

<b>Subject:</b>	<b>Retender of Whole Systems ICT Platform for Homelessness, the Housing Register and Social Housing Settings</b>		
<b>Date of Meeting:</b>	15 June 2016 – Housing & New Homes Committee <b>14 July 2016 – Policy, Resources &amp; Growth Committee</b>		
<b>Report of:</b>	<b>Acting Executive Director for Economy, Environment and Culture</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Peter Mustow</b>	<b>Tel: 29-2472</b>
	<b>Email:</b>	<a href="mailto:Peter.mustow@brighton-hove.gov.uk">Peter.mustow@brighton-hove.gov.uk</a>	
<b>Ward(s) affected:</b>	<b>All</b>		

## **FOR GENERAL RELEASE**

### **1. PURPOSE OF THE REPORT AND POLICY CONTEXT**

- 1.1 Brighton & Hove City Council (BHCC) and most East and West Sussex district and borough councils have a shared ICT platform, Sussex Homemove Partnership, to support and manage their respective Housing Register and homeless lettings, including bidding for homes.
- 1.2 The current ICT contract, which sits with BHCC as the lead partner, was set up in 2005 and now requires renewal as the market and Sussex Homemove demands from such a system have moved on significantly over the years.
- 1.3 A Value for Money exercise has been completed that concludes it would be advantageous for Brighton & Hove City Council to remain in the partnership and benefit from the savings generated from sharing costs. Residents would benefit from a seamless ICT platform across neighbouring areas.
- 1.4 In accordance with Contract Standing Orders, a waiver was agreed to extend the current contract to 31 March 2018 to allow a retender exercise to be carried out. This report seeks formal permission for Brighton & Hove City Council to tender for a new ICT supplier on behalf of the Sussex Homemove Partnership.

### **2. RECOMMENDATIONS**

- 2.1 That Policy, Resources & Growth Committee:
  - (1) Authorise the Acting Executive Director Economy, Environment & Culture to carry out a procurement of a whole systems ICT platform for homelessness, the housing register and social housing lettings.

- (2) Grant delegated authority to the Acting Executive Director Economy, Environment & Culture and the Executive Director Neighbourhoods, Communities & Housing to award and let a contract with the preferred supplier for a period of 5 years with an option to extend by 2 years.
- (3) Note that Brighton & Hove City Council will lead the procurement on behalf of the Sussex Homemove Partnership.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The shared ICT platform used by Sussex Homemove Partnership offers the mechanism where home seekers, and those on the social housing transfer list, state a desire for vacant social housing by 'bidding'. This allows residents to register their interest in homes rather than the historical method of the local authority allocating social housing to whomever is at the top of the list irrespective of preference. Once bidding closes, a shortlist is drawn up of households that have bid for the home who meet the highest priority under the respective authority's allocations policy, with the household who has been on the list the longest in that priority band having first refusal.
- 3.2 In 2005, Brighton & Hove City Council was one of the first authorities in the region to implement this approach to the allocation of social housing. In 2007, we were successful in bidding for government funding to expand the system to a sub regional partnership which led to the Sussex Homemove Partnership.
- 3.3 The current ICT contract is with Brighton & Hove City Council as lead partner. Partners gain access to the system by agreeing to pay annual support costs to the current provider (Locata Housing Services – 'Locata') and a share of the project management fees to Brighton & Hove City Council. This enables all partners to save costs when compared to buying the package separately.
- 3.4 In Brighton & Hove, the system manages our Housing Register of 23,000 households and the allocation of around 700 social rented homes each year. A robust system is required to manage the register effectively and also minimise empty property void times. More recent purchases to enhance our system include an online housing advice and application process as part of our move to more digital working.

#### Sussex Homemove Partnership

- 3.5 The initial Sussex Homemove membership included 11 local authorities and 4 registered providers that directly manage local authority housing stock across East and West Sussex. 35 other registered providers gain access to the ICT platform by virtue of their relationship with their local authority partners in providing nominations to their housing stock.
- 3.6 Arun, Adur and Worthing, and Mid Sussex have given us advance notice that they intend to implement their own system independently and are withdrawing from the partnership. However, they are continuing to participate with the current scheme during the period of the Waiver and have the option to review future participation should they wish to re-join the Partnership (subject to the agreement of the remaining partners) at a later date.

- 3.7 Taking these changes into account, moving forward we have 7 local authorities and 2 registered providers who have signed a Memorandum of Understanding of their commitment to the ongoing partnership (with around 25 other registered providers needing access to the ICT platform by virtue of their relationship with their local authority partners in providing nominations to their housing stock):

<b>Local Authority Partners</b>	<b>Registered Provider Partners</b>
<ul style="list-style-type: none"> <li>• Brighton and Hove</li> <li>• Chichester</li> <li>• Eastbourne</li> <li>• Hastings</li> <li>• Lewes</li> <li>• Rother</li> <li>• Wealden</li> </ul>	<ul style="list-style-type: none"> <li>• Hyde Housing (primarily managing Chichester DC stock)</li> <li>• Amicus Horizon (primarily managing Hastings DC and Rother DC stock)</li> </ul>

Whole Systems Approach

- 3.8 The market has changed significantly since we entered into our current arrangement with Locata in 2005. Many of the other suppliers who were then considered to be behind Locata in terms of the functionality of their system and support package have developed their system and support service to become very competitive.
- 3.9 As systems development has progressed associated costs have reduced and the offers available are more attractive. Providers now understand the importance of building flexibility into systems and of providing a whole systems approach to cater for a client’s journey - from needing initial housing advice, homeless prevention, and if this is unsuccessful, management of the Housing Register through to bidding for and eventually letting a home. As ICT systems have developed, a number of partners, including Brighton & Hove have purchased additional modules to enhance the system, such as to help with homelessness assessment.
- 3.10 We are seeking to procure a system that gives all partners access to a whole customer journey solution at an economical cost:



**Proposed whole system tender with access to all modules that partners can switch on/off as necessary**

- 3.11 A waiver was agreed in accordance with Contract Standing Orders for a 2 year interim contract with Locata, with a view to completing a retender for the ICT platform within this period.

### Partnership Value for Money Assessment

- 3.12 A Value for Money assessment of the Sussex Homemove partnership with soft market testing has been completed to determine whether it is beneficial for partners to progress the retender for a new ICT platform as a partnership or to dissolve the partnership and tender independently as separate authorities. The assessment found:

<b>Key advantages of the partnership</b>	<b>Key disadvantages of the partnership</b>
<p>A consistent service for residents and staff with a common and familiar interface across partnership areas</p> <p>Potential for reduced installation and support costs and better VFM</p> <p>Shared project management overheads (estimated at 1/7<sup>th</sup> Project Manager and associated project on costs rather than full costs when split by local authority partner)</p> <p>Potential for additional future partnership working and the strengthening the 'Greater Brighton' brand</p> <p>Alignment to Brighton &amp; Hove City Council's priorities around making best use of housing supply and enabling better sub-regional working.</p>	<p>Decision making can be slower</p> <p>Reduced flexibility over system changes with potential to mitigate through the new enhancement fund</p> <p>For Brighton &amp; Hove City Council, as lead partner we shoulder the burden of risk</p>

- 3.13 More significant savings can be generated if partners have a common allocations policy, however, it is recognised that this would be a considerable challenge and would restrict local flexibility to respond to changes in housing needs.

- 3.14 The soft market testing highlighted a range of costs depending on option chosen, provider, and software package. We compared high level estimates for 7 and 4 authority partners to demonstrate that a smaller partnership still offers the potential for savings:

<b>Option</b>	<b>Estimated cost of system purchase, install and support per partner over 5 years</b>	
	<b>Based on 7 Authorities</b>	<b>Based on 4 Authorities</b>
<b>0. Current system</b>	£178,000 + 1/11 <sup>th</sup> project management	
<b>1. Procuring separately</b>	£76,000-£233,000 + full project management	
<b>2. Procuring in a partnership with separate</b>	£30,000-£220,000 + 1/7 <sup>th</sup> project	£50,000-£220,000 + ¼ project

<b>allocation policies</b>	management	management
<b>3. Procuring in a partnership with common allocation policies</b>	£21,000-£48,000 +1/7 <sup>th</sup> project management	£36,000-£48,000 + ¼ project management

- 3.15 Project Management costs are currently agreed at £40,642 per annum and partners contribute an equal share of this (including Brighton and Hove City Council). This amount is due for review end of March 2017.
- 3.16 Based on the soft market testing, the new system will cost Brighton & Hove City Council in the region of £30,000 to £220,000 over 5 years (in comparison to the current estimated total cost of £178,000 over 5 years). However it must be stressed that whilst we are seeking additional functionality from the new ICT platform, we will not be seeking to pay more than we currently do.
- 3.17 The wide disparity in system costs arises from the high level estimates received from providers. The above high level estimates are from 4 different providers and are not based on specifications.

#### Tender Process

- 3.18 The estimated value of the contract straddles the OJEU threshold for services at £164,176. The relevant contract value is the term multiplied by the annual charge. There is no cost to advertising in the Official Journal but it is necessary to comply with the procedural requirements. The basic principles apply to all procurements in that they must be conducted on an open, fair and transparent basis to ensure that those interested in bidding are treated equally to determine which is best able to offer value for money across the life of the contract.
- 3.19 It is important to note that we are seeking commitment to progressing the tender phase in partnership. The tender will seek prices for both a new partnership and independent purchase by authorities. If cost benefit analysis shows independent procuring is more beneficial, the Council shall pursue this option.

#### Next Steps

- 3.20 If permission to tender is granted, the following provisional timescales will apply:
- 2016 Q3: Tender
  - 2016 Q4: Selection, clarification questions and contract
  - 2017 Q1: Contract awarded
  - 2017 Q3: Implementation, data transfer, testing
  - 2017 Q4: Live

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 There are 3 options for partners to consider:

- LAs procuring a local solution on their own
- LAs procuring in partnership with separate allocation policies
- LAs procuring in partnership with common allocation policies

Option	Advantages	Disadvantages
<b>1. Procuring separately</b>	<p>As an individual organisation it may be possible to react quicker to change requests</p> <p>Depending on the supplier LAs can negotiate the same annual support costs as they would pay if they remained in partnership (If remaining with Locata it may be possible to negotiate discounts)</p> <p>Data protection is easier to manage as an individual organisation</p>	<p>Project Management costs of one full time employee is not shared</p> <p>Cost of upgrading the system not shared</p> <p>Cross border control of properties advertised reduced</p>
<b>2. Procuring in a partnership with separate allocation policies</b>	<p>Most suppliers estimate a lower implementation cost per authority for partnerships than individual purchase</p> <p>Shared contract management costs</p> <p>Shared enhancement costs</p> <p>An integrated system offers opportunity for all partners to utilise the same module version at any one time (saving considerable costs on bespoke system upgrades).</p>	<p>It can be a challenge to develop an equitable method of sharing costs</p> <p>Data security a concern with IT systems being shared across multiple organisations (new ICT platform needs to mitigate this)</p> <p>Impact on other partners share of costs if one partner decided to leave</p>
<b>3. Procuring in a partnership with common allocation policies</b>	<p>As above procuring with separate allocations policy plus:</p> <p>There is a significant reduction in all costs (over 50% estimated by most suppliers)</p>	<p>As above procuring with separate allocations policy but with added disadvantage:</p> <p>Common allocation policy requires political commitment across all partners authorities, which may not be easy to achieve (there may be scope for some areas to share common policies where there</p>

		are already significant similarities which would deliver savings)
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4.2 We are seeking option 2 to procure in partnership with separate allocation policies.

4.3 The new contract presents a risk to BHCC that has to be managed. The tender proposes a model for BHCC (as lead partner) to enter into a contract with the new provider for the whole contract sum. BHCC will then re-charge all other partners their share of the contract sum. Should partners leave the partnership, the liability for meeting the shortfall rests on BHCC.

4.4 Under the current arrangement, Partners pay support charges directly and separately to Locata. This arrangement has gone well. With the exception of late invoicing, Partners have paid their fees when due. It is expected that Partners will operate with the same level of reliability and commitment.

4.5 To manage the financial risk, the following will be in place:

- An access agreement and a simple contract in essence between Brighton & Hove City Council and the other partners. Included in the terms and conditions will be provision for managing partner payments to the Council
- Partners that have signed up for 5 years will be liable for any outstanding share of the contract if they leave the partnership before the end of the 5 years term.

4.6 The risk presented to Brighton and Hove City Council is balanced by the benefit of savings to the Council arising from procuring in partnership.

## 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The Sussex Homemove Partnership board will conduct a survey of external users of the Locata ICT system to gain client feedback. This information will be fed into the specifications development.

## 6. CONCLUSION

6.1 Working in partnership through the retender exercise does not commit us beyond this initial period but allows for us to explore the value for money impacts of this approach through the formal procurement exercise. Specifically It allows for assessment of the potential for future cost savings on:

- Project Management needs
- Implementation and support (depending on supplier)
- System enhancements provision

6.2 If effectively resourced and managed, an effective Brighton & Hove City Council led partnership enhances the reputation of the authority in the region.

## 7. FINANCIAL & OTHER IMPLICATIONS

### Financial Implications:

- 7.1 The 2016/17 budget includes £0.025m for the annual support and maintenance costs payable to Locata, with the other 14 partners also paying their share of the costs directly to Locata. The cost of this new contract is currently uncertain, as soft market testing shows a wide range of possible costs. However the Council is seeking to procure a contract with additional functionality to be met within current budget resources. The final annual cost will be included in the future four year service delivery plans.
- 7.2 Brighton & Hove is the lead authority for the current contract and an agreement is in place for the other partners to pay an annual project management fee to the council. This contribution pays for one member of staff to manage this contract, in 2015/16 this totalled £0.039m.
- 7.3 According to the soft market testing, choosing option 1 would mean that the council would forgo any potential savings from working in partnership and any income generated from being the lead authority of the partnership, instead having to pay the full cost of project management which is likely to exceed current budget resources.
- 7.4 The market testing indicates that option 2 would be less expensive than option 1 as the Council could take advantage of working in partnership and share the project management costs. However, it would require the Council to pay the full amount to the chosen provider and recharge the other partners for their share of the costs, rather than the individual partners paying separately as is the case now. This is an increased risk for the Council but should be mitigated by the contractual arrangements with the partner authorities as highlighted in paragraph 4.5 of the report.
- 7.5 Option 3 could be less expensive than Option 2 but would require all partner authorities to have the same allocation policies. .
- 7.6 Figures stated in the report are based on the market testing carried out and are subject to change.

*Finance Officer Consulted: Craig Garoghan / Monica Brooks Date: 17/05/2016*

### Legal Implications:

- 7.7 Public supply and public service contracts with a value over the lifetime of the contract in excess of the threshold set by the European Union (currently £164,176) shall be advertised in the Official Journal of the European Union and on Contracts Finder and follow a recognised procurement procedure as laid down in the Public Contracts Regulations 2015. The tender process must comply with treaty principles and be fair open and transparent

*Legal Officer Consulted: Judith Fisher*

*Date: 11/05/2016*

### Equalities Implications:

- 7.8 None arising directly from this report. An Equality Impact Assessment will be carried out to inform the specification for the new system. Primarily, this will

ensure the customer facing website is accessible and that there is a non-digital alternative available for those not able to access digital services.

Sustainability Implications:

7.9 None arising directly from this report.

Crime & Disorder Implications:

7.10 None arising directly from this report.

Risk and Opportunity Management Implications:

- 7.11 As BHCC is the main contracting organisation with the ICT supplier it assumes all the risks of partners leaving the partnership or not meeting their contribution obligations. Partners will sign a Memorandum of Understanding to commit to the tender process and Project Management fees. Beyond this, remaining partners to the tender will be asked to commit to an access agreement and a contract in essence with Brighton & Hove City Council.
- 7.12 BHCC finance and legal services will offer a view as to the acceptability of this risk, which will determine the Council's ability to continue as lead partner.
- 7.13 Each partner remaining in the partnership shares the outstanding costs of the contract. These include the support costs to the supplier and the contract management costs to Brighton and Hove City Council. The share of outstanding costs for the remaining partners will increase if partnership size reduces. Each partner needs to decide if this risk is acceptable.
- 7.14 The procurement of a whole integrated system means that all aspects of the customer journey will be catered for. From when the customer first has indication that he/she may be made homeless to seeking options available to them. An integrated system helps to improve homelessness prevention, provide effective management of the housing register, and helps the allocation of housing stock
- 7.15 A review of Brighton & Hove's Housing Management ICT system is planned with a decision expected during the summer. If a new procurement option is chosen, a new supplier contract is expected for July 2018. Due to the timing of this review it is not possible to align both procurement exercises. As a result it is possible that both exercises select different software suppliers. To mitigate possible incompatibility issues, the specifications will include assurances that what ever systems are selected will be configured to communicate with each other.

Public Health Implications:

7.16 None arising directly from this report.

Corporate / Citywide Implications:

7.17 Brighton & Hove has a Housing Register with more than 23,000 households and lets to around 700 social rented homes in the city each year. In addition, there are more than 2,400 housing advice and case work approaches each year and more than 3,000 homelessness / housing register applications. A robust ICT system is required to manage this data securely and efficiently to protect customer information and ensure social housing is allocated in a fair and transparent way in accordance with our Allocations Policy and minimising void turnaround times. Soft market testing suggests that alternative ICT systems may

enable us to do this in a more efficient and cost effective way than the current system. Delivering this through a partnership has the potential to enhance the reputation of the authority and Greater Brighton area.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

### **Documents in Members' Rooms:**

None

### **Background Documents:**

None

