

# Decision Pathway – Report

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 07 February 2023

<b>TITLE</b>	<b>Housing IT and Transformation Programme – approval of Full Business Case</b>		
<b>Ward(s)</b>	Citywide		
<b>Author:</b> Stewart McDermott	<b>Job title:</b> Programme Manager		
<b>Cabinet lead:</b> Cllr Tom Renhard, Cabinet Member Housing Delivery and Homes	<b>Executive Director lead:</b> Stephen Peacock, Executive Director Growth and Regeneration		
<b>Proposal origin:</b> Councillor			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>  To seek approval of the Full Business Case (FBC) and authority to proceed with of the Housing IT Transformation Programme (Implementation and Delivery): <ol style="list-style-type: none"> <li>Approval of our Full Business Case, including BCC implementation and delivery related costs up to £3.1m over two years;</li> <li>Authority to award the contract for a new Housing IT system to <b>the recommended Preferred Supplier</b>, up to a value of £4.43m, including suppliers’ one-off costs of £1.57m and five years support and maintenance charges;</li> <li>Authority to incur additional costs up to £600,000, to extend the existing legacy Housing IT support contracts beyond May-24, should this be needed.</li> </ol>			
<b>Evidence Base:</b>  <b>Summary of the Preferred Option:</b>  Options were considered, and these were examined in our Outline Business Case, and supporting documents: <ol style="list-style-type: none"> <li>“Do Nothing” – retain existing systems and supplier. This was not feasible as a number of the current Housing IT systems will reach End Of Life in Dec-23 and May-24. All are at end of support by May-24. These must be replaced.</li> <li>“Do Something” – direct award to the existing supplier, for new / upgraded versions of existing systems. This was not deemed feasible due to the current use of multiple, disparate IT and ongoing concerns and issues related to core systems.</li> <li>“Do Everything” – procure a new, strategic Housing IT solution that meets the needs of BCC, our tenants and residents, and third parties. <b>Preferred Option</b> due to quantified tangible and cashable benefits.</li> </ol> <p>The Council has undertaken a competitive procurement inviting the suppliers on Crown Commercial Services Framework RM3821 (Data and Application Solutions) Lot 1a, of which six suppliers responded to an Expression of Interest in participating in the further competition for our requirements. Bidders had two months to respond to the tender and the Council received bids from four within the submission deadline.</p>			

Bids were received on 4/11/2022 then scored and evaluated over four weeks, with moderation ending on 5/12/2022.

As such, were able to recommend to the programme board that **the recommended Preferred Supplier** be appointed as Preferred Supplier. This was ratified and approved at the programme board meeting on 16/12/2022.

### **Programme Outline and Background:**

The Programme commenced in January 2022 to ensure that the systems supporting our critical Housing services could be replaced by May-24. This will include reviewing our business processes and updating / improving these as part of a move to a single strategic system with a single delivery partner. This aligns with current BCC business and ICT strategies, such as Digital First.

Current Housing systems reach their end of life / end of support in in December 2023 and May 2024. These deliver critical systems to the citizens of Bristol and include:

- i. **Housing Management system** - managing tenant and landlord needs and services, and delivery of these. End of support in May-24, one off 12 months extension available if needed;
- ii. **Workforce Scheduling systems** –which deliver maintenance and repairs services to our tenants. End of life in Dec-23 and as such poses an imminent Risk to Critical Services, no further support available from the incumbent supplier;
- iii. **Compliance** - which enables BCC to ensure that all Housing meets regulatory standards. End of life in Mar-24, one off 12 months extension available if needed;
- iv. **Asset Management** - helping us to effectively manage and maintain social housing property across Bristol. End of life in May-24, one off 12 months extension available if needed;
- v. **Private Housing Case Management & Accessible Homes**: the system is reaching the end of contract and end of life by May-24;
- vi. **Digital** – rebuild and delivery of new applications, portals etc. that will make Housing Services much more accessible for our tenants and landlords. Delivers significant benefits and cashable savings for BCC and our tenants;
- vii. **A number of supporting functions and sub-systems** - these cover all aspects for social housing for all our tenants and citizens such as: case management, choice-based lettings, Homelessness support, support for vulnerable tenants etc. All end of life in May-24, one off 12 months extension available if needed.

- These systems do not support current business functions (“As-Is”), leading to numerous ineffective and expensive workarounds which affect productivity. For example, we cannot estimate, cost or automatically schedule maintenance work – something that is standard functionality within systems used by comparable organisations.
- The above systems do not support automation or current best practice and have led to the ongoing use of resource heavy, inefficient and high-cost ways of working in BCC, which Housing are anxious to address and will deliver significant cashable benefits to the organisation;
- These have led to symbiotic issues where poor systems have led to poor processes / business practises. Both require addressing but neither can be done in isolation and technology support for To-Be processes is critical if savings and benefits identified are to be delivered.
- This in turn has limited our ability to provide best access to the most appropriate housing services to our citizens. Especially as we are unable to support BCC strategies, such as Digital First.

NB: End Of Life systems introduce security vulnerabilities as they are no longer maintained by the manufacturer. Use in UK govt is only permitted whilst a replacement is being delivered.

### **Cabinet Member / Officer Recommendations**

That Cabinet:

1. Approves the Full Business Case (FBC) as set out in appendix A and exempt appendix I.
2. Approves up to £7.5m (net, less sunk costs) over the next five years, drawn from Housing Revenue Account (80%) and General Fund (20%) to deliver the Housing IT and Transformation programme as set out in this report and Appendix A.
3. Authorises Executive Director – Growth and Regeneration in consultation with Cabinet Member for Housing Delivery and Homes and S151 Officer to spend up to £7.5m (estimated internal and supplier one-off costs, over two years) to deliver the programme in full (including procuring and awarding contracts over £500k) in-line with the maximum budget envelopes outlined in this report.
4. Authorises Executive Director – Growth and Regeneration in consultation with Cabinet Member for Housing Delivery and Homes and S151 Officer to take all steps required to confirm the Preferred Supplier and award the contract(s) necessary for the implementation of comprehensive new Housing system(s) (five-year contract, fully managed service, £4.4m total value inc. one off supplier costs), in-line with the procurement and legal routes and maximum budget envelopes outlined in this report.
5. Authorises Executive Director – Growth and Regeneration to invoke subsequent specific and relevant extensions/variations specifically defined in the contract(s) being awarded, up to the maximum budget envelope approved as part of the Final Business Case.
6. Authorise the Executive Director – Growth and Regeneration, in consultation with Cabinet Member for Housing Delivery and Homes, to take all steps required to extend the current contracts for Housing IT support services at a cost of up to £600k, should the Housing IT and Transformation programme not be fully implemented before they expire as outlined in this report.

#### Corporate Strategy alignment:

1. New systems and business process will align Housing services delivery to BCC's Corporate Strategy:
  - a. Theme 2: Economy and Skills (Good Growth and Digital Inclusion)
  - b. Theme 5: Homes and Communities
  - c. Theme 7: Effective Development Organisation
2. New digital service delivery platform (new citizen facing and internal applications, and revitalised portals) will support Digital First.

In addition (HRA strategy specific):

3. The HRA maintains a 30-year business plan, to ensure the long-term financial viability of financial plans. The 30-year business plan contains assumptions regard future costs and expenditure. The plan has been updated with a commitment to deliver 3% efficiencies against housing management costs, which for 2023/24 £. This is based on the assumption that the new housing management system will be implemented in 2024 will result in efficiencies across the service.
4. On 24 Jan 2023 the HRA Budget 2023/24 report was approved by Cabinet, with final budget decisions (taken/to be taken) at Full Council on 21 Feb 2023. The report sought approval for both the 2023/24 HRA budget and 2023-27 Medium Term Financial Plan.

#### City Benefits:

Programme benefits can be summarised as Delivery of a new Housing IT system that support our business processes and optimal Ways of Working:

- **Digital** – a range of applications and web-based service delivery options that support Digital First and enable our tenants / residents and partners to self-serve, as the primary and preferred option. Including:
  - New tenant facing mobile applications that will facilitate Self-Service access to our key Housing Services such as repairs, maintenance and rents.
  - New tenant portal which will align to the above, and provide additional support / access to other important services such as choice based lettings, licensing etc.
  - New contractor portal that will make it easier and more cost effective for BCC to continue to use third parties as part of a hybrid service delivery model.

- **Automation** – replacement of current manual processes and workarounds with new technology, mapped to our To-Be processes and preferred, optimised Ways of Working. Including:
  - Automated estimation, costing and scheduling of the majority of Repair and Maintenance jobs;
  - Support for automatic payments of correct invoices.
- **Data** – migration of cleansed, operational data to a new, central data source. Including:
  - Data duplication and consistency issues will be removed – new database will provide a “single version of the truth”;
  - The need for manual data management will be removed. Data loss and errors associated with this will be fully mitigated;
  - Support for new reporting tools, providing up to date management reporting etc.

In addition to the above, the new system will be delivered and supported as part of a Fully Managed Service from the Preferred Supplier. This will significantly reduce the current IT support effort and related costs, which at present are fully born by Housing Services.

In delivering the above, we actively support the following themes:

1. Theme 2: Economy and Skills (Good growth and Digital inclusion) – via our digital service platform for citizens;
2. Theme 5: Homes and Communities – through best provision of the most appropriate housing services as and when needed;
3. Theme 7: Effective Development Organisation – through effective business process re-engineering and transformation and the delivery of effective technology that supports this and (1), (2) above.
4. Sustainability and Social Value are key elements of our procurement strategy, against which potential suppliers will be evaluated. These run alongside and with equal importance to our business and technical requirements.

#### **Consultation Details:**

##### **Internal Consultation:**

We have consulted board and our Cabinet member frequently with regard to scope, progress and costs etc. This has included all reports and board submissions including EDM and HSLT. In addition, BCC Finance have provided governance and oversight for all costs and budgets.

##### **External Engagement to date:**

In 2021, soft market testing was carried out, to gain a market perspective on Housing IT systems, the marketplace for these, use of technology amongst our peer group, and options for BCC.

In 2022, a second supplier evaluation / solution investigation exercise was carried out and additional research conducted into market leading Housing IT suppliers and their current technology offerings. This included several workshops with these potential suppliers and their delivery partners.

We reaffirmed the findings from the Soft Market Test and confirmed that the current disparate systems could and should be replaced by a single cloud-based platform with a self-service tenant portal and adoption of significant process automation across key service delivery function.

External engagement with tenants, residents and suppliers will be carried out with our IT Systems provider, when their proposed solutions are known.

#### **Background Papers:**

- Previous cabinet paper 14 Dec 2021 [‘Housing IT Transformation and procurement’ - mandate](#)
- [Decision of 14 Dec 2021](#)
- Previous cabinet decision paper 7 June 2022 [‘Housing IT and Transformation programme – approval of Outline Business Case’](#)
- [Decision of 7 June 2022](#)

<b>Revenue Cost inc Optimism Bias</b>	£2.91m total est. over five years	<b>Source of Revenue Funding</b>	HRA capital and revenue budget (80%) General Fund (20%)
<b>Capital Cost inc Optimism Bias</b>	£4.6m total est. over 23-24 / 24-25	<b>Source of Capital Funding</b>	Capital programme
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input checked="" type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

This report seeks approval of the full business case (FBC) supporting the renewal of business-critical housing systems. Authorisation is also sought to proceed with the awarding of a contract to deliver the Preferred Option outlined in the FBC.

The overall investment delivered in two phases (Development and Implementation) was estimated at £8.7m over the life of the programme, with £500K included as contingency. In phase 1, (2021-22) £430K was spent and a further £1.0m is expected to be incurred during this financial year. In June 2022 Cabinet approved £1.4m as funding for the development of the FBC, 20% being allocated to the General Fund. Funding for the HRA share (£1.12 months) will come from in-year underspends and transfers from the HRA general reserves. The amount to be funded from the Change Management Programme budget (GF) is £280K.

Approval is sought for the further investment of £7.1m, to be incurred over the remaining life of the programme during the financial years 2023-24 to 2027-28. It is anticipated that up to 80% of the expenditure could be funded from the capital programme, provision having already been made in the 2023-24 refreshed HRA business plan. This does not include potential future Civica support costs, should this service be needed beyond May-24.

The costs outlined in this report are based on technology enablement and implementation support. The Business case provides the potential to generate efficiencies from process automation and improved integration with back-office systems. The project will generate recurring savings/ cost avoidance of approximately £2.7m.

The table below shows the estimated investment required for the business case and potential savings/ cost avoidance:

<b>Housing Transformation Programme (£'000)</b>						
	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>Total</b>
<b>Investment</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>£'000</b>
BCC Professional consultancy costs	1,601	988	0	0	0	2,589
Contingency (tolerance)	320	197	0	0	0	517
<b>One-off Investments</b>	<b>1,921</b>	<b>1,185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,106</b>
Implementation & Ongoing costs ( incl. contingency)	1,060	985	796	793	794	4,428
<b>TOTAL COSTS</b>	<b>2,981</b>	<b>2,170</b>	<b>796</b>	<b>793</b>	<b>794</b>	<b>7,534</b>
<b>Potential Savings/ Cash Avoidance</b>						<b>(2,889)</b>
<b>NET TOTAL</b>	<b>2,981</b>	<b>2,170</b>	<b>796</b>	<b>793</b>	<b>794</b>	<b>4,645</b>

**Finance Business Partner:** Archa Campbell & Michael Jarret 19 December 2022

**2. Legal Advice:**

Legal Services will advise and support to capture the winning tender within the Order Form and call-off Schedules.

There are no specific legal issues regarding compliance of the winning supplier's tender documentation in relation to the council's requirements or the call-off terms.  
 The call-off contract will need to be signed before 22 February 2023, the current expiry date for the CCS framework.  
 HR advice should be sought in respect of any changes to staff requirements as a result of the delivery of the project.  
 Legal Services and the Council's procurement team will advise on the process for extending the existing legacy contracts if required.

**Legal Team Leader:** Husinara Jones, Team Manager/Solicitor 20 January 2023

**3. Implications on IT:**

General commentary:

This business case fully aligns with agreed architecture signed off at ARB, as described in the associated EA Azure Dev Ops Decisions repository links listed below:

ARB Decision & Date

35469 HiTT programme architecture 3<sup>rd</sup> May 2022

36256 Contractor Portal 19<sup>th</sup> July 2022

35965 Private Housing 19<sup>th</sup> July 2022

35828 Integration architecture 11<sup>th</sup> July 2022

35732 Interfaces for CSC 17<sup>th</sup> June 2022

**IT Team Leader:** David Morton, Senior Solutions Architect (on behalf of Gavin Arbuckle) – 28 November 2022

**4. HR Advice:**

The report identifies areas where people resource could be realigned or reduced as a result of the implementation of a new system, and the potential savings linked to these changes. Workforce re-modelling has been carried out to identify impact on roles which support our current systems and how the benefits of the new system might affect teams and services in Homes and Landlord Services and other areas of the Council.

Any workforce change that proposed reduction or change to roles will require consultation in line with the Council's HR procedures and should be considered when the new system is imbedded and after a period of evaluation to determine the resource requirements.

**HR Partner:** Celia Williams HR Business Partner – 15 December 2022

<b>EDM Sign-off</b>	Stephen Peacock (as board chair) Executive Director – Growth and Regeneration	30 November 2022
<b>Cabinet Member sign-off</b>	Cllr Tom Renhard, Cabinet Member Housing Delivery and Homes	13 December 2022
<b>For Key Decisions - Mayor's Office sign-off</b>	Corporate Leadership Board Mayor's Office	9 January 2023

<b>Appendix A – Further essential background / detail on the proposal</b> Redacted Full Business Case.	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b> Options Appraisal	<b>YES</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b> RAID template	<b>YES</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b> As agreed with the Equalities team, this will be reviewed in line with the Preferred Supplier's proposed service(s) and Implementation Plan post-FBC approval. EQUIA	<b>YES</b>

<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b> This will be reviewed in line with the Preferred Supplier’s proposed service(s) and Implementation Plan post-FBC approval.	<b>YES</b>
<b>Appendix G – Financial Advice</b> Financial Spreadsheet – not included as commercially sensitive. See (I) below.	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b> Full business case – contains commercial and operationally sensitive information Sections recommended as exempt (and all sub-sections therein): <ul style="list-style-type: none"> <li>• Section 3.6 Benefits Map – commercial, reputation and operational sensitivities.</li> <li>• Section 3.7 Potential Benefits And Savings – commercial, reputation and operational sensitivities.</li> <li>• Section 3.8 Future Benefits – commercial, reputation and operational sensitivities.</li> <li>• Section 4.4 Programme Benefits Realisation – commercial, reputation and operational sensitivities.</li> <li>• Section 4.5 Programme Quality expectations – technical, operational and security sensitivities.</li> <li>• Section 5.0 Programme Interfaces – technical and commercial sensitivities.</li> <li>• Section 6.0 Programme Financial Summary – commercial, operation and reputational sensitivities.</li> </ul>	<b>YES</b>  See FBC document v0.04 <b>(Not for external use.)</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>