing and is no longer being developed by Northgate. The current contract expires in December 2020.
- 3.2 The Housing Service requires a modern IT system which is fit for purpose in delivering Services in an efficient and effective way; that enables customers to self-serve as much as possible and allows staff to mobile work and work remotely.
- 3.3 There are a limited number of Housing Systems in the market and in order to ensure that the service could obtain a replacement system that was value for money with the desired level of functionality it commissioned NCC Group to perform a soft market test.

- 3.4 NCC carried out a number of workshops incorporating officers within Housing, Customer Services and Corporate IT to pull together a set of requirements for a new system.
- 3.5 Following completion of the soft market test NCC recommended Northgate Public Services (NPS) Housing system which would offer the best functionality and value for Money.

#### **4. THE PROPOSAL**

##### **4.1 Options Proposed**

- 4.1.1 The proposal is to procure Northgate's NPS Housing as the replacement cloud IT system for the current Ohms system which is no longer fit for purpose.
- 4.1.2 Northgate have demonstrated the product and its capabilities to key stakeholders as well as putting forward a proposal on the upgrade path including licenses and implementation costs.
- 4.1.3 The proposal from Northgate will cover future upgrades due to the SaaS model, the legal team have agreed the contract in principle obtained through the DAS framework which best utilises existing licenses leading to cost efficiencies.
- 4.1.4 The procurement of this upgraded software supports the Council's ICT and Digital Strategy promoting better access for customers to digital and online service delivery and is in line with the future operating model of the Council. This proposal has been signed off by the digital futures board and is aligned to the Council's cloud IT strategy.
- 4.1.5 Since the current Ohms system is owned by Northgate the NPS Housing System implementation will be treated as an upgrade by Northgate which will significantly reduce the implementation time and cost as compared with procuring an alternative system.

##### **4.3 Other Options Considered**

###### **4.3.1 Keep Ohms**

The current Ohms system is at the end of its life and is no longer fit for purpose, the current contract ends in December 2020 and therefore a new system is required.

###### **4.3.2 Full Procurement Exercise**

A full procurement exercise is likely to lead to the same conclusion in terms of system choice based on the soft market test carried out by NCC and would incur unnecessary cost and delay in obtaining a replacement system.

#### **5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1 The NPS Housing system will support the Council's strategic aims of 'providing homes for those in most need' and 'remaining financially sustainable to deliver service priorities' by providing more efficient and effective ways of working that will benefit both staff and customers. The new NPS system will allow online self-service options to customers of the service, and will simplify backend processes allowing for more resources and time to be allocated to front line services.

- 5.2 The contract will also contribute to the Council's Customer Experience Strategy 2020-2024.

#### **6. ENVIRONMENTAL IMPACT**

6.1 None directly relevant to this contract award decision

## 7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 None directly relevant to this contract award decision

## 8. EQUALITY IMPACT ASSESSMENT

8.1 Equality impact assessment carried out and no negative impact is expected to any stakeholder group

## 9. LEGAL IMPLICATIONS

9.1 This contract is being proposed under the RM3821 DAS framework which allows for a direct award where the contract is "intrinsically linked to a system already within the customers organisation." Awarding a contract under the terms of a framework agreement complies with the Council's Contracts Procedure Rules.

## 10. FINANCIAL IMPLICATIONS

10.1 The HRA capital programme agreed at Policy Committee in February 2020 included £715k of funding for purchase and implementation of the system with the ongoing revenue costs relating to software funded by the HRA revenue budget basis.

---

### FINANCIAL IMPLICATIONS

The financial implications arising from the proposals in this report are set out below:-

#### 1. Revenue Implications

|  | 2019/20<br>£000                        | 2020/21<br>£000           | 2021/22<br>£000           |
|--|--|---------------------------|---------------------------|
| Employee costs (see note1)<br>Other running costs<br>Capital financings costs              | £55,000<br>Extended<br>S&M for<br>OHMs |                           |                           |
| <b>Expenditure</b>   |  | £69.5K S&M<br>70k hosting | £69.5K S&M<br>70k hosting |
| Income from:<br>Fees and charges (see note2)<br>Grant funding<br>(specify)<br>Other income | HRA                                    | HRA                       | HRA                       |
| <b>Total Income</b>  |  |                           |                           |
| Net Cost(+)/saving (-)   | +£55k                                  | +£139,500                 | +£139,500                 |

The net cost of the proposal can be funded from budget code 5960.

## 2. Capital Implications

| Capital Programme reference from budget book: page line   | 2019/20<br>£000  | 2020/21<br>£000                                    | 2021/22<br>£000 |
|---|--|--|-----------------|
| Proposed Capital Expenditure  | £49,748 Staff<br><br>£40k new licenses<br><br>£29k Hosting set up<br><br>£181,820 Implementation Costs | £49,748 Staff<br><br>£181,820 Implementation Costs | £49,748 Staff   |
| Funded by<br>Grant (specify)<br>Section 106 (specify)<br>Other services<br>Capital Receipts/Borrowing | HRA  | HRA  | HRA             |
| Total Funding   | £300,563   | £231,568   | £49,748         |

## 3. Value for Money (VFM)

NCC report attached.

## 4. DPIA & Equality Assessments

Attached as appendices.