

Housing Management System Business Case

DOCUMENT CONTROL

Version	Status	Date	Author/Editor	Details of Change
1	Draft v1	15/09/20	Jen O'Grady	First draft
2	Draft v2	24/09/20	Jen O'Grady	Comment from Sara Weaver, Helen Stables and Tara Skidmore
3	Draft v3	01/10/20	Jen O'Grady	Comment from Joe Gordon and Kev Topping
4	Draft v4	26/10/20	Jen O'Grady	Comment from Lucy Clothier, Joe Gordon

APPROVAL PROCESS

Date	Version	Group or Committee	Details of Approval/ review
Mid October	Draft	Joe and Kevin	Further review and comment
Mid October	Draft	Lucy Clothier	Finances for budget consideration
End October	Draft	Caron and Keith	Review and comment
Early November	Draft	SLT	Approval to take to Committee
19 th November	Final	Legal and Finance	Implications of report
26 th November	Final	Democratic Services	Report deadline for Committee
8 th December	Final	Housing Committee	Approval

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1. INTRODUCTION

- 1.1 There have been longstanding concerns about the current Housing and Repairs IT Systems and their ability to support the needs of the Council, our tenants and our communities. It is clear that the current situation cannot continue. Investing in a new Housing Management System (HMS) will address the current risks and issues and see benefits and efficiencies achieved for the Council, allowing us to deliver improved customer services to our tenants and the wider community.
- 1.2 This report summarises the business case for a HMS. £175k has already been approved by Housing Committee in April 2019 for investment in systems as part of the insourcing of the housing repairs service. We are seeking an additional £260k over two years, to allow the Council to invest in a single integrated system encompassing the whole housing and repairs functions, as well as better integration with the wider Council. This Business Case outlines the issues with the current systems and examines the options that have been considered to address these issues. A benefit and investment appraisal demonstrates how a new housing management system will be hugely beneficial to the Council and to customers.

2. THE CURRENT SITUATION

- 2.1 Housing-related tasks and processes can be complex and wide-ranging. Within Tenant Services, 9 separate housing-related systems are currently used to carry out the day-to-day responsibilities of the service (see [figure 1](#)). Using and maintaining these systems is labour-intensive, complex, financially inefficient and ultimately impacts on the quality of the service that we are able to provide. Furthermore, these systems do not integrate well with other council systems causing additional inefficiencies.
- 2.2 A Gap Analysis report (Appendix 1) identified the key issues and risks with the current situation:
- There are too many different systems in use and they do not integrate with other council systems;
 - The complexity of systems hinders, rather than helps, the provision of good customer service;
 - Some key tasks and areas of responsibility are not covered by the functionality of current systems;
 - Management information and data is disjointed and difficult to access,
 - Suppliers are starting to retire parts of our aging housing systems at a financial cost to the Council¹.
- 2.3 The main housing system in use by the Council was procured 20 years ago. Since then, the needs of the service and of our tenants and communities has changed, as has the technology available to meet these needs. Addressing the issues highlighted above and investing in a HMS is crucial to future-proofing the Council's housing service (see [figure 2](#)). The need for a single, modern, integrated housing management system has become even more apparent during the Covid-19 pandemic.

3. BENEFITS OF A NEW HOUSING MANAGEMENT SYSTEM

- 3.1 A new HMS will benefit the Council, tenants and the wider community. The key tangible and intangible benefits identified are:
- 3.2 For the Council:
- The new HMS will have the necessary technology to easily integrate with other council systems and digital platforms, future-proofing the Council's IT systems infrastructure.
 - Current housing systems have inadequate internal control functionality, increasing audit risk. Moving from multiple systems to a single integrated cloud-based HMS will deliver proper audit trails, internal controls and improved system management. This will provide corporate assurance and mitigate the

¹ In the last 18 months' suppliers have requested £46,175 for replacement software

audit risk identified with current housing systems. The high risk (score 12) on the corporate risk register associated with the current situation will be reduced².

- Officers will have a modern, intuitive system which supports them in their duties. Moving away from repetitive re-keying of data and the complexities of working across 9 separate systems will greatly reduce the current frustrations with, and inefficiencies of, Council housing systems.
- Analysis shows that current housing systems create operational inefficiencies valued at £160k annually. Having a more efficient and integrated HMS system will allow Officers to deliver a better value for money service by focusing their time on providing customer service to the tenants and communities who need the most support. Additionally, savings on temporary contract staff as a result of the introduction of a HMS are calculated to be £44.3k p.a.
- The functionality within a new HMS could be of use to other non-housing Council services. For example, dynamic appointment scheduling and estate inspection functionality could potentially be used by Neighbourhoods Wardens, Housing Advice, Community Services and Revenues & Benefits.
- A modern flexible system would allow us to respond to sector developments and emerging Council requirements. For example, a new HMS would offer the option of an integrated allocations module.
- Improved access to reports and management information will give management and members the information they need to make evidence-based decisions.

3.3 For tenants:

- The new HMS will provide tenants with digital access to 24/7 online self-service either through a dedicated Tenant Portal and/or through integration with a Council-wide platform.³
- Channel shift towards more self-service and automation will free up Officer time to provide improved customer service to the tenants who need it the most.
- Introducing a HMS with in-built dynamic scheduling and workflow will give the Council flexibility in managing field workers' diaries, allowing us to react and deliver focused customer outcomes.
- Improved task and communication management will facilitate a move to offering tenants a more consistent and personalised service.

3.4 For communities

- Newer HMS's fully support mobile working, which would allow Officers to spend more time out in the communities that they serve, rather than updating systems back in the office.
- The customer insight capabilities of a new HMS would provide the Council with the tools necessary to better understand the community and their needs and profile the services we provide to improve customer and community engagement.

4. THE OPTIONS FOR CHANGE

4.1 It is clear that the current situation cannot continue and investment of some form is needed. The capital costs of each potential option have been carefully considered as part of an Options Appraisal (Appendix 2). Costs are based on quotations obtained from existing and potential suppliers, providing cost assurance for the figures outlined in the following table:

² Excelsis Risk Register number: RTNS74

³ Currently our housing systems can only provide a limited tenant portal and could not integrate with a corporate portal or CRM system without further investment.

Cost Heading	Baseline: Do nothing	Do	Option 1: New Housing Management System	Option 2: Investment in existing housing systems
Software capital cost	£0		£420,000	£315,385
Implementation cost	£0		£15,000	£240,180
Total capital cost	£0		£435,000	£555,565
Funds already approved	-		-£175,000	-£175,000
Additional capital ask	£0		£260,000	£380,565
<i>Annual supplier support costs in the Housing IT budget</i>	<i>£45.5k</i>		<i>£32.5k</i>	<i>£118k</i>

- 4.2 Out of all the options we considered, approval for the additional funds to invest in a new single HMS (Option 1) will achieve the maximum benefits and address the current issues, at a lower cost than further investment in existing housing systems (Option 2). Option 2 involves purchasing a number of additional modules for existing systems; investing in new software; reconfiguration of parts of existing systems to support more integration, and moving to cloud hosted support. The capital costs for Option 2 would be high, in part because of the high level of bespoke consultancy required to modernise and integrate existing housing systems.
- 4.3 The decision on whether to progress with investing in a new HMS has been postponed several times since the Business Case was first presented in July 2019. As a result of the delay, capital costs for the project have increased by ~£70k due to missed offer price opportunities. Any further delay in reaching a decision will likely result in further increases to the capital costs listed.

5. INVESTMENT ANALYSIS

5.1 Capital costs:

In April 2019, £175k towards essential repairs systems improvements was approved by Housing Committee as part of the project to move the repairs service in-house. We are now seeking an additional £260k, as detailed above, to allow the Council to move forward with the procurement of a single integrated HMS in its entirety.

5.2 Revenue budget costs and efficiencies:

The impact of a new HMS on the current housing IT budget has been carefully considered. The 2020/21 revenue budget for housing IT is £151,700⁴ which covers software support, upgrades and purchases for housing systems, including Northgate and Keystone.

With the introduction of a new HMS, a number of existing housing systems will be retired and therefore the current annual spend on these systems will no longer be needed, saving £75,000 a year.

The housing-related support costs for a new HMS are budgeted at £60,000 p.a., of which £32,500 is for annual supplier support and maintenance. It is therefore anticipated that a small annual housing IT budget saving of £15,000 p.a. will be achieved. HMS costs relating to repairs are budgeted for separately in the Property Care IT budget.

Costs are based on direct quotations from potential suppliers and include costs for hosted cloud-based supplier support, offering much better value for money than existing supplier arrangements

⁴ Budget 7046 D53: software maintenance, purchase and upgrades

5.3 Return on investment:

The many benefits to the Council, tenants and communities of a new HMS, as outlined in section 3, are the driving force behind the need for this project. The benefits of greatly improved customer service, reduced risk, and increased Officer efficiency do not necessarily translate into visible budget savings, but are a hugely important return on investment. Although the project objectives are not focused on creating financial savings, it is anticipated that with the introduction of a new HMS there may be a small annual saving to the housing IT budget. This, combined with a resulting saving on temporary staff, is expected to create a direct annual saving for the Council of £59k. A detailed breakdown of estimated costs and efficiencies is set out in Appendix 3 'Investment Analysis'.

5.4 There are other financial related benefits of a new system which have not been calculated for this Business Case, but are worth noting. These include:

- The potential for a positive impact on rent arrears due to improved visibility of rent account information for tenants, and access to technology to support a proactive, not just reactive, approach to rent management.
- Technology will assist with improved stock control and re-ordering through direct integration with our merchant and supplier systems, which will have a positive financial impact for the Council.
- An increase in channel-shift towards online tenant self-service will reduce the costs of processing standard requests and queries. This will be achieved through a new tenant portal, or through improved system integration with a Council-wide digital platform.

6. RISK ASSESSMENT

6.1 The risks of not progressing with this proposal are:

- Current issues, risks and inefficiencies will persist and are likely to be further exacerbated by the need for more workarounds, patches and temporary fixes to make up for current systems limitations.
- The one-off opportunity to align housing systems requirements across the Council would be lost. This could result in increased annual support costs and would be far costlier to resolve in the future.
- Suppliers are starting to retire parts of our aging housing systems at a financial cost to the Council. It is likely that further parts of our housing systems will become unsupported, accruing further cost.
- Our current housing systems would not be able to easily integrate with a new Council digital platform without some financial investment and ICT resource.

6.2 The risks of progressing with the project include:

- The risk that we do not find a new system that meets our requirements. This will be mitigated by soft market testing and talking to other housing providers about their experiences.
- The risk that internal ICT resource and support is not available to support the project when needed. This could be mitigated by forward planning alongside other Council IT projects to ensure project roadmaps and critical paths are aligned to avoid resource 'pinch points'.

7. IMPACT ASSESSMENT

7.1 In addition to the costs and benefits already mentioned there will be other impacts of a new system that will be carefully managed:

- Overhauling the housing systems currently in use will involve a small period of disruption as the service moves from old to new. Officers within Tenant Services have experience in the implementation of new systems and will draw on this experience to develop plans to minimise any disruption. Any impact on tenants will be communicated in advance.
- New processes and systems invariably lead to changes in working practices and these will be introduced carefully and sensitively to ensure that they are fully embraced by Officers and by tenants.

- This project will be impacted by, and have an impact on, wider Council plans for IT modernisation. The two projects must align to fully exploit shared opportunities and benefits.

8. PROJECT TIMELINE

Project Milestone	2020/21					2021/22					2022/23					2023/24																						
	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23				
1 Business Case to Housing Committee			8																																			
2 Council meet to approve budgets					20																																	
3 Refine requirements																																						
4 Soft market testing																																						
5 Procurement (framework)																																						
6 Project initiation																																						
7 System implementation																																						
8 System testing																																						
9 Staff training																																						
10 New system live																																						

9. CONCLUSION AND RECOMMENDATION

- 9.1 In order to put Stroud District Council in the best possible position to deliver an integrated, modern and efficient housing service to tenants, it is recommended that additional investment of £260k is approved towards the costs of a single housing management system.
- 9.2 £175k for a new repairs system has already been agreed by Housing Committee in April 2019 as part of the project to insource our repairs service. This is now an opportune time to invest in our housing systems as a whole, in order to address the long-term underlying issues with our current systems and achieve the maximum benefits for the Council, our tenants and communities.

10. APPENDICES

- Attachment 1 - Gap Analysis Report
- Attachment 2 - Options Appraisal
- Attachment 3 - Investment Analysis

FIGURE 1: DIAGRAM OF THE CURRENT HOUSING SYSTEMS

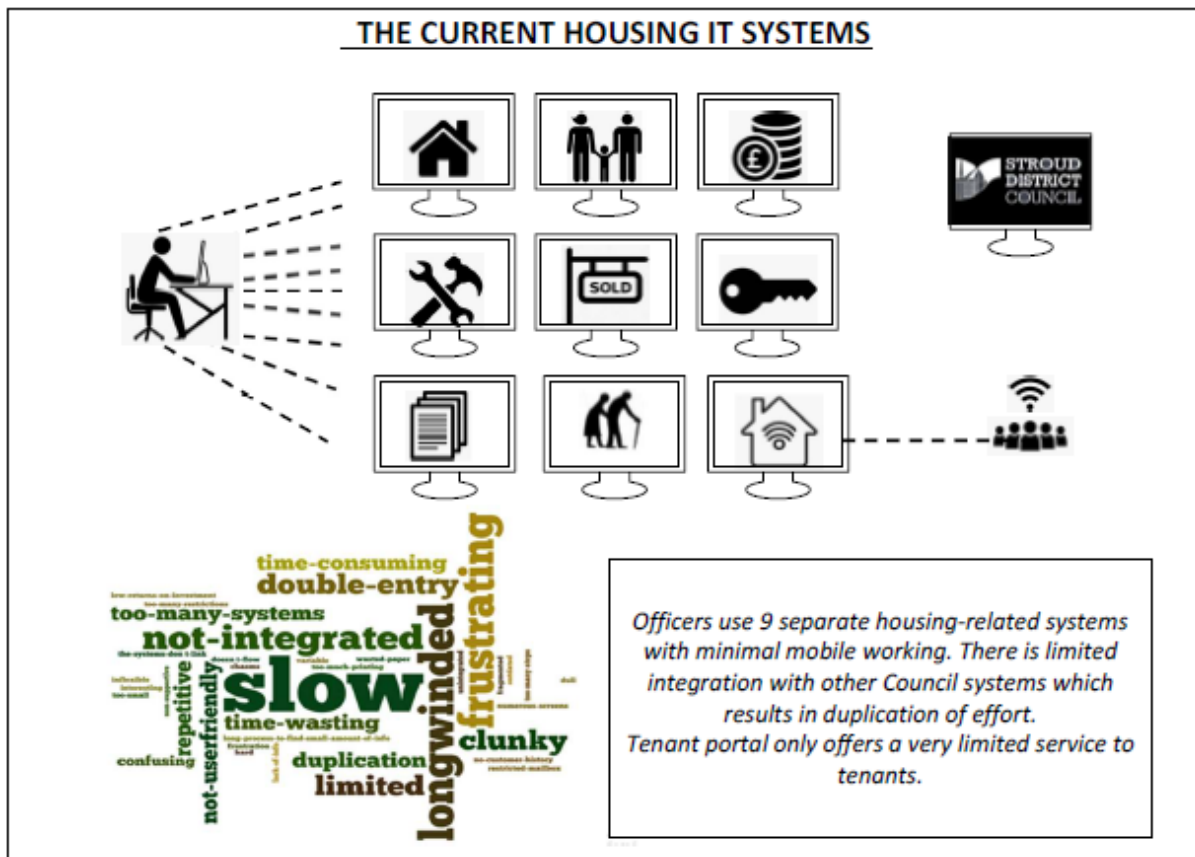


FIGURE 2: DIAGRAM OF THE FUTURE NEW HOUSING MANAGEMENT SYSTEM

