

Cabinet 24/03/2021	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director, Resources	Classification: Unrestricted
Approve software purchase of items additional to the existing Northgate contract without subjecting the purchase to competition	

Lead Member	Councillor Candida Ronald - Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Paul McHale, Head of Business Applications
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	4 February 2021
Reason for Key Decision	This report has been evaluated as not meeting the key decision threshold
Strategic Plan Priority / Outcome	1. People are aspirational, independent and have equal access to opportunities.

Executive Summary

Approval is sought for the additional spend over OJEU threshold on existing Northgate Contract to purchase extra time resource and materials (Software) with agreed budget by Tower Hamlets Homes and Housing Options.

Advice from Procurement is that due to the contract value, Cabinet approval will be needed for additional purchases.

Recommendations:

The Cabinet is recommended to:

1. Approve purchase of items additional to the existing Northgate contract without subjecting the purchase to competition
2. Authorise the Corporate Director Resources to enter into such agreements as are necessary to carry out the purpose of this report.

1 REASONS FOR THE DECISIONS

- 1.1 Delivers on the council's strategy of using digital innovation to respond to changing needs. These changes will better enable the council to deliver services using smart technology.
- 1.2 Decision will deliver extra software solutions to existing housing management system to improve customer experience through implementation of more user-friendly software interfaces and integrating with other modules and services.
- 1.3 Service savings realised by enabling more efficient business processing by channel shifting to smarter technology improving data quality and removing double entry.
- 1.4 Advice from procurement team is the value of the contract is above the threshold for delegated decision by a Chief Officer.

2 ALTERNATIVE OPTIONS

- 2.1 Do nothing – Carry on as we are with no change or development of the system, no improvement to customer experience and no savings achieved.
- 2.2 Seek software and services from an alternative source – would involve extra cost to integrate two 3rd party software solutions. Customer Access board decided the best option is to move to integrated solution provided by existing supplier of housing management system (Northgate, SX3).

3 DETAILS OF THE REPORT

- 3.1 Northgate Public Services SX3 Housing Management System (HMS) is the council's choice of software provider for over 15 years assisting with the majority of housing management services.
- 3.2 The software/application provides the full suite of housing services from repairs, rents, service charges, estate management, allocation, Customer web portal etc.
- 3.3 Recently the software has been rehosted with Northgate as part of a new contract. This provides cloud technology to council housing services offering better performance, reliability, and flexibility.
- 3.4 This new contract with Northgate was signed in April 2019 after the novation of the contract back from Agilisys. The contract was with Agilisys for over 8

years. This previous arrangement with Agilisys allowed for greater purchasing flexibility.

- 3.5 The current Northgate contract is for 3 years with an option to extend for 2 more years. The current contract ends in April 2022.
- 3.6 As the value of this contract exceeds the delegated authority for the Corporate Director Resources to agree to a purchase without competition via RCDA advice a specific delegation to this effect is sought from the Mayor in accordance with the constitution and the Procurement Procedures.
- 3.7 Housing have several outcomes they wish to achieve over the coming year which relies on the need for IT solutions. Integration with the existing Northgate system is a requirement.

Housing Option:

- 3.8 The CPMO are running a Housing Options project to deliver improvements to the customer journey. The project entails
 - implementation of a new ACD telephony system for handling all phone calls to the main homelessness and housing waiting list general public telephone lines; automated greeting that directs callers to appropriate website content;
 - new and improved housing website content, including self-triaging to aid self-help
 - a new online journey for homeless applicants enabling self-referral and the option to self-book an appointment, integrated with the back end homelessness system.
 - new online Northgate form to apply on the waiting list, report a change of circumstances, report health issues

The project estimated savings in the Housing Options Service of

- £186,956.84 annual savings based on 10% shift,
- £280,435.26 annual savings based on 15% shift
- £373,913.68 annual savings based on 20% shift

Service estimates that 10% shift can be achieved by the end of year 1 (2021/22) followed by another 5% by the end of year 2 and another 5% by the end of year 3 so that the total of £373,913.68 savings can be achieved by the end of year 3.

- 3.9 As part of this project to deliver a new customer online journey, purchase of Northgate licences and development of “3 Online register forms is required. The Northgate licences will enable waiting list applicants using the Northgate forms to have a distinctive Housing Options ‘look and feel’ experience.

Development costs are to provide consultancy days for the building of the forms.”

Tower Hamlets Homes:

- 3.10 THH also have a requirement to improve customer experience and have requested the need for an improved repairs logging system (RepairFinder) to make it easier for staff to log repair calls using graphical tools. This will help improve accuracy and reduce turnaround times and incidences of wrong diagnoses, thereby saving money and increasing customer satisfaction.
- 3.11 In 2018/19, the HSC received around 110,000 repair related calls and approximately 84,000 works orders were raised on Northgate. This means that almost 26,000 calls (30% of calls) were avoidable because: they were inaccurately logged; chase up calls were placed; or multiple visits were made by the repair operative instead of being resolved on the first visit.
- 3.12 In addition to the benefits to customer service and satisfaction, 3.11 highlights efficiency and potential savings by removing 30% of calls to repairs team. There is an estimated saving of approximately £81,200 per annum based on the effort of raising 30% less calls.
- 3.13 To meet these requirements the purchase of extra services & software with Northgate is the recommended solution at this time. The table below outlines over the coming year what is required to be delivered assisting the improvement of customer journey and estimated savings.

Table 1

Purchase\Module	Service Requesting	Description
3 Online register forms - Multi-Organisation Licence needs purchasing.	Housing Options	Required licences to develop 3 new integrated housing register online forms to enhance customer experience and improve service processing by integrating the forms with other modules within the systems allowing for quicker decision making and removal of double entry.
RepairFinder (interface diagnostic tool)	THH	Interactive graphical online tool to enable more accurate repairs to be raised by staff. This creates more accurate data records enabling more accurate and quicker repairs to be carried out
Additional database	HO and THH	Extra Database to be used to help the smooth running of Rents Year End process. Used in the testing process for year-end processing and freeing up of other instances for testing. Rents year end runs from Oct to March currently limiting other development and testing to take place.
Housing Dashboard	HO and THH	Real time reporting capabilities enabling quicker data driven decision making and greater transparency.

3.14 Appendix 1 of cost breakdown document highlights a breakdown of additional software and service costs required.

3.15 Appendix 2 of cost breakdown document highlights the current contract costs for this year and the increased cost for next year.

4 EQUALITIES IMPLICATIONS

4.1 There are no equality implications arising from the proposal as it is related to spending on IT services.

5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,

- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report requests approval of the purchase of items additional to the existing Northgate contract. The current annual cost is £266k. The extra cost is £125k of one-off purchase cost in 2021-22 and a further ongoing annual cost of £23k. The costs will be met within existing resources of the Housing Options Service and the Housing Revenue Account (HRA).
- 6.2 The estimated saving of £374k by 2023-24 relates to existing MTFs General Fund savings for Maximising use of technology in Housing Options Service (D&R 002 / 17-18) and Local Presence (ALL 006/17-18). Efficiency savings gained in the HRA will be considered as part of the MTFs refresh of the HRA business plan and budget including the THH Management Fee.

7 COMMENTS OF LEGAL SERVICES

- 7.1 A purchase of this nature would ordinarily require the Council to perform a competitive exercise with the market with an award being granted to the most economically advantageous tender if the purchase was taken in isolation. However, there is good reason why an award may only be made to Northgate which would render a competitive exercise futile.
- 7.2 Regulation 32 of the Public Contracts Regulations allows the Council to make an award without a competitive advert being placed where "...competition is absent for technical reasons". Any technical reasons derive from the subject matter of the contract.
- 7.3 The current system is integral to the Council's delivery of statutory services and may not be changed without significant long term planning prior to a procurement. This would also require significant investment from the Council in terms of retraining and implementation of any new or different system.
- 7.4 Also, the items to be purchased and as described in this report must integrate fully with the existing system and therefore until such time as the entire system is re-procured the only practical supplier of the items is the existing supplier as integration is likely to rely on knowledge of information owned only by the existing supplier. However, it should be noted that at some future date the Council may re-procure a new system in its entirety to which regulation 32 would not apply.
- 7.5 Under the constitution a Corporate Director has the delegated authority to agree to a purchase without competition where the value of the purchase is below the same level set as the threshold above which the Council is required to abide by the Public Contracts Regulations (currently £189,333). The value of the purchases detailed in this report exceeds this value and therefore, a specific delegation is being sought from the Mayor to make this decision.

- 7.6 The Council is still required to demonstrate that this purchase satisfies the Council's statutory Best Value duty. Therefore, the prices should be benchmarked with that of other suppliers and implementation will be monitored in line with the agreed contract to ensure quality of delivery.
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Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1
- Appendix 2

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None.

Officer contact details for documents:

N/A